

Huabao International Holdings Limited
華寶國際控股有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 00336

2011-2012 Annual Report 年報

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BOARD OF DIRECTORS

Executive Directors

Ms. CHU Lam Yiu (*Chairman*)
Mr. LAU Chi Tak (*CEO*)
Mr. POON Chiu Kwok
Mr. WANG Guang Yu
Mr. XIA Li Qun (*CFO*)
Mr. XIONG Qing

Independent Non-executive Directors

Dr. JIN Lizuo
Mr. LEE Luk Shiu
Ms. MA Yun Yan

AUDIT COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Dr. JIN Lizuo
Ms. MA Yun Yan

REMUNERATION COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Ms. MA Yun Yan
Mr. XIA Li Qun

NOMINATION COMMITTEE

Ms. CHU Lam Yiu (*Chairman*)
Dr. JIN Lizuo
Mr. LEE Luk Shiu

QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCCA, FCCA*

COMPANY SECRETARY

Mr. POON Chiu Kwok *FCIS, FCS*

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISOR

Herbert Smith

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

董事會

執行董事

朱林瑤女士 (*主席*)
劉志德先生 (*總裁*)
潘昭國先生
王光雨先生
夏利群先生 (*財務總監*)
熊卿先生

獨立非執行董事

金立佐博士
李祿兆先生
麻雲燕女士

審核委員會

李祿兆先生 (*主席*)
金立佐博士
麻雲燕女士

薪酬委員會

李祿兆先生 (*主席*)
麻雲燕女士
夏利群先生

提名委員會

朱林瑤女士 (*主席*)
金立佐博士
李祿兆先生

合資格會計師

蔡文霞女士 *FCCA, FCCA*

公司秘書

潘昭國先生 *FCIS, FCS*

核數師

羅兵咸永道會計師事務所

法律顧問

史密夫律師事務所

主要往來銀行

恒生銀行有限公司
香港上海滙豐銀行有限公司
永隆銀行有限公司

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3008
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke HM8
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

COMPANY WEBSITE

www.huabao.com.hk

INVESTOR RELATIONS WEBSITE

<http://huabao.todayir.com/html/ir.php>

總部及香港主要營業地

香港
灣仔
港灣道18號
中環廣場
3008室

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要股份過戶登記處

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke HM8
Bermuda

股份過戶登記分處

卓佳登捷時有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

股份代號

香港聯合交易所有限公司：00336

公司網址

www.huabao.com.hk

投資者關係網站

<http://huabao.todayir.com/html/ir.php>

Financial Highlights

財務摘要

FINANCIAL HIGHLIGHTS

- Sales increased by approximately 16.1% to HKD3,311,304,000
- Operating profit increased by approximately 10.3% to HKD2,064,051,000
- Profit attributable to the equity holders of the Company increased by approximately 9.1% to HKD1,750,419,000
- Net cash generated from operating activities increased by approximately 9.5% to HKD1,540,158,000
- Proposed final dividends of HK8.88 cents per share which represents a full year dividend of HK21.86 cents per share and increased by 44.0% from last year

RESULTS HIGHLIGHTS

- Flavours business increased by approximately 10.6%, sustained a stable growth
- Reconstituted tobacco leaves ('RTL') business recorded rapid growth, segment sales reached HKD253,072,000. Profitability elevated noticeably, segment EBIT margin increased from 17.2% last year to 33.7% this year; segment EBITDA margin increased from 33.5% last year to 49.2% this year
- Established a R&D platform for new cigarette material business, going to establish a cigarette filter joint enterprise in Korea, a new attempt by the Group in the development of new cigarette materials business

AREAS OF DEFICIENCY

- Selling, marketing and administrative expenses increased relatively fast, its proportion to sales revenue elevated significantly

Management's view: the Group will increase input into staff and R&D, and will strive to maintain these expenses at a reasonable level in the future

- Inventory total amount increased rapidly, inventory turnover period increased

Management's view: with the Group progressing with new businesses, inventory total amount will continue to increase, will strive to keep inventory turnover period to remain stable in the future

- Fragrances business was affected by upstream raw material price fluctuation and the re-organizing of current business, as a result, growth pace was slowed and segment operating profit margin decreased

Management's view: will conduct business re-organization and integration as a priority to gradually increase profitability

財務摘要

- 營業額增加約16.1%至港幣3,311,304,000元
- 營運盈利增加約10.3%至港幣2,064,051,000元
- 本公司權益持有人應佔盈利增加約9.1%至港幣1,750,419,000元
- 營運活動所產生的淨現金增加約9.5%至港幣1,540,158,000元
- 建議末期股息為每股港幣8.88仙，全年股息為每股港幣21.86仙，比去年增加了44.0%

業績亮點

- 食用香精香料業務增長約10.6%，持續穩步增長
- 再造煙葉（「煙草薄片」）板塊發展迅速，板塊銷售收入達港幣253,072,000元。盈利能力明顯提升，板塊EBIT率從去年的17.2%提升至本年的33.7%；板塊EBITDA率從去年的33.5%提升至本年的49.2%
- 建立捲煙新材料業務研發平台，籌建韓國合資企業，主要生產煙用過濾咀棒，推出集團在捲煙新材料業務發展的新嘗試

業績不足之處

- 銷售及市場推廣開支和行政費用增加較快，所佔銷售收入比重明顯上升

管理層的看法：公司將加大人才以及研發投入，未來力爭維持在合理水平

- 存貨總量快速上升，存貨周轉期天數增加

管理層的看法：隨著集團推進新的業務，存貨總量會繼續增加，未來力爭存貨周轉期維持穩定

- 日用香精香料業務受上游原料價格波動及對現有業務梳理，導致增長速度放緩，板塊營運盈利率下滑

管理層的看法：將盡快完成業務梳理，加快整合，逐步提高盈利能力

		2012 二零一二年 HKD'000 港幣千元	2011 二零一一年 HKD'000 港幣千元	Change in percentage 百分比變動 %
Sales	營業額	3,311,304	2,852,173	+16.1%
Gross profit	毛利	2,335,996	2,120,459	+10.2%
Gross profit margin	毛利率	70.5%	74.3%	
Operating profit	營運盈利	2,064,051	1,871,706	+10.3%
Operating profit margin (EBIT margin)	營運盈利率 (EBIT率)	62.3%	65.6%	
Selling and marketing expenses to sales	銷售及市場推廣開支 佔銷售比率	3.2%	2.8%	
Administration expenses to sales	行政開支佔銷售比率	12.8%	10.2%	
Profit before income tax	除稅前盈利	2,080,989	1,881,114	+10.6%
Profit attributable to the equity holders of the Company	本公司權益持有人應佔盈利	1,750,419	1,604,400	+9.1%
Earnings per share (HK cents)	每股盈利 (港仙)			
– Basic	– 基本	55.48	51.01	+8.8%
– Diluted	– 攤薄	55.31	50.59	+9.3%
Net cash generated from operating activities	經營活動產生之淨現金	1,540,158	1,406,330	+9.5%
Net cash*	淨現金*	1,359,077	936,410	
Total equity	總權益	6,650,249	5,295,863	
Aggregated dividends per share for the whole year (HK cents)	每股全年累計股息 (港仙)	16.68	15.18	
Aggregated special dividends per share for the whole year (HK cents)	每股全年累計特別股息 (港仙)	5.18	Nil	
Dividend payout ratio	全年股息分派率	39%	30%	
Debt ratio [#]	負債比率 [#]	14.7%	14.8%	
Current ratio (times)	流動比率 (倍)	2.4	2.1	
Liquidity ratio (times)	速動比率 (倍)	2.0	1.8	
Inventory turnover (days)	存貨週轉率 (日)	210	173	
Trade receivables turnover (days)	應收賬款週轉率 (日)	70	74	
Trade payables turnover (days)	應付賬款週轉率 (日)	122	133	

* Equals to "Cash and cash equivalents" minus "Short-term borrowings".

* 等於「現金及現金等價物」減「短期銀行貸款」。

[#] Equals to "Total borrowings (include current & non-current borrowings)" divided by "Total Equity (exclude non-controlling interests)".

[#] 等於「總借貸 (已包括流動及非流動借貸)」除以「總權益 (不含非控制性權益)」。

Company Profile, Corporate Culture and Key Events for the Year

集團簡介、企業文化及全年大事記



Company profile

Huabao Group is primarily engaged in the R&D, production and sales of flavours and fragrances and RTL. The Group is a market leader in China's flavours and fragrances industry. The Group has been the leading producer in terms of sales revenue among competitors, maintaining a significant position within the flavours and fragrances industry in China. The Group possesses an integrated core value chain, established upstream raw material extraction bases in Shandong, Jiangsu, Yunnan, Hunan, and Botswana, southern Africa, and production bases in Shanghai, Yunnan, Guangdong, Jiangsu, Jiangxi, Fujian, and Hong Kong etc., and has established a R&D centre in Holzminden, Germany, a State-recognized technical centre in Shanghai and R&D departments in Guangdong, Yunnan and Fujian. The Group takes on leadership roles in a number of industry associations, including the Deputy Director of CAFFCI, Deputy Director of China Food Additives & Ingredients Association and Chairman of Shanghai Food Additive Industry Association.

集團簡介

華寶集團主要從事香精香料及煙草薄片的研發、生產和銷售。本集團為中國香精香料行業的領導者，其銷售額在同行業一直名列前茅，在中國香精香料市場有重要地位。本集團擁有核心一體化的產業鏈，在山東、江蘇、雲南、湖南及非洲南部博茨瓦納等地擁有上游原材料提取中心，在上海、雲南、廣東、江蘇、江西、福建及香港等地設有生產基地，在德國霍爾茨明登設有海外研發中心，並於上海擁有一所國家級企業技術中心，另在廣東、雲南、福建設有研發部門。本集團在中國香精香料行業組織擔任多個領導職位，包括中國香料香精化妝品工業協會副理事長、中國食品添加劑工業協會副理事長和上海市食品添加劑行業協會會長等。

The Group is also one of the major manufacturers of RTL in China, and is a leader in developing new materials for cigarettes. Guangdong Jinye Group, a subsidiary of the Group, is one of the RTL R&D bases authorized by the State Tobacco Monopoly Administration. The Group is currently constructing a 20,000-ton per annum RTL production line. The target is to construct a RTL production line that characterized by its technological design and product quality which will be in line with international leading standards. In addition, the Group is the initiator of the concept of new materials for cigarettes. Upon acquisition of Yunnan Zhengbang last year, the Group established Huabao Bio. Tech. as a new R&D platform for new materials for cigarettes. In future, RTL and new materials for cigarettes will become the Group's major business areas, which will provide the Group with long-term sustainable development momentum.

By leveraging on its excellent management model, a team of high-calibre talents, innovating in operating ideas, and stable growth, the Group is committed to continuously creating value for the society and bringing fruitful returns to its Shareholders!

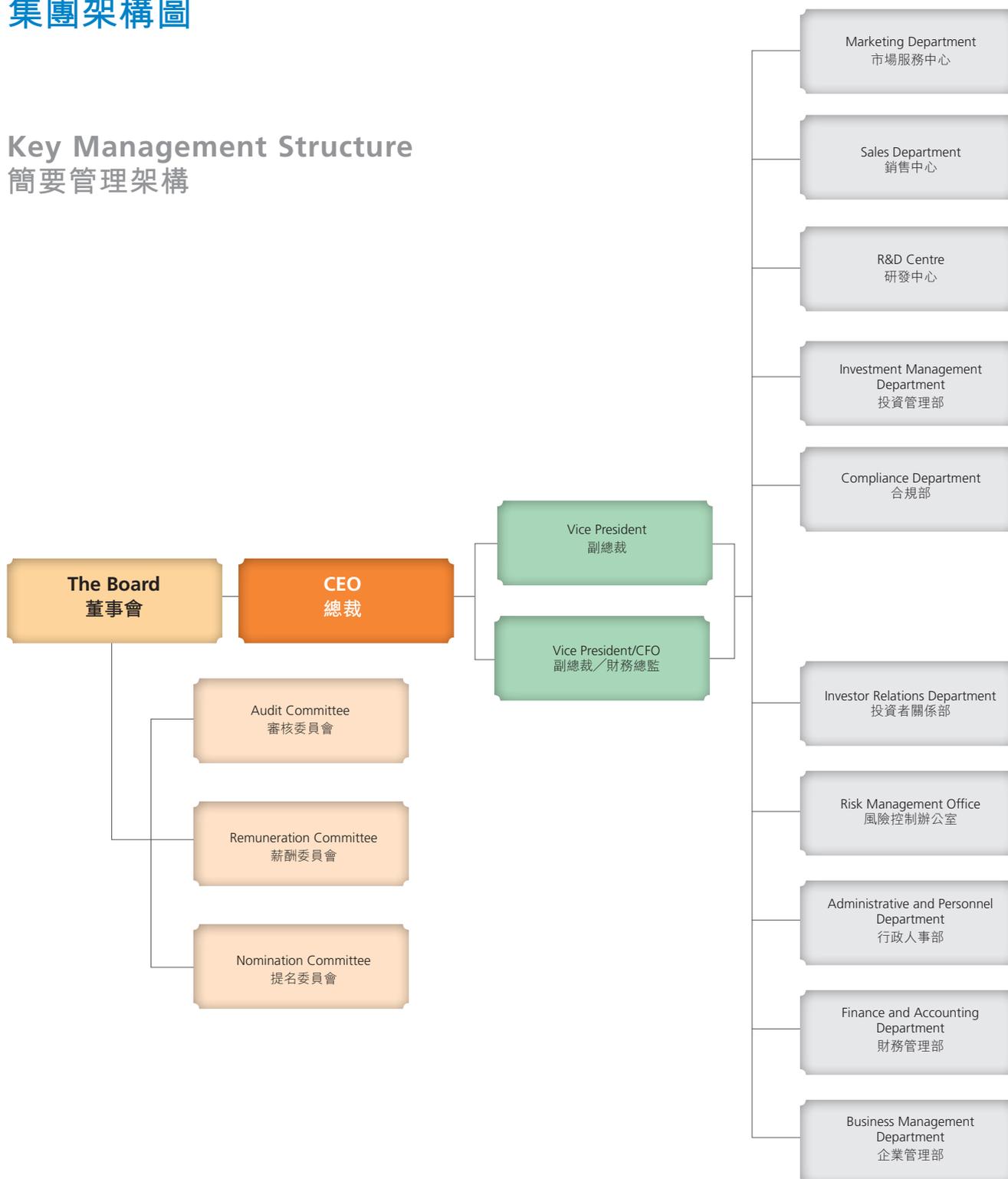
本集團也是中國煙草薄片主要生產商之一，並在捲煙新材料領域具有領先的優勢。集團下屬廣東金葉集團是中國國家煙草專賣局煙草薄片研發基地之一。本集團正在建設一條年產20,000噸煙草薄片生產線，目標將該煙草薄片生產線打造成為一條工藝設計及產品質量均具有國際領先水平的生產線。此外，本集團是捲煙新材料概念倡導者，自去年收購雲南正邦之後，集團成立了華寶生物科技作為捲煙新材料的全新研發平台。未來，煙草薄片及捲煙新材料將成為集團未來重要發展領域，為本集團提供長期可持續發展的重要原動力。

本集團將繼續憑借優秀的管理模式、高素質的人才隊伍、創新的經營理念以及穩健的發展，不斷為社會創造價值，為股東帶來豐厚的回報！

Corporate Structure

集團架構圖

Key Management Structure 簡要管理架構



Corporate Culture

企業文化

Vision 願景

Striving to be No. 1
爭做第一

Spirit 精神

Innovative, pragmatic, loyal and cooperative
創新、務實、忠誠、協作

Core Value 核心價值觀

Adhere to the "market driven and client first" philosophy and achieve mutual growth for both the Group and its staff

以市場為龍頭，堅持客戶至上的原則，實現集團和員工共同成長

Strategy 戰略

- Persistent in the development strategy of "multi-pronged, focused growth"
- Steadily develop the flavours business, strive to construct an integrated core value chain
- Accelerate the development of reconstituted tobacco leaves and new cigarette materials businesses
- Expand through organic growth and M&A
- To develop into a China-focused leading player in tasty life
- 堅持「同心多元化」發展戰略
- 穩步發展香精香料業務，打造核心一體化的產業鏈
- 加快發展煙草薄片和捲煙新材料業務
- 採用自身發展與併購相結合的方式
- 發展成為專注中國市場的美味生活領跑者

Key Events for the Year 全年大事記

2011 APR 4月

- Signed technical service agreement with China Tobacco Anhui to jointly construct a RTL production line, symbolizing yet another new step forward for the Group's in the RTL area
- 與安徽中煙簽訂技術服務協議，合作建設煙草薄片生產線，標誌着本集團在煙草薄片領域又取得了新的進展
- The Group established Yongzhou Shanxiang in Hunan province, continuing in establishing an integrated core production chain, achieving new development in the area of natural aromatic flavours
- 本集團在湖南組建永州山香，繼續推進建設上下游一體化的產業鏈，在天然香料領域取得新的發展

2011 MAY 5月

- “Huabao Shanghai/U.S. Waters Jointly-Constructed Key Laboratory” officially established, with an aim to further elevate the Group's level of technology and to strengthen its cooperation with international peers
- 「華寶上海／美國沃特斯公司聯合重點實驗室」正式成立，該實驗室進一步提高集團技術水平，加強與國際同行的合作

2011 August 8月

- The Group established “Paper-making Reconstituted Tobacco Laboratory” with China Tobacco Guangdong, further strengthened strategic partnership with its core customer
- 集團與廣東中煙共同建立了「造紙法再造煙葉共建實驗室」，進一步加深了集團與重點客戶的戰略合作關係
- Completed stage one of the comprehensive technical upgrade for Guangdong Jinke, product quality noticeably elevated
- 完成了對廣東金科的第一期全面技術改造工作，產品質量明顯提升

2011 October 10月

- Resolution of capital injection of the Huangguoshu Jinye project was passed in the shareholders' meeting, Guangdong Jinye's holdings increased from 30% to 40%
- 黃果樹金葉煙草薄片項目增資決議於股東會上通過，廣東金葉持股比例從30%上升至40%

2011 JUNE 6月

- Completed the acquisition of Yunnan Zhengbang, and it served as a foundation in establishing Huabao Bio. Tech., as one of the Group's important R&D platforms for new cigarette materials business
- 完成對雲南正邦的收購，並在此基礎上成立了華寶生物科技作為集團在捲煙新材料領域的重要研發平台之一

2011 JULY 7月

- A seminar named "Plan for Major Project of Reconstituted Tobacco Produced by Paper-making method" for the China tobacco industry was held by Guangzhou Huafang, symbolized the Group's influence in such area
- 中國煙草行業的「造紙法再造煙葉重大專項方案研討會」在廣州華芳召開，顯示了集團在該領域的影響力

2011 November 11月

- The Group's new comprehensive production plant in Yingtan city of Jiangxi province commenced production
- 集團在江西省鷹潭市的新建綜合生產基地開始投產

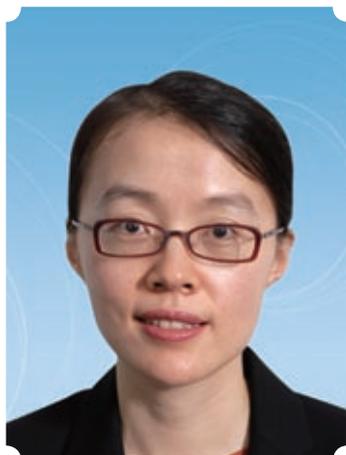
2012 Feb 2月

- The mega-size Yankee Dryer for second phase of Guangdong Jinye production line was successfully installed, the production line entered installation stage
- 廣東金葉二期生產線的特大型設備楊克烘缸順利安裝，二期生產線進入安裝調試階段

2012 JUNE 6月

- The Group through a joint enterprise going to set up a cigarette filters manufacturing enterprise in Korea, it is an innovating attempt of the Group towards new cigarette materials by providing the China tobacco market with personalized products
- 本集團以合資方式在韓國籌建煙用濾材企業，為中國市場開發訂制產品，邁出集團在捲煙新材料發展一個創新嘗試

During the year, the Group's subsidiaries earned several national invention patents, achieved outstanding R&D results.
年內，集團下屬公司喜獲多項國家專利發明，在研發方面成績突出。



CHU Lam Yiu
Chairman
朱林瑤
主席

Dear Shareholders, on behalf of the Board of Directors, I am pleased to present to all Shareholders that, 各位股東，我僅代表董事會欣然向全體股東宣佈，

For the year ended 31 March 2012, the Group's sales revenue reached approximately HKD3,311 million, representing an increase of approximately 16.1% over last year, while profit attributable to equity holders of the Company was approximately HKD1,750 million, representing an increase of approximately 9.1% over last year. The management and I are pleased with the above remarkable results achieved despite various unfavourable external and macroeconomic conditions. Meanwhile, the Company declared a final dividend of HK8.88 cents per Share, bringing the total accumulated dividends distributed by the Group since its listing of its flavour and fragrance business to over HKD2.6 billion. Through dividend payments, the Group has brought favorable returns to its Shareholders.

Persistent in the development strategy of "multi-pronged, focus growth", the Company sees healthy growth

After years of development, the Group has become a leading player in China's flavours and fragrances industry. Today, the Group has also made remarkable achievements in the businesses of RTL and new cigarette materials, thereby paving the way for further development of the Group. Looking back on our successful development in the past years, we can attribute such achievements to the management's persistence in the development strategy of "multi-pronged, focus growth", which constantly creates greater value for our customers and users by taking the market-oriented approach, concentrating on research and development and stepping up efforts in exploration and innovation. In 2006, the Group's flavours and fragrances business was successfully listed in Hong Kong. With strong support from all Shareholders, the Group has opened a new chapter in its development. The Group has recruited a great number of overseas and domestic high-calibre talents and significantly improved its management efficiency, thus the Group was guided into the right path for healthy development.

截至二零一二年三月三十一日止年度，本集團的銷售收入達到了約港幣33.11億元，較上年增長約16.1%；本公司權益持有人應佔盈利達約港幣17.50億元，較上年增長約9.1%。在一系列的不利外部以及宏觀經濟條件下取得上述優異成績，我和管理層感到滿意。同時，公司宣派每股8.88港仙的末期股息，自香精香料業務上市以來華寶已累計向市場宣派超過港幣26億元的股息，回饋股東。

始終堅持「同心多元化」發展戰略，公司健康發展

華寶在經歷了多年的發展成為中國香精香料行業的領軍企業，現在集團又在煙草薄片及捲煙新材料領域取得可喜發展，為集團下一步的發展打開更大的空間。回顧這些年的成功發展，歸根到底是管理團隊能夠始終如一地堅持「同心多元化」的發展戰略，以市場為龍頭、重視科研、不斷進行探索和創新，為客戶和用戶創造更大的價值。二零零六年，集團的香精香料業務成功在香港上市，在各位股東的鼎力支持下，華寶的發展進入了新天地。集團大量引進國際國內頂尖人才，管理效率大幅提高，集團進入了健康、良性的發展軌道。

Challenging industry and operating environment, more cautious about future outlook

Currently, the domestic and international environments are not looking optimistic. Among others, the European debt crisis, the distanced US economy recovery, and the Chinese economy showing signs of slowing down. Since last year, a series of serious food safety problems once again placed the food and food additives industry into scrutiny. As a result, the food additives and flavours industry entered into a structural adjustment period. Recently, the Chinese government started to implement limitations to the government's spending on cigarette, alcohol and premium cigarette, which added uncertainties to the development of China tobacco industry. I am satisfied with the stable growth achieved by the management, though in the mean time I also became more cautious about future outlook.

New business and new thinking, Huabao's business transformation has commenced

Luckily, with a foresight, I led with the management to enter into RTL and new cigarette materials industries, Huabao has therefore entered into an area of new growth. Since 2010, the Group made substantial progress in developing the businesses of RTL through the acquisition of a RTL enterprise. The Group clearly defined its positioning in the industry and took relevant development initiatives, which further reinforced the development strategy of "multi-pronged, focus growth". In addition, the Group formulated a new development concept of using the end market consumers as the pivot point, to effectively help customers to understand end users' needs. To fully utilize Huabao's tobacco chemistry technology, cigarette flavouring technology, and technological advantages in RTL and new cigarette materials, the Group will capitalize on the perfect integration of its businesses of flavours and fragrances, RTL and new materials for cigarettes to develop products with strong market potential. As a result, the Group will be able to create greater value for customers and achieve a win-win situation and mutual development. Currently, our new businesses including RTL and new materials for cigarettes have seen strong development momentum. The Group has established joint-major laboratories with a number of large tobacco groups. The Group will then proceed to establish brand laboratories with major tobacco customers. The Group has kicked off its business transformation to develop itself from a simplistic flavours and fragrances company into one with multiple growth drivers. For this, the Group will perform streamlining and adjustment to its existing business segments and structure. I have full confidence in and remain highly optimistic about the long-term development of the Group!

行業及經營環境嚴峻，後期展望更謹慎

目前，國內國外形勢不容樂觀，歐債危機泛濫，美國經濟復蘇遙遙無期，而中國經濟增長亦出現放緩跡象。從去年以來，一系列嚴重的食品安全事故再次將食品及食品添加劑行業推到風口浪尖，食品添加劑以及香精香料行業進入了結構性的調整期；近期，中國政府開始對政府的煙酒消費及高價香煙實施限制，亦對中國捲煙市場的發展增加了不確定性。我對管理層能夠做到穩定增長感到滿意，但同時亦對未來展望更加謹慎。

新業務新思路，華寶的業務轉型已經開始

可幸的是，我帶領管理層有預見性的進入了煙草薄片及捲煙新材料領域，為華寶的增長開創了新的局面。二零一零年以來，集團收購薄片企業實質性推進煙草薄片業務的發展，明確了在該領域的定位和發展部署，為同心多元化戰略增添了新的內容，並提出了新的發展思路，以終端市場消費者為導向，真正幫助客戶了解終端客戶的需求；充分發揮華寶在煙草化學技術、捲煙調香技術、煙草薄片以及捲煙新材料的技術優勢，將現有的香精香料、煙草薄片以及捲煙新材料進行完美的組合，為客戶打造極具市場競爭力的產品，為客戶實現更大的價值，實現雙贏和共同發展。目前煙草薄片以及捲煙新材料等新的業務發展勢頭良好，集團已經與多個大型煙草集團成立了聯合重點實驗室，集團下一步將和重點煙草客戶成立品牌實驗室。集團的業務轉型已經開始，將從單一的香精香料公司發展成為多引擎增長的公司。為此，公司還將對現有業務單元及架構進行梳理和調整。我本人對華寶的長遠發展非常看好，並充滿信心！

Responded to crisis solemnly, protecting shareholders' interests

Ever since last year, the Company had suffered from a series of groundless accusations and condemnations, resulting in wild fluctuation in the share price and both the Company and its Shareholders suffered severe loss. The management was in unity to rebut the relevant criticism in a prudent and detailed manner. In addition, I have notified the Company in writing, my intention to increase my shareholding as soon as practicable and in full accordance with the relevant regulatory requirements. The management and I are confident that we are able to overcome this crisis, and we strongly believe that, as long as the Company keeps on bringing returns for its Shareholders, the true value of the Company will ultimately be reflected in the market.

Further elevate corporate governance and transparency

Huabao aim to further elevate its corporate governance and transparency in the future, in order to increase shareholders' and investors' confidence. The Company will once again appoint an independent risk assessment consultant, to closely assess the Company's internal control checkpoints. Further, as the Company's Chairman and Executive Director, I will lead the management team to step up in communication with the capital market in the future, so as to further improve the Company's transparency.

I would like to take this opportunity to express my gratitude to our loyal Shareholders, customers, suppliers and principal bankers, etc., for their continuous shepherd and support. I truly wish to express my appreciation to the Directors, the management and all staff members of the Group for their diligent hard-work in the past year. Together with the management and the staff, we will uphold the spirit of Huabao: "innovative, pragmatic, loyal and cooperative", to strive for the best of Huabao and to deliver more prosperous returns for all Shareholders!

CHU Lam Yiu
Chairman

Hong Kong, 20 June 2012

嚴肅應對危機，捍衛股東價值

自去年以來，本公司遭受了一系列無端的指控和指責，股價出現大幅波動，公司和股東的價值遭受嚴重損失。全體管理層團結一心，嚴謹、詳細地反駁有關評論。另外，我已經書面通知公司，在全面符合有關監管規定的情況下，我意欲盡早增持股票。我和管理層完全有信心應對這場危機，我們深信只要公司堅持不斷為股東創造回報，公司的真正價值在市場上就終能得到體現。

進一步提升管治水平和透明度

華寶在未來將進一步提升管治水平和透明度，以更加强股東及投資者的信心。公司將再次委任獨立的內部監控評估顧問，重點檢閱公司內部風險管理環節；另外，作為公司主席及執行董事，我將牽頭帶領管理團隊在未來加強與資本市場的溝通，大力推動增加公司透明度的工作。

本人亦藉此機會謹向我們忠誠的股東、客戶、供貨商及往來銀行等致謝，感謝他們長期的關心和支持。本人並向各位董事、管理層及全體員工，就大家在過去一年對本集團的勤勉工作致以真誠感激。本人將與全體管理層及員工一道，秉承創新、務實、忠誠、協作的華寶精神，為華寶的事業竭盡全力，為廣大股東帶來更理想的回報！

朱林瑤
主席

香港，二零一二年六月二十日



LAU Chi Tak
CEO
劉志德
總裁

On behalf of the Board of Directors, I am pleased to present to the Shareholders the annual results of the Group for the year ended 31 March 2012.

本人謹代表董事會欣然向各股東報告本集團截至二零一二年三月三十一日止年度之全年業績。

The financial year of 2012 was an important one for Huabao. The year witnessed the vigorous development of its RTL business after strengthening its foundation of flavours and fragrances business. Against the backdrop of tough global economic situation and unfavorable macro environment which saw Chinese economic growth slowing down, and the China food additives and flavours and fragrances industries being affected by food safety incidents, the Group nonetheless achieved favorable operating results once again. On behalf of the management, I am pleased to report to the Board of Directors and all Shareholders that, for the year ended 31 March 2012, sales revenue of the Group amounted to approximately HKD3,311 million, representing an increase of 16.1% compared with last year; profit attributable to equity holders of the Company amounted to approximately HKD1,750 million, representing an increase of 9.1% compared with last year. The management is satisfied with the Group that it was able to achieve stable growth in tough environments.

Operating environment review

In 2011, operating environments at home and abroad were fairly tough, while the market and all industry peers struggled with various difficulties. Although China's gross domestic product growth still maintained a relatively fast pace in the past year, however, facing uncertainty surrounding the future global economy, Chinese government still lowered its target for future economic growth moderately. As far as the industry is concerned, the food and beverage sector and food additives sector have been severely hit by the impact of a series of food safety incidents. In the past year, apart from the challenges posted by harsh operating environment, the domestic and international capital markets also experienced

二零一二年財年對於華寶意義非淺，今年是華寶在穩定發展其香精香料業務的基礎上，進入煙草薄片業務全力發展的一年。全球經濟形勢嚴峻，在中國經濟增速降溫等不利的宏觀環境，以及中國食品添加劑以及香精香料行業備受食品安全事故的影響下，集團再次取得了良好的業績。我僅代表管理層欣然向董事會以及全體股東宣佈，截至二零一二年三月三十一日止年度，本集團的銷售收入達到了約港幣33.11億元，較上年增長約16.1%；本公司權益持有人應佔盈利達約港幣17.50億元，較上年增長約9.1%。管理層對本集團能夠在不利環境下繼續實現穩步增長感到滿意。

經營環境回顧

二零一一年，國內國外經營環境十分嚴峻，市場及同行面對重重困難。中國的國內生產總值在過去一年雖然仍保持了比較快的增長，但受未來全球經濟前景不明朗的影響，中國政府也適度下調了其未來經濟增長預期。在行業方面，中國食品飲料和食品添加劑行業受一系列安全事故的影響，備受打擊。除了業務經營環境充滿挑戰以外，去年國內國外資本市場上亦是十分動蕩，尤其是中國境外上市民企在過去一年普遍成為被個別分析機構和沽空基金狙擊的對象，本集團也遭受了許多無端的指控。我和管理層一道對這些指控及攻擊予以堅決回擊，捍衛

turmoil and turbulence. In particular, some offshore-listed Chinese domestic companies became popular targets attacked by individual research companies and short-selling funds, which the Group had sustained its share of groundless accusations. In response to this, I, together with the management, resolutely rejected these groundless accusations, firmly defended our Shareholders' value and restored market's confidence. Under such adverse circumstances, the Board and the management tackled the challenges prudently, and continue in realizing stable growth. For this, the management and I are satisfied.

Adhering to 'multi-pronged, focus growth', building an integrated core value chain and achieving good results

For the year ended 31 March 2012, sales revenue of the Group increased by approximately 16.1% to approximately HKD3,311 million. Gross profit margin reached approximately 70.5%, which is stable compared with approximately 70.6% in the first half this reporting year. EBIT margin reached approximately 62.3%, representing an increase of approximately 1.4 percentage points from approximately 60.9% in the first half this reporting year. Profit attributable to equity holders of the Company was approximately HKD1,750 million, representing an increase of approximately 9.1% year-on-year; and basic earnings per share was HK55.48 cents, representing an increase of about 8.8% year-on-year.

In terms of flavours business, sales revenue of the segment reached approximately HKD2,880 million, representing an increase of approximately 10.6% from the corresponding period last year. Operating profit reached approximately HKD1,981 million, representing an increase of approximately 7.8% from the corresponding period last year. In 2011, a series of food safety incidents centering plasticizer dealt relatively more damages to the food additives, food ingredients and flavours and fragrances industries, where certain segment industries witnessed lowering in demand. In the mean time, after experiencing years of rapid consolidation, the China tobacco industry has entered into a stage of solidifying and digesting, thus industry consolidation has not made much progress. Under such negative industry measures, as a leading enterprise in China's flavours industry, the Group, along with its staff's endeavors and its stable operating foundation, overcame a series of negative industry factors in the past year and realized stable growth, which once again demonstrated the Group's ability to resist risks and management's execution abilities.

股東價值，恢復市場信心。在諸多不利因素下，董事會和管理層沉着應對各方面的挑戰，繼續實現穩步增長。對此，我和管理層感到滿意。

堅持同心多元化的發展，推進核心一體化產業鏈，取得優異的成績

截至二零一二年三月三十一日止年度，本集團實現銷售收入約港幣33.11億元，同比增長約16.1%；毛利率為約70.5%，與本報告年度上半年的約70.6%基本持平；EBIT率達約62.3%，比本報告年度上半年的約60.9%提高了約1.4個百分點；本公司權益持有人應佔盈利為約港幣17.50億元，同比增長約9.1%；每股基本盈利港幣55.48仙，同比增長約8.8%。

在食用香精香料方面，板塊銷售收入達港幣28.80億元，較去年同期增長約10.6%。營運盈利達港幣19.81億元，較去年同期增長約7.8%。二零一一年，以「塑化劑」為主的一系列食品安全事故對食品添加劑、食品配料及香精香料行業帶來較嚴重的影響，局部細分市場亦有需求下降的情況。同時，中國煙草行業在經歷了多年快速整合之後進入了整固和消化期，行業整合停滯不前。本集團作為中國食用香精香料的領導企業，在過去一年，成功克服種種不利的行業因素，憑着員工上下一心的努力和過去穩健的經營基礎，取得了穩定增長，再次顯示了集團的抗風險能力和管理層的執行能力。

In terms of fragrances business, while being affected by the European debt crisis and plasticizer incidents in 2011, the export of China's daily chemical product industry and daily personal care product were given a blow. Mosquito coils and sprayed pesticide markets were seen decreased due to trade-up behaviour and safety issues. The fragrances industry was not favourable. Further, while last year Xiamen Amber was under a period of streamlining and adjustment due to its overly rapid growth in the past, these external and internal issues were detrimental to Xiamen Amber's business. Though the 2010-acquired Yunnan Huaxiangyuan still achieved rapid growth, the segment's overall revenue grew by 11.0%. But since Yunnan Huaxiangyuan was hit by the fluctuation in prices of raw materials, operating profits of the segment decreased significantly. The management will speed up the pace of business streamlining and the integration of Yunnan Huaxiangyuan, and is confident in gradually recover fragrances segment's profitability.

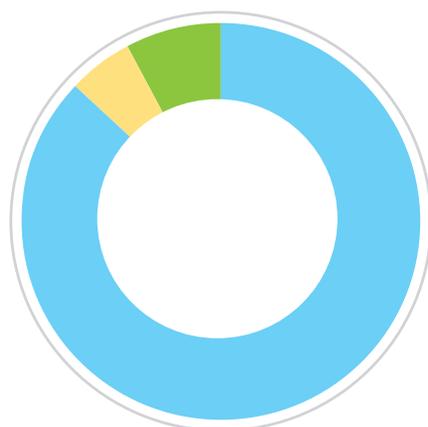
In terms of RTL business, after acquiring Guangdong Jinye Group in 2010 which marked a strategic entry into the RTL industry, the Group promoted a comprehensive integration which resulted in significant improvement in product quality, optimization of its customer resources and increase in average selling prices of its products. For the year ended 31 March 2012, sales revenue of Guangdong Jinye Group amounted to approximately HKD253 million, with EBIT margin reached approximately 33.7%, and EBITDA margin reached approximately 49.2%, which were significantly improved from last year. At the same time, the second phase of the RTL construction project, which the Group has put much efforts in, is currently under intensive installation. The management is confident in this production line's future operations. During the reporting period, the Group completed capital injection with intangible assets to Guizhou Huangguoshu Jinye Technology Co., Ltd. ('Huangguoshu Jinye') 10,000-ton RTL production line. After the injection, the Group's equity holdings in Huangguoshu Jinye increased from 30% to 40%. Meanwhile, the designing work of the Huangguoshu Jinye project has commenced. The Group's RTL business development is in full play.

在日用香精香料方面，二零一一年受歐債危機及「塑化劑」事件的影響，中國日用化工產品行業的出口及日用護膚類產品備受打擊，盤式蚊香及噴霧殺蟲劑等市場受產品升級及安全性的影響也呈現了下降的趨勢，日用香精香料市場形勢不利。另外，去年廈門琥珀對過去發展過快的業務進行梳理及調整，這些外部及內部的因素導致了廈門琥珀業務有所減少，但於二零一零年併購的雲南華香源仍實現了快速增長，使整個業務板塊收入增長了11.0%。但是，雲南華香源受原料價格波動的影響，造成了板塊的經營利潤率大幅下滑。管理層將加快對業務的梳理及對雲南華香源的整合，有信心逐步恢復日用香精香料板塊的盈利能力。

在煙草薄片方面，自二零一零年收購廣東金葉集團，戰略性地進入煙草薄片行業後，集團全方位地推進整合工作，產品質量顯著提升，客戶資源得到優化，產品的平均售價得到提高。截至二零一二年三月三十一日止年度，廣東金葉集團實現銷售收入約港幣2.53億元，EBIT率達到約33.7%，EBITDA率達到約49.2%，較去年水平大幅提高。同時，集團全力打造的煙草薄片二期建設項目正在進行繁忙的安裝工作，管理層對該生產線未來的投入運營有信心。於報告期內，本集團完成了對貴州黃果樹金葉科技有限公司（「黃果樹金葉」）10,000噸煙草薄片生產線的技術增資，增資後本集團佔黃果樹金葉的持股比例從30%上升至40%。另外，該生產線的設計工作已經開始，集團將進入煙草薄片業務的全面發展期。

In terms of the integrated core value chain, the Group injected capital to Yongzhou Shanxiang in April 2011, which marked a new development in the area of natural flavours, a leap forward for the Group's strategy of vertical integration and improved the Group's overall competitiveness. In terms of new materials for cigarettes, in June 2011, the Group acquired Yunnan Zhengbang, a company that has its own professional team specializing in the R&D of new materials for cigarettes since 2008. With its own professional R&D team, the joining of Yunnan Zhengbang into the Group is a good complementation to the construction of the Group's existing R&D team. After the acquisition, the Group established Huabao Bio. Tech. as a R&D platform for new cigarette materials based on the foundation of Yunnan Zhengbang. In June this year, the Group through a joint enterprise to setup a dedicated cigarette filter manufacturing enterprise in Korea, to provide the China market with premium quality and personalized products, which marked the first step towards the development in new cigarette materials.

在核心一體化產業鏈方面，集團於二零一一年四月增資永州山香，在天然香料領域取得新的發展，進一步實施垂直一體化的發展，加強了集團的綜合競爭力。在捲煙新材料方面，集團在二零一一年六月收購了雲南正邦。其技術團隊自二零零八年起，專業從事捲煙新材料的研發，擁有專業的技術研發團隊，雲南正邦的加入對集團現有的團隊構成很好的互補。收購之後，集團在其基礎上成立了華寶生物科技作為集團捲煙新材料的研發平台。今年六月，本集團在韓國合資籌建專業生產煙用濾材的企業，為中國市場提供高質量的訂制產品，邁出了在捲煙新材料發展的第一步。



● Flavours 食用香精香料	87.0%
● Fragrances 日用香精香料	5.4%
● RTL 煙草薄片	7.6%

Rewarding Shareholders and continuously creating value for Shareholders

For the year ended 31 March 2012, the Group's net cash generated from operating activities amounted to approximately HKD1,540 million, representing an increase of approximately 9.5% as compared with last year. Net cash balance amounted to approximately HKD1,359 million, indicating that the Group is in a sound financial position. After taking into account the Group's stable operating results and sound cash flows, the Board recommended the payment of a final dividend for the year of HK8.88 cents (2011: HK7.98 cents) per share or a total of dividend of HK21.86 cents per share paid for the full year including special dividend, with dividend payout ratio exceeded 39%. Since listing of its flavours and fragrances business, the Group has been continuously rewarding Shareholders by way of dividends and special dividends. Over the years, the Group has declared total accumulated dividends of more than HKD2.6 billion, thus practically fulfilling its commitment to share fruitful operating results with shareholders.

回饋股東，不斷為股東創造價值

截至二零一二年三月三十一日止年度，本集團由經營活動產生的淨現金流達約港幣15.40億元，與去年相比增加了約9.5%。淨現金餘額達約港幣13.59億元，財務狀況健康。考慮到穩定的經營業績和良好的現金流，董事會建議宣派本年度末期股息每股港幣8.88仙（二零一一年：港幣7.98仙），連同已派發的特別股息，全年共派發每股港幣21.86仙，總派息比率超過39%。自香精香料業務上市以來，本集團不斷通過股息及特別股息回饋股東，歷年來集團累計派息超過港幣26億元，切切實實地做到與股東共同分享業務經營的努力成果。

FUTURE DEVELOPMENT PLANS

At present, the global economic conditions are highly challenging, plagued with changing political factors of countries across the world, the lingering European debt crisis, and the admitted moderate slowdown of China's economy which has become a major concern of the world. As China's food and beverage and additives industries are still in the course of recovery after a series of reported safety incidents, a series of regulation on the tobacco industry recently implemented by the PRC Government have also increased uncertainties for the development of the China tobacco industry. Coupled with the complicated external and macro environment, it is important for the Group to adhere to the development strategy of 'multi-pronged, focus growth' and further refine its integrated core value chain. Based on its solid foundation built after years of efforts, the Group will continue to capitalize on its excellent company culture, continue to tap new business growth areas and continue to enhance the Group's overall capabilities in resisting risks, in order to achieve stable growth!

In the tobacco business segment, the Group will continue to pursue the business development strategy of 'Big customers, Big brands', and has brought forward a new path to development, i.e. using the end market consumers as the pivot point, to effectively help customers to understand end users' needs. Meanwhile, the Group will optimize the integration of existing flavours and fragrances, RTL and new cigarette materials, strive to develop products with market competitiveness and create higher value for our customers, so as to achieve win-win results and mutual development. Given that the second phase of the construction project of Guangdong Jinye has entered into installation stage, and in view of the full-scale development of Huabao Bio. Tech., the management believes that there is enormous room for the Group to grow in this segment, and the Group is about to enter into a comprehensive development stage. In the mean time, due to regulations, the pace of the China tobacco industry consolidation has slowed down. And recently the Chinese government has implemented regulations on premium tobacco and alcohol and corporate spending on tobacco and alcohol products may gradually affect the industry and consumption. The management will closely monitor such matters, and to respond prudently to these new changes in the industry.

未來發展計劃

目前全球經濟形勢不容樂觀，複雜多變的各國政治因素、歐洲債務危機以及備受國際密切關注的中國經濟增長速度亦已表明將會適度的放緩。在中國食品飲料及添加劑尚處於屢次安全事故後的恢復期，而中國政府近期對煙草行業的一系列監管措施亦增加了中國煙草行業發展的不確定性。在這些複雜的宏觀及行業環境下，集團更須堅持「同心多元化」的發展戰略，進一步打造核心一體化產業鏈，在以過去多年打造的堅實基礎下，繼續發揮其優良的企業文化，繼續發掘新的業務增長點，繼續增強集團整體抗風險的能力，實現平穩增長！

在煙草業務領域，集團將繼續堅持其「大客戶、大品牌」業務發展戰略並提出了新的發展思路，以終端市場消費者為導向，真正幫助客戶了解終端客戶的需求；將現有的香精香料、薄片以及捲煙新材料進行完美的組合，協助客戶打造具市場競爭力的產品，為客戶實現更大的價值，實現雙贏和共同發展。隨着廣東金葉二期建設項目進入安裝期和華寶生物科技的全面發展，管理層相信，集團在該領域的發展空間巨大，未來將進入全面發展期。同時，受政策影響，中國煙草行業的整合步伐放緩；而中國政府近期對高檔煙酒及對公款消費煙酒產品監管措施可能對行業及消費逐漸產生影響。管理層將密切關注，以穩健的原則應對這些新的行業變化。

In the food ingredients and flavours and fragrances segments, the Chinese food additives and flavours and fragrances industries are still in a stage of recovery after a series of food safety incidents. The industry growth is slowed, and certain segment markets may continue to see lower in usage demand. Leveraging on the solid business foundation established by the Group over the years, the increased investments in production quality control facilities and the competent research and development team of market standards, the Group will strive to develop under adverse circumstances and continue to maintain stable growth. In the future, the food segment will seek stable growth based on a sound foundation.

In the fragrances and aromatic raw materials segments, the export of fragrances was slowed, while product safety was also detrimental to the fragrances industry. The management will finish the business's streamlining and adjustment, concentrate on fragrances business such as sanitizing and pesticide, increasing quality control of products, optimising products and customers structure, and developing new natural and plant extraction-based products, in order to seek market exploration opportunities. In the mean time, the Group will also speed up the integration of Yunnan Huaxiangyuan, timely adjust product and market strategies, so as to gradually revive the profitability in this segment.

As regards the use of cash, the Group has upheld its prudent practice, that is to fully utilize its ample cash flow generated from operations to perform expansion, increase production capacity and distributed dividend with no less than 30% payout ratio and special dividend. This year, considering the capital market's landscape, a share repurchase program was also brought to the Group's agenda. In the future, with different developments from the RTL and new cigarette materials sectors on hand, investment in the said areas will be further elevated, which the Group anticipated in the next year there will be approximately HKD700-900 million of investment mainly on developments such as RTL (including capital commitment but excluding major acquisitions). The management believes that these investments will provide the Group with new growth momentum, and that it will create larger values for Shareholders.

在食品配料及香精香料領域，中國食品添加劑及香精香料行業尚處於屢次食品安全事故後的恢復期，行業增長放緩，部份細分市場仍有可能出現需求下降趨勢。依托本集團多年打造的優良業務基礎，不斷增加投入的生產檢測設備，以及貼近市場的研發團隊，在逆境中力求發展，繼續保持平穩發展。未來食品業務將穩中求升，實現平穩增長。

在日用香精香料及天然香原料領域方面，日用消費品出口放緩，產品安全性問題亦對日用香精香料行業產生一些不利影響。管理層將盡快完成對現有業務的梳理和調整，集中精力做好在消毒、殺蟲類日用香精香料的業務，對產品質量嚴格把關，提升產品檔次及優化客戶結構，開發天然及植物提取的流行新產品，尋求市場拓展機會；同時，本集團亦將加強對雲南華香源的整合，及時調整產品及市場策略，逐步恢復板塊的盈利能力。

在現金使用方面，本集團歷來堅持審慎原則，一直充分利用運營產生之豐富現金流進行擴充、擴大生產規模及派發股息分派率不低於30%的股息以及特別股息。今年，針對資本市場的一些新的情況又增加了公司回購股票的計劃。未來，隨着煙草薄片及捲煙新材料領域的發展，將進一步加大在這一領域的投資，集團估計未來一年將投資港幣7至9億元主要用於發展煙草薄片等方面（包括資本承擔支出但不包括重大併購）。管理層相信，這些投資將為集團提供新的增長動力，可望為股東創造更大的價值。

As regards the capital market, the past few months had been the most difficult time for Huabao ever since its listing of flavours and fragrances business. Waves by waves of groundless negative reports from the market dragged the Company into an unprecedented capital market crisis, leading to unusual drop in its share price and severe adverse impact on the Company's reputation, as such, Shareholders' value suffered huge losses. The management made decisive reactions to respond to the related criticism in a united, prudent and detailed manner. We concerted our efforts to defend groundless accusations by producing adequate evidence in the most practical manner, striving to safeguard Shareholders' interest to the greatest extent. I am personally outraged by such groundless accusations. In the six years since Huabao's flavours and fragrances business publicly listed in Hong Kong, Huabao has spared no efforts in monitoring and maintaining control over its internal business and corporate governance. I have confidence in, together with the management, leading Huabao out of such crisis, and to safeguard shareholders' value through best endeavors!

Over the years, the Group has been consistently pursuing its 'multi-pronged, focus growth' development strategy, using its core flavours and fragrances business, constructing an integrated core value chain, developing into an influential enterprise in the industry. Although this success only represented our achievement in the past, the management strongly believes that, as long as the Group adheres to our development strategy, keeps abreast of the latest developments trend of the domestic consumer products market and constantly brings forth innovation, Huabao is able to grasp business opportunities arising in China's consumer products market. Huabao has entered into a business transformation period, which the Group will next develop itself from a simple flavours and fragrances company into a company with multiple growth drivers. For this, the Group will perform streamlining and adjustment to its existing business segments and structure. The management believes that its rapid growth momentum will gradually recover in the coming years, thereby bringing higher value and greater rewards to Shareholders.

I would like to take this opportunity to express my sincere gratitude to our working partners and friends, for your long-term caring and support. The management and I, together with the entire staff, will keep on facing challenges and uphold our determinations, through our relentless endeavors, to overcome various obstacles ahead, to maintain Huabao's healthy business growth!

LAU Chi Tak
CEO

Hong Kong, 20 June 2012

在資本市場方面，過去數月可說是華寶自香精香料業務上市以來最具挑戰的一段時期。市場上一輪又一輪無端的報導，將公司推進一個前所未有的資本市場危機當中，公司股價出現了罕見的大跌，公司的聲譽受到嚴重影響，股東價值遭受巨大損失。管理層當機立斷，團結一心、嚴謹、詳實地回應有關評論。在最可行的情況下，同心協力地利用充足的資料，全力反駁了有關指責，盡力維護股東的利益。我對這些無端的指責感到極大的憤怒。華寶香精香料業務在香港上市六年來，公司對內部業務及企業管治的監控從不鬆懈。我有信心帶領管理層共同應對這場危機，將盡最大努力捍衛股東價值！

多年以來，華寶始終如一地堅持集團「同心多元化」的發展策略，以香精香料業務為核心，打造上下游一體化的產業鏈，發展成為今天在行業內具影響力的企業。這些成功只是代表過去，管理層堅信，只要堅持集團的發展策略，緊跟中國消費品市場的發展趨勢，不斷創新，華寶就一定能夠握住中國消費品市場的契機。華寶已經進入業務轉型期，下一步本集團將從單一的香精香料公司發展成為多引擎增長的公司。為此，公司還將對現有業務單元及架構進行梳理和調整。我相信，集團在未來數年將逐漸恢復快速增長勢頭，為股東創造更大的價值和回報。

本人亦藉此機會謹向我們的合作伙伴及各界朋友致以誠摯的感謝，感謝你們長期以來對本集團的關心和支持。本人及管理層，將與全體員工一道，繼續面對挑戰，堅定信心，通過我們的不懈努力，戰勝前進過程中的各種困難，保持華寶事業能健康穩定地發展！

劉志德
總裁

香港，二零一二年六月二十日

Management Discussion and Analysis

管理層討論及分析

Production capacity of flavours and fragrances of major subsidiaries
as at 31 March 2012

於二零一二年三月三十一日主要下屬公司香精香料的產能

		(tons 噸)
Shanghai	上海	
Huabao Kongque	華寶孔雀	4,500
Huabao Shanghai	華寶上海	3,000
Huashun Shanghai	華順上海	1,300
Shanghai Yinghua	上海英華	1,500
Jiangsu	江蘇	
Taicang Wenhua	太倉文華	800
Wuxi Fuhua	無錫福華	1,500
Wuxi Jiahua	無錫嘉華	1,200
Wuxi Huaxin	無錫華馨	600
Wuxi Huahai	無錫華海	500
Guangdong	廣東	
Feijia Chuangye	飛嘉創業	500
Guangdong Zhaoqing	廣東肇慶	1,000
Guangzhou Huabao	廣州華寶	4,000
Guangzhou Huafang/Owada	廣州華芳 / 澳華達	2,000
Others	其他	
F&G	F&G	150
Huabao Hong Kong	華寶香港	300
Qingdao Huabao	青島華寶	1,000
Qingdao Qingda	青島青大	650
Xiamen Amber	廈門琥珀	800
Yingtian Huabao	鷹潭華寶	7,000
Yongzhou Shanxiang	永州山香	1,000
Yunnan Huaxiangyuan	雲南華香源	1,000
Yunnan Tianhong	雲南天宏	2,500
Total production capacity	總產能	Approximately 約 36,800

Production capacity of RTL of major subsidiaries, joint ventures and technical cooperation
as at 31 March 2012

於二零一二年三月三十一日主要下屬公司、聯營公司及技術合作項目的煙草薄片產能

		(tons 噸)
Guangdong Jinke – 55% ownership	廣東金科 – 持有55%	10,000
Guangdong Jinye (under construction) – 100% ownership	廣東金葉 (籌建中) – 持有100%	20,000
Huangguoshu Jinye (under construction) – 40% ownership	黃果樹金葉 (籌建中) – 持有40%	10,000
Hunan Jinye – 10% ownership	湖南金葉 – 持有10%	10,000
Shanghai Tobacco Taichuang – 6.96% ownership	上煙太倉 – 持有6.96%	10,000
China Tobacco Anhui (under construction) – technical cooperation	安徽中煙 (籌建中) – 技術合作	10,000
Total production capacity	總產能	Approximately 約 70,000

RECENT ACQUISITIONS AND COOPERATIONS

The Group remains committed to its development strategy by combining organic growth plus M&A in carrying out consolidation in the China's flavours and fragrances industry and upstream businesses, which we believe, has reaped satisfactory results. During the reporting period, the Group completed the establishment of Yongzhou Shanxiang and the acquisition of Yunnan Zhengbang, making dynamic progress in implementing the strategic plan of constructing an integrated core value chain. As a result, the Group's overall competitiveness has been further enhanced.

Establishment of Yongzhou Shanxiang

In April 2011, the Group through its subsidiary entered into a capital injection agreement to Yongzhou Shanxiang with an independent third party, which the Group injected approximately HKD27,594,000 and holds 67.1% of equity interest after the injection. Yongzhou, located in the southwest of Hunan Province, is very suitable for the growth of litsea cubeba, a natural aromatic raw material, and is one of the main producing areas of litsea cubeba oil, where its output accounts for a leading position globally. In 2010, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC implemented the geographical indications protection on litsea cubeba oil in Yongzhou, further strengthened the advantageous position of litsea cubeba industry in Yongzhou.

Yongzhou Shanxiang's management team has extensive experience in the industry and its targeted end users include globally leading food and beverage enterprises. Capital injection into Yongzhou Shanxiang is another strategic deployment of the Group in building an integrated core value chain. Yongzhou Shanxiang will rely on the resources of Yongzhou, fully capitalize our existing advantages in capital, technology, market and brand, and gradually increase the efforts in purchasing litsea cubeba oil; committed to technology development and products upgrade, and focus on fine and further processing technology. It will also actively penetrate existing key international customers. By utilizing the geographic advantages of Yongzhou, it will further enhance the advantages of natural aromatic raw materials business in the district and become a natural flavours enterprise with resources advantages and characteristics.

最新收購和合作

本集團堅持有機與併購增長相結合的發展戰略，不斷對中國香精香料行業及上游產業進行整合，我們相信已取得了滿意的效益。本報告期內，本集團完成了永州山香的組建及雲南正邦的收購，積極推進打造核心一體化產業鏈的戰略，並進一步加強了本集團的綜合競爭力。

組建永州山香

於二零一一年四月，集團通過下屬子公司與獨立第三方簽訂向永州山香增資的協議，集團增資約港幣27,594,000元，在增資後持有67.1%的股權。永州位於湖南省西南部，自然條件優越，非常適合天然香料作物山蒼子的生長，是山蒼子油的主產地之一，其產量在全球佔有主導份額。2010年，國家品質監督檢驗檢疫總局對永州山蒼子油實施了地理標誌產品保護，更進一步加強了永州山蒼子產業的優勢地位。

永州山香的管理團隊在業內有豐富經驗，其目標最終客戶包括全球頂級的食品飲料企業。增資永州山香是集團在打造一體化核心產業鏈的又一戰略部署。永州山香將依託永州的資源，充分結合集團現有資金、技術、市場、品牌上的優勢，逐漸加大山蒼子原油的採購力度；致力於技術研發和產品升級，開展精深加工；積極加大滲透現有的國際大客戶，並利用永州的區位優勢，進一步拓展該區域的優勢天然香料業務，成為有資源優勢和特色的天然香原料企業。

Acquisition of Yunnan Zhengbang

In June 2011, the Group through its subsidiary acquired 100% equity interest in Yunnan Zhengbang from an independent third party at a consideration of approximately HKD6,926,000, which was satisfied by the Group's internal funds. Established in 2008, Yunnan Zhengbang is an enterprise specializing in innovation, application and production of new cigarette materials in the PRC. Currently, its products are mainly used in cigarette paper and filters to lower tar and harmful content, improve smoke taste, enhance flavours and retain moisture, etc. Yunnan Zhengbang houses a professional technology R&D team with various patents of invention, and it is one of the few enterprises specializing in the R&D of new cigarette materials in China.

The Group is now performing integration to Yunnan Zhengbang and based on its foundation, the Group then established Shanghai Huabao Bio. Tech., a new R&D platform for new cigarette materials, for the purpose of integrating new cigarette materials technology and cigarette perfumery technology, and collaborating technological cooperation with various science and technology institutions including Yunnan Academy of Tobacco Science and Kunming Institute of Botany under the Chinese Academy of Science in order to aggressively develop its new cigarette materials business. The acquisition of Yunnan Zhengbang is in line with the Group's development strategy of "multi-pronged, focus growth", and will effectively expedite the Group's research of new cigarette materials and development of relevant products. In the future, the Group will provide tobacco enterprises with more comprehensive services by capitalizing on the combined strength of the existing personnel and foundation of Yunnan Zhengbang and Huabao's solid customer base, flavours and fragrances products and technology.

Establishment of cigarette filter joint enterprise

In June 2012, the Group is going to set up a subsidiary to engage mainly in cigarette filter manufacturing jointly with independent third parties in Korea. The investment of such joint enterprise is planned to be 11.1 billion Korean Won (equivalent to approximately HKD70 million), which the Group will hold 60% equity holdings. The joint enterprise is with an aim to produce personalized products for the China market, as a new attempt by the Group in the development of new cigarette materials business.

收購雲南正邦

於二零一一年六月，集團通過下屬子公司向獨立第三方收購雲南正邦100%股權，集團以內部資金支付收購代價約港幣6,926,000元。雲南正邦成立於二零零八年，是一家於中國專門致力於專業化的捲煙新材料開發、應用和生產的公司。現時其產品主要應用於捲煙紙以及濾嘴棒當中，令捲煙達到降焦減害、吸味改良、及增香保潤等等的作用。雲南正邦擁有專業的技術研發團隊，擁有多項發明專利，為國內少數專門從事捲煙新材料研發的企業之一。

集團正對雲南正邦的業務及技術水平進行整合，並在其基礎上成立捲煙新材料研發平台—華寶生物科技，集捲煙新材料技術，調香技術於一體，並與雲南煙草研究院，中科院昆明植物研究所等多家科研機構進行技術合作，全力拓展捲煙新材料的業務發展。收購雲南正邦符合集團同心多元化的發展策略，將有效率地加快集團在捲煙新材料方面的研究和產品開發的步伐。集團未來將依託雲南正邦的現有團隊及基礎，結合華寶的客戶資源和綜合香精香料及技術水平，為煙草集團客戶提供更全面的服務。

組建煙用過濾咀棒合資企業

於二零一二年六月，本集團在韓國與獨立第三方合資籌建主要生產煙用過濾咀棒的附屬公司。該合資企業計劃投資總額為111億韓圓（折合約港幣7,000萬元），本集團將佔60%的股權。該合資企業目標為中國市場開發訂制產品，為集團在進入捲煙新材料業務的新嘗試。

BUSINESS REVIEW

Review of Flavours Business

1. Review of operating results

For the year ended 31 March 2012, sales revenue of the flavours business of the group amounted to HKD2,880,286,000, representing an increase of about 10.6% from the corresponding period last year. The EBIT ratio of the flavours segment was approximately 68.8%, representing a decrease of approximately 1.7 percentage points as compared to approximately 70.5% for the corresponding period last year; The EBITDA ratio was approximately 71.1%, representing a decrease of approximately 1.8 percentage points as compared to approximately 72.9% for the corresponding period last year. The growth rate in the flavours business has slowed compared with last year's, this was mainly attributable to certain negative effects of the China food and beverage industry and the food additives industry, as well as the slow-down in the pace of consolidation of the tobacco sector in the PRC. Such decline in both the EBIT and EBITDA margins of the segment was mainly due to factors such as enhanced efforts on research and development and an increase in staff's wages and welfare benefits.

In respect of the tobacco business, as the tobacco industry entered into the post-consolidation era, cross-provincial consolidation was slowed. The China tobacco industry has entered into a solidifying and digesting period following a rapid consolidation. Adhering to the strategy of "Big Customers, Big Brands", through a number of major laboratories, coupled with the trend of product reducing tar and harmful content, to explore business growth points, the Group once again has achieved a stable growth. For the year ended 31 March 2012, sales revenue from the Group's largest customer, i.e. China Tobacco Yunnan Materials Group Co., Ltd, increased by approximately 16.9% from last year, while sales revenue from the Group's top 5 customers also increased by approximately 16.9% from last year.

業務回顧

食用香精香料業務回顧

1. 經營業績回顧

截至二零一二年三月三十一日止年度，本集團食用香精香料的銷售收入達到了港幣2,880,286,000元，較去年同期增長了約10.6%。食用香精香料的板塊EBIT率約68.8%，較去年同期的約70.5%下降了約1.7個百分點；EBITDA率約71.1%，較去年同期的約72.9%下降了約1.8個百分點。食用香精香料的銷售收入增長速度較去年有所放緩，主要是受一些中國食品飲料行業以及食品添加劑行業不利因素的影響以及中國煙草行業整合放緩的影響。板塊的EBIT及EBITDA率有所下降，主要是由於加大研發投入以及工資及員工福利的增加等因素導致。

在煙用業務方面，隨著煙草行業進入後整合時代，跨省整合放緩，中國煙草行業進入了快速整合之後的整固和消化期。本集團堅持「大客戶、大品牌」的策略，通過若干重點實驗室，配合產品降焦減害的趨勢，深度挖掘業務增長點，再次實現了穩定增長。截至二零一二年三月三十一日，本集團來自最大客戶，即雲南中煙物資（集團）有限責任公司的收入比去年同期增加約16.9%；本集團前五大客戶的收入比去年同期同樣增加約16.9%。



F&G production base
F&G生產基地



Since April this year, the Group's F&G production base, which is based in the Republic of Botswana, gradually entered its peak season. The daily operations remained smooth. During the reporting period, F&G was invited to the local government's annual dinner and delivered a speech, which further elevated the image of Chinese-enterprises and Chinese citizens in the local area.

In respect of the food and beverage business, the Group adhered to the development of natural and healthy products that fitted local tastes, and provided product quality and taste solutions for local major customers. After several years of rapid development, the Group has become one of the largest local flavours and fragrances providers in China. Last year, the operating environment in the industry was full of challenges, as a series of food safety incidents centering plasticizer have relatively affected more on the food flavours and food additives industries. However, thanks to the solid business foundation established by the Group over the years, the increased investments in production facilities and our competent research and development team which are of international standard, the Group kept its record of no material incidents on food safety, which further boosted its industry reputation. In terms of operations, the Group's direct sales and distribution sales businesses were affected considerably. However, the business with some of the reputable end customers such as Wahaha Group continued to achieve growth, the food business achieved relatively fast growth. The management is satisfied with the fact that the flavours segment realized growth having overcome a series of unfavorable industry matters.

自本年四月份以來，集團位於博茨瓦納共和國的生產基地F&G逐漸進入繁忙季節，日常業務運作一切正常。於報告期內，F&G應邀出席了當地政府舉辦的年度晚宴並作了發言，進一步提升中資企業和華人在當地形象。

在食品和飲料業務方面，本集團堅持以發展天然、健康、本地口味的產品，為本地大客戶提供產品品質、口味的解決方案。經過過去幾年的快速發展，已經成為中國本土最大的香精香料供應商之一。去年，業內經營環境充滿挑戰，以塑化劑為主的一系列食品安全事故對食品香精香料以及食品添加劑行業影響較大。在安全性方面，集團依賴其多年打造的優良業務基礎，不斷增加投入的生產設備，以及貼近國際水平的研發團隊，本集團在過去一年繼續保持無重大安全事故的記錄，業內聲譽進一步提升。在業務方面，本集團部分直銷業務及分銷業務受到一些影響。不過，一些知名客戶，如娃哈哈集團等最終客戶的業務繼續獲得增長，食品類業務仍然取得了較快速的增長。管理層對食用香精香料板塊在成功克服一系列不利的行業因素下實現增長感到非常滿意。

Last year, the Group's subsidiaries achieved sound operating results. On the R&D side, the subsidiaries including Wuxi Huahai, Wuxi Fuhua and Yunnan Tianhong have received a total of 8 national patents. Guangzhou Huafang participated in various major campaigns in the PRC tobacco sector last year. Moreover, in August 2011, the Group established the "Joint Laboratory of Reconstituted Tobacco Leaves produced with Paper-making Method" in cooperation with China Tobacco Guangdong, the Group's core client. The establishment of such laboratory has further strengthened the strategic cooperation between the Group and China Tobacco Guangdong, and represented a landmark move in enhancing the comprehensive resources advantage in different areas. In regards to product innovation, the sweetened pear flavours produced by Huabao Kongque was widely welcomed by the market. Guangdong Zhaoqing achieved growth from sizeable customers such as Wahaha Group. Meanwhile, construction of a comprehensive production base initiated by the Group last year was generally completed. The production base is located in a provincial science and technology development zone in Yingtan city of Jiangxi province. Since its trial production commenced in November 2011, in March 2012 Yingtan Huabao was awarded "2011 Industrial Development Enterprise Improvement Award" issued by the government of Yingtan city.

In the aromatic raw materials sector, Qingdao Qingda, through developing premium products, was able to optimize its product base and achieved rapid growth, with its source of growth mainly from customers in Europe and India. Its top products, paprika coloring and paprika resin were well received by domestic and international customers. Yongzhou Shanxiang continuously improved its lemon citrus extraction technology. Currently, Yongzhou Shanxiang's second phase lemon citrus extraction production line is generally completed and has entered trial production. Through such technology upgrade, the Group aim to improve its refining technology and elevate product value.

去年，各個下屬公司在運營方面再次取得良好成績。在研發方面，年內無錫華海、無錫福華、雲南天宏等下屬企業共獲得8項國家專利；廣州華芳在年內多次參與中國煙草行業的各種大型行業活動。另外，於二零一一年八月，本集團與核心客戶，廣東中煙共同建立了「造紙法再造煙葉共建實驗室」。該實驗室的建立，進一步加深了集團與廣東中煙的戰略合作關係，對發揮不同領域先進資源的綜合優勢將具有重要的意義。在產品開發方面，華寶孔雀開發的冰糖雪梨口味大受市場歡迎；廣東肇慶在如娃哈哈集團的大客戶方面獲得增長。同時，集團於去年開始籌備的綜合生產基地亦已基本落成。該綜合生產基地座落於江西省鷹潭市，為一省級科技開發區。自二零一一年十一月試產開始，鷹潭華寶於二零一二年三月獲鷹潭市政府授予的「2011年度工業發展企業進步獎」。

在天然香原料方面，青島青大通過開發優質產品及對現有產品進行精細化，獲得了高速增長，主要增長來自於歐洲和印度客戶。其主打產品辣椒紅色素及辣椒油樹脂備受國內外歡迎。永州山香不斷創新改進檸檬醛的生產工藝，營運效率得到提高。目前永州山香二期檸檬醛新技術擴產生產線已基本完工並進入調試階段。通過此項技術提升，公司將有望拓展深加工，提升產品價值。



Yingtian Huabao production base
鷹潭華寶生產基地

In addition, Huabao Shanghai received a number of awards in the industry. During the reporting period, Huabao Shanghai was awarded “Top 10 Enterprises of Perfume and Essence in China Light Industries 2010” announced by China National Light Industry Council, reinforcing its leading position in the industry; Huabao Shanghai was granted “Silver Award for Comprehensive Strength in Jiading Industrial Zone 2011”; and the General Manager of Huabao Shanghai also received “Excellent Entrepreneur of Advanced Manufacturing Industry in Jiading Industrial Zone 2011”, which acknowledged the Company’s influence in the local economy development.

除此之外，華寶上海在行業內亦屢獲殊榮。於本報告期內，華寶上海獲得了由中國輕工業聯合會公佈的「2010年度中國輕工業行業十強企業」，肯定了公司在行業的領先地位；獲得了「2011年度嘉定工業區綜合實力銀獎」；而華寶上海總經理更獲得了「2011年度嘉定工業區先進製造業優秀經營者」，肯定了公司對當地經濟發展的作用。

Major financial indicators of flavours

食用香精香料之主要財務指標

HKD thousand	港幣千元	2012	2011
Sales revenue	銷售收入	2,880,286	2,605,062
EBIT	EBIT	1,980,782	1,837,579
EBIT margin	EBIT率	68.8%	70.5%
EBITDA	EBITDA	2,048,121	1,899,273
EBITDA margin	EBITDA率	71.1%	72.9%

2. Recent developments and prospects of the downstream sectors

a. Recent developments in the tobacco industry

We note that China is the world’s largest cigarette consuming country, accounting for approximately one-third of the total annual consumption in the world. China has over 300 million smokers, consuming over 2 trillion sticks of cigarettes each year. In recent years, China’s tobacco industry has been growing steadily and reflected several characteristics:

2. 下游行業的最新情況和展望

a. 煙草行業的最新情況

中國是全球第一大的捲煙消費國，約佔世界年總消費量的三分之一，中國超過3億的煙民每年消耗掉超過2萬億支香煙。近幾年來，中國煙草行業一直處於平穩式增長，市場表現出幾大特點：

Firstly, Chinese style cigarettes made up a substantial proportion of the total consumption, while imported cigarettes only accounted for approximately 0.1% of the market share in the PRC over the previous years (Source: Euromonitor);

Secondly, the tobacco industry continues to play a significant role in the Chinese economy, contributing industrial and commercial profit tax of approximately RMB752.9 billion in 2011, representing an increase of approximately 22.5% (Source: TobaccoChina Online); and

Thirdly, with the steady improvement in the living standards of Chinese residents, the demand for high-end consumer products has been growing gradually.

b. Tobacco industry has entered into the post-consolidation era, consolidation slowed down

The Chinese tobacco industry has entered into the era of consolidation since 2005. In 2008, the consolidation evolved into a new stage in which cross-provincial and large scale industrial restructuring took place and brand concentration enhanced substantially. The market share of the top ten brands in terms of sales volume has increased by more than 50% over the course of the Eleventh Five-Year Plan, and the top ten brands in terms of sales revenue have posted a rapid double-digit growth in CAGR.

In 2010, the STMA has proposed that the quality of cigarettes must attain a higher standard and that key brands will be further cultivated. The "532" and "461" targets were set as the direction of development for tobacco brands under the next five-year plan. But looking back to 2011, as far as the Group is aware there has not been a case of cross-provincial consolidation. The Group believes that China's tobacco industry has entered into a stage of solidifying and digesting after a rapid pace of consolidation. In the future, the industry will continuously give rise to higher degrees of concentration and trading up of brand, while the pace of consolidation will further be slowed.

第一，消費結構以中式捲煙為主，進口煙在中國的市場份額歷年來只佔約0.1%左右（資料來源：Euromonitor）；

第二，煙草行業在中國國民經濟中佔有非常重要地位，二零一一年實現工商利稅約人民幣7,529億元，較上年增長了約22.5%（資料來源：煙草在線）；及

第三，隨著國內居民生活水平的逐步提高，消費的產品檔次逐步提高。

b. 煙草行業進入後整合時代，整合放緩

自二零零五年開始，中國煙草行業開始進入了整合時代，二零零八年煙草行業的整合進入到新的階段，出現了跨省和巨型的行業重組，品牌集中度大幅提高，集團前十大銷量的品牌的市場佔有率在十一五規劃期間提高了50%以上，前十大銷售額的品牌更是出現了雙位數的高速複合增長。

二零一零年，國家煙草專賣局明確提出捲煙上水平，進一步培育重點品牌的思想，將「532」和「461」目標列為當前「十二五」計劃煙草品牌的發展方向。但回顧二零一一年，就本集團所知，全年並未宣佈跨省整合案例。本集團認為中國煙草行業在經歷了過去幾年的快速整合後進入了整固及消化期，行業集中度以及消費檔次在未來仍將繼續不斷提高，整合步伐將進一步放緩。

c. *The Chinese government strengthened the regulation of the tobacco industry, which increased industry development uncertainties*

The management noticed that the Chinese government introduced a series of new smoking control measures, including the control of smoking areas, boosting tar and harmful content reduction, and implemented new standards including maximum tar content. According to the Twelfth Five-Year Plan for the tobacco industry, in the next few years, regulation on the new tar content will continue to be the major trend in the tobacco industry. In view of experience from international economically-developed countries, smoking control may pose its effect on spending behaviour in a long run. Meanwhile, the Chinese government started to implement limitations to the government's consumption in cigarettes, alcohol and premium tobacco since last year. These administrative measures may cause certain effects on the tobacco industry development and cigarette consumption. The Group has established a sound reputation in the domestic tobacco industry and has been paying close attention to related regulatory matters, and proactively complementing the government's policy with respect to the direction of the regulations going forward. During the year, the Group hosted a series of industry-related seminars; in the future, the management will continue to pay close attention on the latest developments in this area and respond with full preparation.

d. *The food and beverage industry enters consolidation and adjustment stage*

Since last year, the food and beverage industry is shocked by its numerous safety incidents and problems, which have caused great concern from society as well as the regulating bodies and sparked another round of industry integration. Some small and medium food and beverage enterprises are forced to withdraw from the market, imposing negative impact on related industry chains. On the other hand, during this disturbance, the food additives industry has taken a toll to a certain extent. As a result, growth in flavours and fragrances industry has slowed down. The management considered that such phenomenon, in near future, will linger and will also cast negative impact on the Group. However, in the longer perspective, this is a stage to endure before the whole industry becomes more centralized and more sophisticated. As such, it will not affect management's optimistic view about the PRC food and beverage industry in the long run.

c. 中國政府對煙草行業加強監管力度，行業發展不確定性增加

管理層注意到近期中國政府一系列新的控煙措施，包括對吸煙場所的控制，推進降焦減害及實施新的最高焦油含量標準等。根據煙草行業十二五規劃，未來幾年，執行新的焦油含量標準仍將為煙草行業的主要監管趨勢。從世界發達經濟體的經驗來看，控煙措施將會在長期對捲煙消費行為產生影響。同時，去年以來中國政府開始對政府煙酒消費以及高價香煙實施限制。這些行政措施可能對煙草行業的發展及捲煙消費產生一些影響。本集團在國內煙草行業有良好的知名度，並一直高度關注有關監管規定及積極協助政府研究未來監管方向及相關行業標準的制定。年內，本集團主辦了一系列行業性的研討會；未來，管理層將密切關注這方面的最新動態，予以充分應對。

d. 食品飲料行業進入整合及調整期

去年以來，食品飲料行業屢屢爆出安全事故和問題，引起了社會各界以及監管機構的高度關注，並掀起了新一輪的行業整頓和整合浪潮。一些中小型的食品飲料企業被迫退出市場，從而對相應的產業鏈產生了一定的負面影響。另一方面，在這場食品安全風波之中，食品添加劑行業亦受到一定衝擊。受此影響香精香料行業的增長亦有所放緩。管理層認為，這些現象在未來一段時間仍將繼續存在，這些因素亦會對本集團產生一定的不利影響。但從長遠來看，這是行業走向更集中、更高級的必經階段，故此，管理層不會改變對中國食品飲料行業長期樂觀的看法。

3. Development strategy for the flavours business

a. Tobacco sector

- To continuously pursue the “Big Customers, Big Brands” development strategy;
- To fully utilize joint laboratories setup with major customers, to step up in comprehensive and technological cooperation with leading players in the tobacco industry, and to continuously discover new growth points;
- To explore and realize the trend of China cigarette market, to cope with the Group’s RTL and new cigarette materials business, to use the end market consumers as the pivot point, to effectively help customers to understand end users' needs; and
- To speed up the construction of the comprehensive production base of Yingtan Huabao, to further elevate operation efficiency.

b. Food and beverage sector

- Using “Big Customers, Big Brands” as a strategic direction, to continue to expand into natural aromatic raw material business in order to construct an integrated core value chain;
- Using personalized food ingredients and food ingredients and additives based on natural extracts as a catalyst in future development, to explore for new growth opportunities;
- To step up efforts in food safety to ensure food safety, and to eradicate major food safety incidents; and
- To increase spending on R&D and bring in exceptional R&D personnel to continuously upgrade the R&D standards of our products.

3. 食用香精香料的發展策略

a. 在煙草類方面

- 繼續堅持「大客戶，大品牌」的發展策略；
- 充分利用與重點客戶的聯合實驗室，與煙草行業龍頭企業展開全方位的技術合作，不斷挖掘新的增長點；
- 深度研究中國捲煙市場流行趨勢，與集團煙草薄片和新材料板塊通力合作，以終端市場消費者為導向，真正幫助客戶瞭解終端客戶的需求；及
- 加快完成建設鷹潭華寶的綜合生產基地，進一步提高運營效率。

b. 在食品飲料類方面

- 以「大客戶，大品牌」為戰略導向，繼續加大在上游天然香原料業務的發展，打造核心一體化的產業鏈；
- 以功能性食品配料和基於天然提取的食品配料與添加劑作為未來發展的核心突破口，尋找新的增長點；
- 加強食品安全工作，確保食品的安全性，杜絕重大安全事故；及
- 不斷加大對研發的投入，引進優秀的研發人員，提高產品的研發水平。

Review of Fragrances Business

1. Review of operating results

For the year ended 31 March 2012, sales revenue of the fragrances business of the Group amounted to HKD177,946,000, representing an increase of approximately 11.0% from the previous year. Operating profit amounted to HKD8,016,000, decreased by HKD22,616,000 from HKD30,632,000 in the previous year. EBIT margin reached approximately 4.5%, representing a significant decrease compared to 19.1% of last year. The increase in sales revenue of the fragrances business was mainly contributed by the acquisition of Yunnan Huaxiangyuan; while the sharp decline in operating margin of the sector was mainly due to the fact that revenue of Yunnan Huaxiangyuan with low gross margin accounted for a higher percentage of total revenue of the sector, and that gross margin of Yunnan Huaxiangyuan has shrunk in view of the fluctuation in prices of raw materials.

Looking back to 2011, the China fragrances industry was not pleasant and full of challenges. On one hand, the China fragrances export was affected to a certain extent by the European debt crisis and exchange rate fluctuation; on the other hand, the plasticizer incidents were relatively more detrimental to the domestic fragrances industry, especially the daily personal care industry. Mosquito coils and sprayed pesticides were seen decreased in demand due to trade-up behaviour and safety issues, etc. These negative reasons have posted challenges to business of Xiamen Amber. In the mean time, Xiamen Amber was also in the process of streamlining and adjusting its overly grown business in the earlier stage. These caused Xiamen Amber's sales revenue dropped, but thanks to the rapid growth from the acquired Yunnan Huaxiangyuan, the fragrances business realized 11.0% growth.

日用香精香料業務回顧

1. 經營業績回顧

截至二零一二年三月三十一日止，本集團日用香精香料的銷售收入為港幣177,946,000元，較去年增長約11.0%。實現營運盈利港幣8,016,000元，較去年的港幣30,632,000元減少港幣22,616,000元，EBIT率達約4.5%，比去年的19.1%有大幅下降。日用香精香料業務收入的增長，主要是由於收購的雲南華香源的貢獻；板塊營運盈利率大幅下降，主要是由於低毛利率的雲南華香源收入佔板塊收入比重大幅提高而且受原材料價格的波動使雲南華香源毛利率有所下降造成。

回顧二零一一年，中國日用香精香料行業局勢嚴峻，充滿挑戰。一方面受歐債危機以及匯率波動對中國日用行業的出口造成一定打擊；另一方面「塑化劑」事件對國內日用行業特別是日用護膚品行業影響較大。盤式蚊香及噴霧殺蟲劑受消費升級及安全性等因素影響，用量也呈下降趨勢。這些不利的行業因素對廈門琥珀的業務構成挑戰。同時，廈門琥珀也在對前期發展過快的發展進行梳理及調整。這些因素造成了廈門琥珀收入的下降，但有幸集團收購的雲南華香源收入在年內取得了快速增長，令日用香精香料板塊收入整體實現了11.0%的增長。

During the reporting period, Yunnan Huaxiangyuan's primary products, namely eucalyptus oil and citronella oil, achieved rapid growth. But the price of eucalyptus oil in the international market was declined sharply due to the European debt crisis, thus affected its gross profit margin; in the mean time, two new pinene products were introduced, especially the β -pinene which contributed relatively higher profit due to its higher profitability. Since the completion of acquisition, Yunnan Huaxiangyuan had its management flow optimized and operation efficiency elevated. Furthermore, Xiamen Amber won the title of "The Most Potential SME" in Xiamen City for the third straight year; while Yunnan Huaxiangyuan was also one of the first enterprises awarded the title of "Leading Enterprise" of forest industry in Chuxiong city of Yunnan Province, in recognition of its excellent capabilities in business operation and technology innovation. Xiamen Amber has made much efforts to promote its brand, such as participating in the 6th China Xiamen International Buddhist Items & Crafts Fair, the 2011 Annual Meeting and Exhibition of Household Sanitation and Insects-killing Products Committee in the second half of 2011, and among all, the 2011 Annual Meeting of China Sundry Articles Industry Association Incense Manufacture Branch was held by Xiamen Amber. In December, after assessment and evaluation by the experts from the National Science and Technology Board, Xiamen Amber was approved to set up the Xiamen Flavors Key R&D Laboratory. The approval was attributed to the fact that it has in place advanced equipment and facilities of the industry and high-end R&D talents, and also its continuous cooperation with research institutions. The establishment of this key laboratory will significantly improve the research power of Xiamen Amber and helps to enhance the technology level of the industry as a whole.

於本報告期間，雲南華香源的主要產品桉葉油及香茅油獲得高速增長，但因歐債危機使國際市場上桉葉油價格大幅下滑而影響其毛利率；同時新增兩個蒎烯產品，其中 β -蒎烯毛利較高，對盈利貢獻較大。完成收購後，通過對雲南華香源的管理流程進行了優化，提高了運營效率。另外，廈門琥珀連續第三年喜獲廈門市「最具成長性中小企業」；而雲南華香源亦以優良的生產經營及技術創新等能力獲得了雲南省楚雄州林業產業第一批「龍頭企業」稱號。在品牌宣傳上，廈門琥珀也頻頻出擊，在二零一一年下旬，分別參加了第六屆中國廈門國際佛事用品展覽會、2011年家庭衛生殺蟲製品專業委員會年會展、而其中2011年中國日用雜品工業協會制香分會年會更是由廈門琥珀主辦。於二零一一年十二月，廈門琥珀更因擁有行業較為先進的儀器設備及高端的研發人才，通過不斷與科研院所積極合作，經過國家科技局有關專家考核和評審論證後，獲批組建「廈門市香料研發重點實驗室」。此重點實驗室的組建，將大大提高廈門琥珀的科研力量，並於將來對整個行業技術水準的提升起到積極作用。



Yunnan Huaxiangyuan production base
雲南華香源生產基地

Major financial indicators of fragrances

日用香精香料之主要財務指標

HKD thousand	港幣千元	2012	2011
Sales revenue	銷售收入	177,946	160,352
EBIT	EBIT	8,016	30,632
EBIT margin	EBIT率	4.5%	19.1%
EBITDA	EBITDA	11,180	33,173
EBITDA margin	EBITDA率	6.3%	20.7%

2. Development strategy for the fragrances business

- To fully utilize Xiamen Amber as a platform and the robust composite R&D capability of the Group's State-recognized technology centre and overseas R&D centre, to concentrate on sanitizing, pesticide and aromatic products;
- To establish working partner relationships with market segment leaders;
- To capitalize on the upstream advantages of Yunnan Huaxiangyuan, to further explore the market with comprehensive quality solutions using premium natural aromatic raw materials complemented by personalized flavours products; and
- To seek opportunities for corporations and M&As and identify the right opportunity with those enterprises whose products and markets are complementary with the Group, to further explore and increase development in the upstream aromatic raw materials business and premium fragrances products.

Review of RTL Business

1. Review of operating results

As of 31 March 2012, the Group's sales revenue of the RTL amounted to HKD253,072,000, representing an increase of approximately 191.7% as compared with HKD86,759,000 last year, and accounted for 7.6% of the Group's sales revenue as compared with 3.0% last year. Operating profit reached HKD85,316,000, representing an increase of approximately 472.4% as compared with HKD14,905,000 last year. The significant increase in sales revenue of RTL is mainly attributable to the fact that the operating period was approximately 11 months this year and there had been 1 month without operation due to implementation of technical upgrade during the year while there was only 5 months period last year following acquisition to consolidation of accounts, and the average selling price was increased through such technical upgrade implemented during the year. EBIT margin reached approximately 33.7%, representing a noticeable increase as compared to approximately 17.2% from last year; EBITDA margin reached approximately 49.2%, which was also noticeably increased from 33.5% of last year. The noticeable increase in EBIT and EBITDA margins are attributable to the increase in average selling price and improvement in production workmanship that led to an increase in gross profit margin. Since the acquisition of Guangdong Jinye Group in November 2010, the management was satisfied with the results of the related business consolidation and development.

2. 日用香精香料的發展策略

- 充分利用廈門琥珀這一平台，充分利用本集團國家級技術中心及海外研發中心強大的綜合研發能力，專注開發展消毒、殺蟲及熏香領域的產品業務；
- 與多個細分市場的領導者形成戰略合作夥伴關係；
- 結合雲南華香源的上游優勢，以優質的天然香原料加個性化香精，進一步拓展市場；及
- 尋求合作及併購機會，擇機合作及併購與本集團在產品及市場方面具互補性的企業，進一步拓展上游特色香原料業務，加快發展高檔精油類產品。

煙草薄片業務回顧

1. 經營業績回顧

截至二零一二年三月三十一日，本集團煙草薄片的銷售收入為港幣253,072,000元，較去年的港幣86,759,000元增長了約191.7%，佔本集團銷售收入的比重從去年的3.0%上升至本年的7.6%；實現營運盈利港幣85,316,000元，較去年的港幣14,905,000元增長了約472.4%。煙草薄片銷售收入的大幅提升，主要是由於去年收購併表時間約為5個月，而今年因年內有1個月停產進行技術改造導致實際運營時間約為11個月，而亦正因通過實施技術改造而令產品售價有所提高所致。EBIT率達約33.7%，比去年的約17.2%明顯提升；EBITDA率達約49.2%，同樣比去年的約33.5%明顯提升。EBIT和EBITDA率的明顯提升主要是由於產品售價提高，生產工藝優化使毛利率提高所致。管理層對自二零一零年十一月收購廣東金葉集團後，對其整合及發展成果感到滿意。

During the reporting period, the Group carried out a technical upgrade for 10,000-ton production line of Guangdong Jinke, which has noticeably improved its product quality, average selling price and customer structure. The technical upgrade was intended to enhance the coating condition, stabilize the product quality and improve the sensory quality of the products. By introducing internationally advanced technology, optimizing process parameters and enhancing the control system, the major processes, namely extraction, condensation, pulping, fluid flowing and controlling were renovated and upgraded, which significantly enhanced the taste and odour as well as the in-process endurance of products, stabilized the product quality between different batches and enhanced the stability of products within the same batch. After the technological upgrade, the quality of Guangdong Jinke's RTL has reached a leading position in China's tobacco industry and helped it penetrate into the mid and high-end cigarette products. The clients were impressed by its product quality, and the management was also satisfied with what being achieved since entering into the RTL sector.

Currently, the second phase of Guangdong Jinye Project, i.e. the 20,000-ton RTL production line, which the Group has put much effort to establish, is under installation. The management is confident of the successful delivery of the second phase of Guangdong Jinye Project. During the reporting period, the Group completed capital injection with intangible assets to Huangguoshu Jinye with 10,000-ton RTL production line. After the injection, the Group's equity holdings in Huangguoshu Jinye increased from 30% to 40%. Meanwhile, the designing work of such production line has commenced. The Group's RTL business development is in full play.

During the reporting period, Guangdong Jinye's R&D team was granted a number of patents and honours, including national patents for "A Method to Lower Pectin in the Extract of Reconstituted Tobacco Made Through Paper-making Process" and "A Method to Recycling of Waste Water during the Production of Reconstituted Tobacco", etc.. These

於報告期內，集團對廣東金科10,000噸生產線進行了為期一個月的技術改造工作，使其產品的質量、平均售價以及客戶結構得到明顯改善。本次技術改造工作主要是以提高塗布率、穩定產品質量、及改善產品感官質量為目的，通過引用國際水平的技術，優化工藝參數及完善控制系統等手段，對萃取精製、濃縮、制漿、流送造紙及控制等系統進行了改造，使得產品在吃味及香氣量等方面都得到明顯的提高，同時亦提高了產品耐加工性能、穩定了批次間產品質量及同批次產品的均勻性。技術改造後，現時廣東金科的煙草薄片質量在國內達領先水平，已經進入國內部分主流品牌的中高端捲煙產品中，產品質量備受客戶推崇，管理層亦對自進入煙草薄片業務後的總體成績感到滿意。



Second phase of Guangdong Jinye production line, mega-size Yankee Dryer
廣東金葉二期生產線·特大型楊克烘缸

目前，集團全力打造的廣東金葉二期工程，即20,000噸煙草薄片生產線正在進行安裝工作。管理層對廣東金葉二期工程順利投產有信心。於報告期內，本集團完成了對黃果樹金葉10,000噸煙草薄片生產線的技術增資，增資後本集團佔黃果樹金葉的持股比例從30%上升至40%。另外，該生產線的設計工程已經啟動。集團在薄片方面進入了全面發展期。

於報告期內，廣東金葉的研發團隊得到了多項專利殊榮，包括「一種降低造紙法煙草薄片提取液果膠質含量的方法」及「一種再造煙葉生產過程中抄造水迴圈使用的處理方法」等，均獲得了國家發明專利授權。該等發明專利不單證明廣東金葉研發團隊的研發及創新能力不斷

patents have not only displayed their constantly-enhanced capability of research & development and innovation, but also further consolidated the leading position of the Group in China's reconstituted tobacco industry. Since January 2012, the General Manager of Guangdong Jinye was honourably elected as a member of the 13th session of the People's Congress of Shantou City, the Vice Chairman of Federation of Industry and Commerce of Shantou City of Chaoyang District, and a committee member of The Chinese People's Political Consultative Conference of Shantou City of Chaoyang District, which was not only of great significance in elevating its corporate image and reputation, but also showcased their contribution to the society by driving local economic development.

In April 2012, the STMA again confirmed it would lower the maximum tar content allowed in each cigarette as a support to the campaign of reducing tar and harmful content of cigarettes. The relevant notice stated that from 1 January 2013, cigarettes containing 11 mg or more of tar each cannot be sold in China; meanwhile, cigarettes do not comply with the same tar content requirement cannot be imported into China. This measure is another definitive timetable set by the STMA following back in 2010 that from 1 January 2015, the tar content in each cigarette must not exceed 10 mg. This indicates that the government is steadily stepping up its efforts in lowering tar and harmful content for the long term, and for that reason, the outlook of RTL is positive. (Source: TobaccoChina Online)

2. Development strategy for the RTL business

- To implement the new development direction of using the end market consumers as the pivot point, to fully integrate the Group's overall competitiveness in tobacco chemistry technology, tobacco flavours technology and new cigarette materials, to assist customers to develop products with market competitiveness, to develop into the Group's new growth engines;
- To ensure the Guangdong Jinye second phase 20,000-ton production line can be completed in high quality and production in place;
- To finalize customer optimization process, laying a solid foundation for second phase production line's future target customers;
- To strive for the Huangguoshu Jinye and China Tobacco Anhui RTL projects; and
- To continue in improving cooperation with domestic tobacco and RTL enterprises, further elevate its influence in the industry.

提升，同時亦進一步鞏固了集團在國內煙草薄片行業的領先地位。自二零一二年一月，廣東金葉總經理更當選為汕頭市第十三屆人民代表大會代表、汕頭市潮陽區工商聯副主席及汕頭市潮陽區政協委員，這不僅對於提升公司形象及聲譽具有重要意義，更展示了廣東金葉對當地經濟發展的良好社會效應。

於二零一二年四月，國家煙草專賣局為持續推進捲煙減害降焦工作，再次確定將調整捲煙焦油最高含量。有關通知指出，於二零一三年一月一日起，每支焦油含量在11毫克或以上的捲煙產品不得在境內市場銷售；同時，不合乎相同焦油含量要求的捲煙產品亦不得進口。這是繼國家煙草專賣局於二零一零年設定，於二零一五年一月一日起每支捲煙焦油含量不得超過10毫克的目標下，再次訂出的一個明確時間表，可見國家對煙草行業長期的減害降焦工作正有序推進，煙草薄片的發展前景是正面的。(資料來源：煙草在線)

2. 煙草薄片的發展策略

- 全面實施新發展思路，以終端市場消費者為導向，充分結合集團在煙草化學技術、捲煙調香技術以及捲煙新材料的綜合優勢，協助客戶開發具有市場競爭力的產品，發展成為集團新的增長引擎；
- 高質量地完成廣東金葉二期工程20,000噸薄片生產線，確保項目順利投產；
- 落實對現有的客戶群優化，為下一步二期生產線目標客戶群奠定堅實的基礎；
- 全面推進黃果樹金葉及安徽中煙等煙草薄片合作項目；及
- 繼續加強國內煙草及煙草薄片企業的合作，進一步提升在行業內的影響力。

Major financial indicators of RTL

煙草薄片之主要財務指標

HKD thousand	港幣千元	2012	2011
Sales revenue	銷售收入	253,072	86,759
EBIT	EBIT	85,316	14,905
EBIT margin	EBIT率	33.7%	17.2%
EBITDA	EBITDA	124,516	29,062
EBITDA margin	EBITDA率	49.2%	33.5%

Introduction of new cigarette materials

New cigarette materials refer to a range of new auxiliary materials used in the production of cigarettes, which will affect the characteristics of tobacco smell, adjust its odour style, lowering of tar and other harmful content. Its unique appearance and whole-new smoking experience have an increasingly obvious effect on end user consumption behaviour. The application of these materials is one of the crucial measures to enhance the competitive strength of tobacco enterprises. New and customized cigarette materials have been emerging with huge development potentials. New cigarette paper, connecting paper, shaping paper and filtering materials are among the major items of new cigarette materials.

捲煙新材料介紹

捲煙新材料是指在捲煙工業生產中採用的一系列新型的輔助材料，從而影響煙氣特徵、調節香氣風格、減害降焦，其獨特外觀及全新的吸食感受對終端使用者的消費行為影響日益突顯，是下一步捲煙企業增加品牌競爭力的重要手段之一。新型和訂制的捲煙材料逐漸在業內興起，發展潛力巨大。而新型的捲煙紙、接裝紙、成型紙和濾材是捲煙新材料的其中主要範疇。

After several years of research & development and preparation, the Group acquired Yunnan Zhengbang in June 2011 and soon established Huabao Bio. Tech. after optimization and integration was done, so as to combine the Group's existing tobacco chemical technology with the new cigarette materials technology of Yunnan Zhengbang and form a new platform for the development of new cigarette materials. In June 2012, the Group is going to set up a subsidiary to engage in cigarette filter manufacturing jointly with independent third parties in Korea to provide the China market with personalized products, so as to take the first step towards the development of new cigarette materials. Next, the Group intends to establish a complete and reliable supply chain management system by integrating and coordinating the cigarette materials manufacturers all over the world, and adopt a customer focused, market demand driven approach, so as to use the end market consumers as the pivot point, to effectively help customers to understand end users' needs, to enhance their brands' competitive strength, and to achieve mutual growth and win-win scenarios.

Review on R&D

The R&D capability of a flavours and fragrances company reflects its overall strength. After continuous investment, the Group has set up its leading R&D team which is leading in China and up to international standards. The State-recognized technology centre, the overseas R&D centre in Germany and the professional R&D departments in Yunnan, Guangdong and Fujian together formed a vertically integrated platform for R&D in areas ranging from fundamental researches to applications. The R&D strategy of the Group is market-driven so as to closely follow the latest global industry trends and to accelerate the mastering of technologies in key raw materials. With such strengths, the Group is able to develop products and technologies that meet market demands, deliver comprehensive technical services to customers and remain dedicated to maximizing value for clients, while the Group's overall competitiveness is greatly elevated.

本集團經過數年的研發和準備，於去年六月收購雲南正邦，在對其作出整合後迅速組建了華寶生物科技，將集團現有的煙草化學技術、捲煙調香技術和雲南正邦團隊的捲煙新材料技術完美結合，形成了一個全新的捲煙新材料發展平台。二零一二年六月，本集團在韓國與獨立第三方組建煙用過濾咀棒合資企業，為中國市場開發訂制產品，為集團在捲煙新材料發展的另一部署。下一步集團將通過整合協調國內外各種捲煙材料生產商，逐步建立一套供應鏈管理系統，以終端市場消費者為導向，真正幫助客戶瞭解終端客戶的需求，提升客戶品牌的競爭力，與客戶共同發展，實現雙贏。

研發情況回顧

研發能力是香精香料企業綜合實力的重要體現。經過不斷投入，本集團已經建立了一支國內領先、具有國際水平的研發團隊；憑藉國家級企業技術中心、德國海外研發中心以及雲南、廣東、福建等地的專業化研發部門，建立了一個從基礎到應用的垂直一體化研發平台。本集團的研發策略為始終以市場為導向，密切跟蹤國際行業的最新動向，加快對關鍵原料技術掌握，並開發出適合市場需求的產品和技術，為客戶提供全面技術服務，致力於為客戶創造更大價值，集團的綜合研發能力大大提高。



Second phase of Guangdong Jinye production line
廣東金葉二期生產線



During the reporting period, subsidiaries of the Group obtained a number of invention patents. In April last year, Wuxi Huahai received its patent from the State Intellectual Property Office for its invention named “Extraction Method of a kind of Natural Herbal Fragrance Component and the Application of the Extract”. In May, two technological projects of Yunnan Tianhong, i.e. “Research on Recycling of Tobacco Leaf Waste and Application Technology” and “Research, Development and Application of Natural Cigarette Flavors and Fragrances” have both been identified to fall within the “State-supported High-Tech Fields”. In November, three inventions of Yunnan Tianhong, i.e. “Methodology of Producing Tobacco Flavors with Scrapped Tobacco Leaf”, “Preparation of a γ - Valerolactone Fragrance and its Application in Cigarette Manufacturing” and “A Chinese Herbal Medicine Additive used in Cigarette and its Preparation and Application” obtained patented invention certificates from the State Intellectual Property Office.

Other than R&D, the Group also took part in various events and activities for the PRC tobacco industry during the year. In particular, Guangzhou Huafang, being the training centre of cigarette flavourists for STMA, has spearheaded to organize a number of activities. In July last year, the Group held the 2nd Senior Cigarette Flavorists Entrance Examination of the Tobacco Industry organized by the Science & Technology Department, which was attended by 30 core cigarette flavourists from 17 PRC tobacco companies. In the same month, the forum named “Plan for Major Project of Reconstituted Tobacco Produced with Paper-making Method” also organized by the Science & Technology Department was held in Guangzhou Huafang. It was attended by a number of experts from 11 organizations including industry R&D and manufacturers of RTL bases, Yunnan Tobacco Research Institute and some tobacco companies. The experts have discussed the plan for major project of reconstituted tobacco leaves produced with paper-making method, and made suggestions for revision expressed their opinions. In August, the Group held the 3rd Session of Training on Flavor Sensory Evaluation of Chinese-style Cigarettes, which has taken flavor sensory evaluation of cigarettes as the entry point and established the relevant evaluation methods with systematic representation. This is of great importance to the design and R&D of Chinese-style cigarette products. In November, the “2nd Training Course for Senior Cigarette Flavorists” was successfully held in Guangzhou Huafang. This was beneficial for training core cigarette flavourists who can promote the development of the well-known Chinese-style cigarette brands with prominent execution ability and creativity.

報告期內，集團下屬公司喜獲多項發明專利。去年四月，無錫華海先主研發的「一種天然中草藥香味成分的提取方法及其提取物應用」獲得了國家知識產權局授權專利；去年五月，雲南天宏的兩項科技項目，分別為「煙葉廢棄物的再利用和應用技術研究」及「天然煙用香精香料的研究開發及應用」，同被鑑定為「國家重點支持的高新技術領域」；十一月，雲南天宏的三個發明，分別為「以廢棄煙葉為原料生產煙用香料的方法」、「一種 γ -戊內酯香料的制備及其在捲煙中的應用方法」、及「一種中草藥煙用添加劑及制備方法和應用」獲得了由國家知識產權局頒發專利發明證書。

除了研發方面，集團於年內積極參與中國煙草行業的各種活動，尤其作為國家局捲煙調香人才培養基地的廣州華芳，牽頭主辦了多個活動。去年七月，主辦了由國家局科技司組織，「行業第二期捲煙高級調香師入學資格考試」，來自全國各地17家捲煙企業的從事捲煙調香工作的核心骨幹約30人參加了該考試；同月，同樣由國家局科技司組織，「造紙法再造煙葉重大專項方案」研討會亦選址在廣州華芳舉行，來自於行業煙草薄片研發基地及生產企業、雲南煙草科學研究院和部份捲煙產業企業等共11個單位的行業內外專家參加了研討議，各專家對造紙法再造煙葉重大專項的方案進行了探討，並提出了修改建議和意見；八月，主辦了「中式捲煙風格感官評價方法第三期培訓」，該方法以捲煙風格特徵感官評價為切入點，建立了系統表徵中式捲煙風格特徵的感官評價方法，對於指導中式捲煙產品的設計與研發具有重要意義；十一月，「國家煙草專賣局第二期行業捲煙高級調香師班」成功在廣州華芳開班，加快造就一支具有突出實踐能力和創新能力、支撐中式捲煙知名品牌發展的捲煙調香核心人才隊伍奠定了良好的基石。

In May 2011, Huabao Shanghai/U.S. Waters Jointly-Constructed Key Laboratory, established through cooperation between Huabao Shanghai and U.S. Waters, was officially inaugurated. As one of the largest professional manufacturers of liquid chromatography, mass spectrometry and related products in the world, U.S. Waters possesses powerful research institutions and a leading production plant of chromatographic column around the globe, it is of the few professional manufacturers who has the capacity to produce three liquid chromatography elements as liquid chromatographs, chemicals and data processing system simultaneously. The establishment of this Jointly-Constructed Key Laboratory has strengthened the Group's technical cooperation with international standards, which further elevated the Group's capabilities in the areas of analyzing and control and helped laid a sound foundation for the Group's future stable development.

Increase input to build an internationalized R&D team

The Group has been continuously increasing input into R&D in order to achieve a top-notch R&D team in the industry and to sustain a long-term R&D advantage. This year the Group's R&D cost amounted to HKD186,382,000, representing approximately 5.6% of sales revenue, compared with approximately 4.3% of corresponding period last year. During the year, the Group invested in a batch of high-precision equipment and tools, securing the Group's next stage of development. Furthermore, Huabao has emphasized on the internationalization of its talented staff. Over the years, Huabao has embarked on setting up an internationalized R&D team, whose R&D capability is directly in line with advanced international levels. Further, the Group will also consider in establishing new R&D facilities overseas at the right timing. Currently, the Group employs a total of more than 400 R&D personnel in various aspects, assembling a respectable team with strong R&D capabilities.

Internationalized R&D team

國際化的研發團隊

Foreign experts	外籍專家	12*
Senior experts with over 20 years of experience	資歷超過20年的資深專家	18
Tobacco flavours technicians	煙用香精技術人員	80
Food flavours technicians	食用香精技術人員	76
Fragrances technicians	日用香精技術人員	8
Biological technology technicians	生化科技技術人員	15
Fragrances developing technicians	香料研發技術人員	77
Analysis, tests and quality control professionals	分析檢測和品控	127
Total	總數	413

* Including 5 are also senior experts with over 20 years of experience

於二零一一年五月，華寶上海與美國沃特斯合作的「華寶上海／美國沃特斯公司聯合重點實驗室」正式揭牌。美國沃特斯是全球最大的液相色譜、質譜及相關產品專業生產商之一，擁有實力雄厚的研究機構和全球領先的色譜柱生產工場，是少數同時生產液相色譜儀器、化學品及數據處理系統三大液相色譜要素的專業生產商。該聯合重點實驗室的成立加強了集團的國際技術合作水平，將進一步提升集團在分析檢測領域的技術水平，並為集團的後續穩定發展打下良好基礎。

加大投入，打造國際化的研發團隊

集團不斷地加大對研發投入，打造業內優異的研發團隊，形成持續的研發優勢。本年度集團共投入研發費用港幣186,382,000元，約佔銷售收入的約5.6%，比去年同期約為4.3%進一步提升；此外，華寶一直非常重視人才的國際化。多年以來，華寶着手建立了一支國際化的研發團隊，在研發能力上與國際先進水平直接接軌，集團未來將會擇機在海外建立新的研發機構。目前，集團擁有各類研發人才超過400人，團隊陣容強大，研發能力大大提升。

* 其中5人亦為資歷超過20年的資深專家

Human Resources and Corporate Culture construction

The Group remained committed to corporate culture construction and established a clear vision, as well as a common goal for all employees, of combining corporate development and individual growth to achieve common development of the Company and its employees. Adhering to its core value of “client first” for years to maximize client values, the Group also constituted a code of conduct for each employee on the basis of this concept. The Group organized corporate culture promotion activities, including articles and speeches delivered by the management, publication of Huabao Monthly and essay competitions. The Group enriched employees’ leisure time through various recreational and sports activities including sports contests and outward bound training to reinforce cohesion of Huabao people and their sense of identity.

The Group placed substantial emphasis on talent training. The Group stepped up its efforts in creating a scientific and flexible management environment and institutional mechanism in terms of policy, system and culture development, empowering each employee to make full use of his expertise and specialties and maintaining a joint force in its staff to create more value for the Group. The Group established a sound training scheme for its reserve talents on the basis of external recruitment. The selection procedures applied to reserve talents include five stages, namely internal nomination and selection, work units review, verification by headquarter, approval and result announcement. Reserve talents management mainly comprises regular inspection, dynamic adjustment, training and profile management. Through its annual examination and assessment on reserve talents, the result of which is to be recorded into personal profile, the Group will promote those with excellent appraisal performance and eliminate those with unsatisfactory results. During inspection period, reserve talents are under direct coaching and supervision of mentors. The Group organizes reserve talents selection and review every year to guarantee healthy and orderly development of reserve talents. The continuous construction of our talent team guarantees new momentum for corporate expansion and development.

The Group established a multi-level comprehensive staff training system, comprising special training program for middle to high level employees, intensive training for reserve talents, as well as business skills and industrial know-how coaching for front-line staff. External experts, internal management and professionals were invited to act as program trainers. Through these successive training programs, the initiatives of employees were mobilized while their professional knowledge and technical competency were enhanced.

人力資源及企業文化建設

本集團一直重視企業文化建設。本集團有明確的願景並作為全體員工的奮鬥目標，並倡導將企業發展與個人成長結合起來，實現企業與員工共同發展的理念。本集團多年來堅持客戶至上的核心價值觀，把為客戶創造最大價值為己任，並作為每個員工的行為準則。集團通過領導專題文章或講話，通過《華寶月刊》、徵文比賽開展企業文化宣傳工作。集團還通過體育比賽、拓展訓練等文體活動，豐富華寶人的業餘生活，增強華寶人的凝聚力和對企業文化的認同感。

本集團高度重視人才建設。集團在政策、制度和文化建設上盡力提供科學、寬松的管理環境與制度保障，促使每位華寶員工能在自己的崗位上發揮自身專長，做到人盡其才，並保持團隊的合力，為集團創造更大價值；集團在引進對外優秀人才的增加基礎上，建立了完善的後備人才培養機制。後備人才的選拔程序分為：內部推薦和選拔、單位審核，集團總部核查與批覆和結果公示等五個環節；後備人才隊伍的管理主要包括：定期考察、動態調整、培訓和檔案管理等內容。集團每年對後備人才進行考核、評估，對於考評結果優良者，集團將優先提拔使用。考核結果錄入個人檔案，對考核結果末位者進行淘汰。考察期間，後備人才由導師直接輔導、監督。集團每年將組織一次後備人才甄選與梳理工作，以保證後備人才隊伍健康、有序成長。通過人才梯隊建設，為企業的擴大和發展提供新生力量。

本集團建立了一套多層次、全方位的員工培訓體系，既有針對集團中高層員工專題培訓，也有對後備人才的集中培訓，同時還有對基層員工的業務技能和專業知識的培訓。培訓講師既有外聘專家，也有集團內部管理及專業人員。通過持續的培訓，不斷提高員工的知識水平及業務技能，大大調動了員工的積極性。

In regards to employee salary and incentive system, the Group has implemented a new remuneration system referenced to the market, to attract stable and exceptional talents, so as to cope with the Group's long term development needs. As at 31 March 2012, the Group employed a total of 2,236 employees in the PRC, Hong Kong, Germany and Botswana, representing an increase of 367 employees from 1,869 employees of last year. The labour costs of the year (including pension costs) amounted to HKD192,208,000, representing a increase of HKD43,126,000 from HKD149,082,000 for the previous year. For details, please refer to Note 24 to the consolidated financial statements headed under "Employment Benefit Expenses". The increase in the labour costs was primarily attributable to the increase in the number of employees, hike of product and living standards in China and the Group's input in human resources.

FINANCIAL REVIEW

Analysis of annual results for the year ended 31 March 2012

Sales revenue

The Group's sales revenue amounted to HKD3,311,304,000 for the year ended 31 March 2012, representing an increase of about 16.1% as compared with HKD2,852,173,000 for the corresponding period last year. The rapid growth in sales revenue was mainly attributable to a substantial increase in the sales of flavours and RTL. For the year ended 31 March 2012, sales revenue from flavours increased to HKD2,880,286,000, contributing about 87.0% of total sales revenue; sales revenue from fragrances increased to HKD177,946,000, contributing about 5.4% of total sales revenue; while sales revenue from RTL increased to HKD253,072,000, contributing about 7.6% of total sales revenue.

Cost of goods sold

The Group's cost of goods sold amounted to HKD975,308,000 for the year ended 31 March 2012, representing an increase of about 33.3% as compared with HKD731,714,000 for the corresponding period last year. The increase in cost of goods sold being higher than the increase in sales revenue was mainly attributable to the decrease in gross profit margin.

Gross profit and gross profit margin

Gross profit of the Group increased from HKD2,120,459,000 for the year ended 31 March 2011 to HKD2,335,996,000 for the year ended 31 March 2012, representing an increase of about 10.2%; gross profit margin reached 70.5%, representing a decrease from 74.3% of the last financial year. The decrease in gross profit margin was mainly attributable to the change of the sectors' revenue mix, with sales revenue of Fragrances and RTL (whose gross profit margins are relatively lower) to overall sales revenue ratio increased from approximately 8.7% last year to approximately 13.0% this year.

在人員薪酬以及激勵機制方面，本集團根據市場化的原則，擬定了新一套薪酬制度，吸引和穩定優秀人才，適應集團的長遠發展需要。於二零一二年三月三十一日，本集團在中國大陸、香港、德國及博茨瓦納共聘用員工2,236人，比上年的1,869人增加367人。本年度共發生員工成本（包括退休金）為港幣192,208,000元，比上年的港幣149,082,000元增加了港幣43,126,000元。有關詳情載於綜合財務報表附註24標題為「僱員福利開支」。本年度員工成本的增加，主要是由於員工人數增加、中國物價及生活水平的提高以及以及集團加大對人才的投入所致。

財務狀況回顧

截至二零一二年三月三十一日止年度的業績分析

銷售額

截至二零一二年三月三十一日止年度，本集團的銷售額為港幣3,311,304,000元，較上年同期的港幣2,852,173,000元，增長了約16.1%。銷售額的快速增長，主要是由於本集團食用香精香料以及煙草薄片的銷售額增長所致。截至二零一二年三月三十一日止年度，本集團食用香精香料的銷售額增加至港幣2,880,286,000元，佔總收入約87.0%；日用香精香料的銷售額增加至港幣177,946,000元，佔總收入約5.4%；煙草薄片的銷售額增加至港幣253,072,000元，佔總收入約7.6%。

銷售成本

截至二零一二年三月三十一日止年度，本集團的銷售成本為港幣975,308,000元，較上年同期的港幣731,714,000元，增加了約33.3%。銷售成本漲幅高於銷售收入漲幅，主要是由於毛利率的下降所致。

毛利和毛利率

本集團的毛利由截至二零一一年三月三十一日止年度的港幣2,120,459,000元增加至截至二零一二年三月三十一日止年度的港幣2,335,996,000元，增長了約10.2%；毛利率達70.5%，較上一財政年度的74.3%有所下降。本集團毛利的下降主要是由於業務板塊佔銷售收入的比重發生改變所致，毛利率較低的日用香精香料以及煙草薄片的銷售收入佔總收入的比重從去年的約8.7%，上升至今年的約13.0%。

Other income

Other income of the Group was HKD258,551,000 for the year ended 31 March 2012, representing an increase of HKD135,876,000 as compared with HKD122,675,000 for the year ended 31 March 2011. The increase in other income was mainly attributable to the increase in local government grants and gains realized from intangibles assets.

Selling and marketing expenses

The selling and marketing expenses of the Group mainly comprised of travelling expenses, transportation costs, salaries and office expenses. The selling and marketing expenses of the Group for the year ended 31 March 2012 were HKD105,807,000, representing an increase of about 30.6% as compared with HKD81,040,000 for the corresponding period last year. Selling and marketing expenses to total sales revenue for the year ended 31 March 2012 and 2011 amounted to approximately 3.2% and 2.8% respectively. The increase in the ratio of selling and marketing expenses to sales revenue was mainly attributable to increase in price levels and selling efforts by the Group.

Administrative expenses

The Group's administrative expenses amounted to HKD424,689,000 for the year ended 31 March 2012, representing an increase of approximately 46.2% as compared with HKD290,388,000 for the corresponding period last year. Administrative expenses to total sales revenue during the current financial year amounted to approximately 12.8%, representing an increase of approximately 2.6 percentage points as compared with 10.2% for the corresponding period last year. Among the total sales revenue during the current financial year, R&D expenses amounted to approximately 5.6%, an increase of approximately 1.3 percentage points compared with last year. Meanwhile, auditor's remuneration for the current reporting year included HKD3,018,000 (2011: nil) additional audit services fee for conducting procedures in response to allegations as referred to in a report in the market. The increase in ratio of administrative expenses to total sales revenue was mainly attributable to the increase in R&D, depreciation and amortization expenses, number of labour and price levels.

Operating profit

Operating profit of the Group for the year ended 31 March 2012 was HKD2,064,051,000, representing an increase of approximately 10.3% as compared with HKD1,871,706,000 for the corresponding period last year, while the operating profit margin reached 62.3%, decreased by 3.3 percentage points compared with last year. The decrease in operating profit margin is mainly attributable to the decrease in gross profit margin and increase in ratio of selling and marketing and administrative expenses to sales revenue of the reporting period.

其他收益

截至二零一二年三月三十一日止年度，本集團的其他收益為港幣258,551,000元，較截至二零一一年三月三十一日止年度的港幣122,675,000元，增加了港幣135,876,000元。其他收益的增加主要是由於地方政府補貼增加以及以無形資產產生的收益所致。

銷售及市場推廣開支

本集團的銷售及市場推廣開支主要包括差旅費、運輸成本、薪金及辦公費用等。本集團截至二零一二年三月三十一日止年度的銷售及市場推廣開支為港幣105,807,000元，較上年度的港幣81,040,000元，增加約30.6%。於截至二零一二年及二零一一年三月三十一日止年度的銷售及市場推廣開支所佔銷售總額的比例分別為約3.2%及2.8%，該比例的增加主要是由於物價水平上升及本集團加大銷售力度所致。

行政開支

本集團截至二零一二年三月三十一日止年度的行政開支為港幣424,689,000元，較上年度的港幣290,388,000元，增加了約46.2%。而行政開支所佔本財政年度的銷售總額的比例為約12.8%，較上年度的10.2%增加了2.6個百分點。其中研發費用佔本財政年度的銷售總額約5.6%，較上年度增加了約1.3個百分點。同時，本報告年度的核數師酬金包括了港幣3,018,000元（二零一一年：無）的因回應市場上一份報告內的若干指控所執行的程序的額外核數服務費。行政開支金額及佔銷售比例增加的主要原因是集團除研發費用的上升外、折舊及攤銷費用的上升、員工薪酬以及物價水平上漲所致。

營運盈利

本集團營運盈利在截至二零一二年三月三十一日止年度為港幣2,064,051,000元，較上年度的港幣1,871,706,000元，增長了約10.3%。而本集團的營運盈利率則比上一年下降了3.3個百分點，達到了約62.3%。營運盈利率的下降主要是由於毛利率下降及銷售及市場推廣開支及行政開支所佔回顧年度的銷售總額比例上升所致。

Income tax expenses

Income tax expenses of the Group for the year ended 31 March 2012 was HKD314,250,000, which was increased substantially as compared with HKD249,256,000 for the corresponding period last year, with the income tax rates approximately 15.1% and approximately 13.3% respectively. The increase in the income tax expenses was mainly attributable to the increase in income tax rate of certain PRC subsidiaries due to the expiration of their preferential tax periods (two-year exemption and three-year half rate). Currently, certain PRC subsidiaries of the Group are in the process of applying or reviewing qualifications of high-tech enterprises to entitle for 15% preferential corporate income tax rate. The management aim to have approvals granted within the year of 2012 in order to meet the Group's internal estimation of the overall tax rates at about 17%.

Net current asset value and financial resources

As at 31 March 2012, the net current asset value of the Group was HKD2,254,535,000 (2011: HKD1,649,351,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. The Group's cash and cash equivalents amounted to HKD2,286,577,000 (2011: HKD1,676,410,000), over 95% of which was held in RMB. The Group neither held any forex hedging products nor structured investment products or financial derivatives.

Bank borrowings and gearing ratio

As at 31 March 2012, the Group had short term bank borrowings of HKD927,500,000 (2011: HKD740,000,000), which is entirely a clean loan with interest calculated based on HK dollars inter-banks borrowings rate. For the year ended 31 March 2012, the average annual interest rate was 2.13% (2011: 2.08%). All bank borrowings are due within 1 year and the gearing ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was about 14.7% (2011: 14.8%).

Investing activities

The Group's investing activities were mainly incurred for the purchase of fixed assets and the strategically development strategies for M&As. For the year ended 31 March 2012, the net cash used in investing activities amounted to HKD605,430,000, mainly incurred for procurement of properties, machineries and equipment. For the year ended 31 March 2011, the net cash used in investing activities amounted to HKD1,134,580,000.

Financing activities

For the year ended 31 March 2012, the net cash used in financing activities amounted to HKD411,962,000, mainly used for dividend distribution to shareholders. For the year ended 31 March 2011, the net cash used in financing activities amounted to HKD361,183,000.

稅務開支

本集團的稅務開支在截至二零一二年三月三十一日止年度為港幣314,250,000元，較上年的港幣249,256,000元有所增加。所得稅率則分別為約15.1%和約13.3%。所得稅開支的上升，主要是由於部份國內子公司兩免三減半之稅務優惠免稅期屆滿而使所得稅率上升所致。目前，本集團若干個國內子公司正在申請或複審高科技企業資格以適用15%的優惠企業所得稅稅率，管理層爭取於二零一二年內獲得批准，以使集團內部估算的綜合稅率在約17%水平。

流動資產淨值和財務資源

於二零一二年三月三十一日，本集團的流動資產淨值港幣2,254,535,000元（二零一一年：港幣1,649,351,000元）。本集團主要透過經營業務提供營運資金，維持穩健財務狀況。而本集團的現金及現金等價物為港幣2,286,577,000元（二零一一年：港幣1,676,410,000元），其中超過95%是以人民幣持有。本集團無持有任何外匯對沖產品、結構性投資產品及財務衍生工具。

銀行貸款及負債比率

於二零一二年三月三十一日，本集團的短期銀行貸款總額為港幣927,500,000元（二零一一年：港幣740,000,000元），全部為信用貸款，按港元銀行同業拆借息率作基礎，截至二零一二年三月三十一日止年度，平均年息率為2.13厘（二零一一年：2.08厘），全部於一年內到期償還，而負債比率（總債務（包括流動及非流動貸款）除以總權益，不含非控制性權益）為14.7%（二零一一年：14.8%）。

投資活動

本集團的投資活動主要與購買固定資產及作為收購兼併活動的戰略性發展策略有關。截至二零一二年三月三十一日止年度，投資活動所用現金淨額為港幣605,430,000元，主要是購買物業、機器及設備。而截至二零一一年三月三十一日止年度，投資活動所用的現金淨額為港幣1,134,580,000元。

融資活動

截至二零一二年三月三十一日止年度，本集團融資活動所用現金淨額為港幣411,962,000元，主要用於向股東派發股息。而截至二零一一年三月三十一日止年度，融資活動所用的現金淨額為港幣361,183,000元。

Debtors' turnover period

Debtors' turnover period is calculated on the basis of the average amount of trade receivables as at the beginning and end of a relevant financial year divided by the total sales revenue for the corresponding period and multiplied by 360 days. The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with, the customers. For the year ended 31 March 2012, the Group's average debtors' turnover period was 70 days, representing a decrease of 4 days as compared with 74 days for the last financial year ended 31 March 2011, mainly as a result of better debtors' turnover management.

Creditors' turnover period

Creditors' turnover period is calculated on the basis of the average amount of trade payables as at the beginning and the end of a relevant financial year divided by the cost of goods sold for the corresponding period and multiplied by 360 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the year ended 31 March 2012, the Group's average creditors' turnover period was 122 days, representing a decrease of 11 days as compared with 133 days for the last financial year ended 31 March 2011. The decrease in creditors' turnover period was mainly attributable to the increase in natural aromatic raw materials procurement amount along with a shorter creditors' turnover period.

Inventory and inventory turnover period

As at 31 March 2012, the Group's inventory balance amounted to HKD667,871,000 (2011: HKD467,961,000). For the year ended 31 March 2012, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and end of a relevant financial year divided by the total cost of goods sold for the corresponding period and multiplied by 360 days) was 210 days, representing an increase of 37 days as compared with 173 days for the last financial year. The increase in inventory and longer inventory turnover period for the year was due to the continuous increase of the Group's inventory amount. As the scale of business expands, the Group has increased the level of its safety stock, and subsidiaries such as Yongzhou Shanxiang concentrated its procurement in natural aromatic raw materials had caused the level of inventory increased.

應收賬周轉期

應收賬周轉期乃通過將有關財政年度年初及年末的應收貿易賬款平均金額除以相應期間的營業總額再乘以360天計算。本集團一般給予客戶約0-180日的信貸期，根據客戶業務量的大小和業務關係時間長短而定。截至二零一二年三月三十一日止年度，本集團的平均應收賬周轉期為70日，比較截至二零一一年三月三十一日止年度的74日下降了4日，主要原因是加強應收款賬管理所致。

應付賬周轉期

應付賬周轉期乃通過將有關財政年度年初及年末的應付貿易賬款平均金額除以相應期間的銷售成本再乘以360天計算。供應商給予本集團的信貸期介乎零日至180日。截至二零一二年三月三十一日止年度，本集團的平均應付賬周轉期為122日，與截至二零一一年三月三十一日止年度的133日下降了11日。應付賬款周轉期的下降主要是天然香原料的採購金額增加而且付款週期較短所致。

存貨和存貨周轉期

本集團的存貨結餘於二零一二年三月三十一日為港幣667,871,000元（二零一一年：港幣467,961,000元）。在截至二零一二年三月三十一日止年度，存貨周轉期（將有關財政年度年初及年末的存貨平均結餘除以相應期間的銷售成本總額再乘以360天計算）為210日，較上年度的173日增加了37日。存貨和存貨周轉期較上年度有所增加是由於集團存貨的保有餘額在不斷增加。隨著業務規模的擴大，集團加大了存貨的安全儲備，及永州山香等子公司集中採購天然香原料，導致存貨的保有量亦同時上升。

Foreign exchange and exchange rate risk

The principal businesses of the Group are located in Mainland China and the majority of the sales revenue is denominated in RMB, only a certain amount of imported raw materials and equipment are calculated in foreign currency such as USD or EUR. There is insignificant pressure for the depreciation of RMB and thus the Group's exposure to exchange rate risk is relatively low.

Pledge of assets

As at 31 March 2012, the Group did not have any secured bank loan.

Capital Commitments

As at 31 March 2012, the Group had capital commitments in respect of the purchase of property, plant, equipment, and investment in an associate, contracted for but not provided in the financial statements amounting to approximately HKD385,586,000 (2011: HKD74,716,000), mainly including HKD135,203,000 of capital injection to Huangguoshu Jinye and HKD184,446,000 of addition in property, plant and equipment for Guangdong Jinye Group.

Contingent liabilities

According to the information available to the Board, the Group had no contingent liabilities as at 31 March 2012.

FUTURE BUSINESS DEVELOPMENT PLANS

At present, the global economic conditions are highly challenging, plagued with changing political factors of countries across the world, the lingering European debt crisis, and the admitted moderate slowdown of China's economy which has become a major concern of the world. As China's food and beverage and additives industries are still in the course of recovery after a series of reported safety incidents, a series of regulation on the tobacco industry recently implemented by the PRC Government have also increased uncertainties for the development of the China tobacco industry. Coupled with the complicated external and macro environment, it is important for the Group to adhere to the development strategy of "multi-pronged, focus growth" and further refine its integrated core value chain. Based on its solid foundation built after years of efforts, the Group will continue to capitalize on its excellent company culture, continue to tap new business growth areas and continue to enhance the Group's overall capabilities in resisting risks, in order to achieve stable growth.

外匯及匯率風險

本集團的主要業務均在中國，收入絕大部份業務都以人民幣結算，僅部分進口原料及設備以美元或歐元等外幣結算。預期人民幣並無重大貶值壓力，因此本集團所承擔之匯率風險也較低。

資產抵押

於二零一二年三月三十一日，本集團並無資產抵押。

資本承擔

於二零一二年三月三十一日，本集團就已訂約購買的物業、廠房、設備及於聯營公司之投資但並未於財務報表撥備的資本承擔約港幣385,586,000元（二零一一年：港幣74,716,000元），主要包括注資黃果樹金葉港幣135,203,000元及廣東金葉集團添置物業、廠房及設備港幣184,446,000元。

或然負債

根據可供董事會查閱的資料，本集團於二零一二年三月三十一日並無任何重大的或然負債。

未來業務發展計劃

目前全球經濟形勢不容樂觀，複雜多變的各國政治因素、歐洲債務危機以及備受國際密切關注的中國經濟增長速度更已表明將會適度的放緩。在中國食品飲料及添加劑尚處於屢次安全事故後的恢復期，而中國政府近期對煙草行業的一系列監管措施亦增加了中國煙草行業發展的不確定性。在這些複雜的宏觀及行業環境下，集團更須堅持「同心多元化」的發展戰略，進一步打造核心一體化產業鏈，在過去多年打造的堅實基礎下，繼續發揮其優良的企業文化，繼續發掘新的業務增長點，繼續增強集團整體抗風險的能力，實現平穩增長。

In the tobacco business segment, the Group will continue to pursue the business development strategy of “Big customers, Big brands”, and has brought forward a new path to development, i.e. using the end market consumers as the pivot point, to effectively help customers to understand end users’ needs. Meanwhile, the Group will optimize the integration of existing flavours and fragrances, RTL and new cigarette materials, strive to develop products with market competitiveness and create higher value for our customers, so as to achieve win-win results and mutual development. Given that the second phase of the construction project of Guangdong Jinye has entered into installation stage, and in view of the full-scale development of Huabao Bio. Tech., the management believes that there is enormous room for the Group to grow in this segment, and the Group is about to enter into a comprehensive development stage. In the mean time, due to regulations, the pace of the China tobacco industry consolidation has slowed down. And recently the Chinese government has implemented regulations on premium tobacco and alcohol and corporate spending on tobacco and alcohol products may gradually affect the industry and consumption. The management will closely monitor such matters, and to respond prudently to these new changes in the industry.

In the food ingredients and flavours and fragrances segments, the Chinese food additives and flavours and fragrances industries are still in a stage of recovery after a series of food safety incidents. The industry growth is slowed, and certain segment markets may continue to see lower in usage demand. Leveraging on the solid business foundation established by the Group over the years, the increased investments in production quality control facilities and the competent research and development team of market standards, the Group will strive to develop under adverse circumstances and continue to maintain stable growth. In the future, the food segment will seek stable growth based on a sound foundation.

In the fragrances and aromatic raw materials segments, the export of fragrances was slowed, while product safety was also detrimental to the fragrances industry. The management will finish the business’s streamlining and adjustment, concentrate on fragrances business such as sanitizing and pesticide, increasing quality control of products, optimising products and customers structure, and developing new natural and plant extraction-based products, in order to seek market exploration opportunities. In the mean time, the Group will also speed up the integration of Yunnan Huaxiangyuan, timely adjust product and market strategies, so as to gradually revive the profitability in this segment.

在煙草業務領域，集團將繼續堅持其「大客戶、大品牌」業務發展戰略並提出了新的發展思路，以終端市場消費者為導向，真正幫助客戶瞭解終端客戶的需求；將現有的香精香料、薄片以及捲煙新材料進行完美的組合，協助客戶打造具市場競爭力的產品，為客戶實現更大的價值，實現雙贏和共同發展。隨著廣東金葉二期建設項目進入安裝期和華寶生物科技的全面發展，管理層相信，集團在該領域的發展空間巨大，未來將進入全面發展期。同時，受政策影響，中國煙草行業的整合步伐放緩；而中國政府近期對高檔煙酒及對公款消費煙酒產品監管措施可能對行業及消費逐漸產生影響。管理層將密切關注，以穩健的原則應對這些新的行業變化。

在食品配料及香精香料領域，中國食品添加劑及香精香料行業尚處於屢次食品安全事故後的恢復期，行業增長放緩，部分細分市場仍有可能出現需求下降趨勢。依托本集團多年打造的優良業務基礎，不斷增加投入的生產檢測設備，以及貼近市場的研發團隊，在逆境中力求發展，繼續保持平穩發展。未來食品業務將穩中求升，實現平穩增長。

在日用香精香料及天然香原料領域方面，日用消費品出口放緩，產品安全性問題亦對日用香精香料行業產生一些不利影響。管理層將盡快完成對現有業務的梳理和調整，集中精力做好在消毒、殺蟲類日用香精香料的業務，對產品質量嚴格把關，提升產品檔次及優化客戶結構，開發天然及植物提取的流行新產品，尋求市場拓展機會；同時，亦將加強對雲南華香源的整合，及時調整產品及市場策略，逐步恢復板塊的盈利能力。

As regards the use of cash, the Group has upheld its prudent principal, that is to fully utilize its ample cash flow generated from operations to perform expansion, increase production capacity and distribute dividend with no less than 30% dividend payout ratio and special dividend. This year, considering the capital market's landscape, a share repurchase program has also been brought to the Group's agenda. In the future, with different developments from the RTL and new cigarette materials sectors on hand, investment in the said areas will be further elevated, which the Group anticipate in next year there will be approximately HKD700-900 million of investment mainly on developments such as RTL business (including capital expenditure but excluding major acquisitions). The management believes that these investments will provide the Group with new growth momentum, and that it will create larger values for Shareholders.

Over the years, the Group has been consistently pursuing its "multi-pronged, focus growth" development strategy, using its core flavours and fragrances business, constructing an integrated core value chain, developing into an influential enterprise in the industry. Although this success only represented achievement in the past, the management strongly believes that, as long as the Group adheres to its development strategy, keeps abreast of the latest development trend of the domestic consumer products market and constantly bring forth innovation, Huabao is able to grasp business opportunities in China's consumer products market. Huabao has entered into a business transformation period, which the Group will next develop itself from a simple flavours and fragrances company into a company with multiple growth drivers. For this, the Group will perform streamlining and adjustment to its existing business segments and structure. The management believes that its rapid growth momentum will gradually recover in the coming years, thereby bringing higher value and greater rewards to Shareholders!

在現金使用方面，本集團歷來堅持審慎原則，一直充分利用運營產生之豐富現金流進行擴充、擴大生產規模及派發股息分派率不低於30%的股息以及特別股息。今年，針對資本市場的一些新的情況又增加了公司回購股票的計劃。未來，隨著煙草薄片及捲煙新材料領域的發展，將進一步加大在這一領域的投資，集團估計未來一年將投資港幣7至9億元主要用於發展煙草薄片業務等方面（包括資本開支但不包括重大併購）。管理層相信，這些投資將為集團提供新的增長動力，可望為股東創造更大的價值。

多年以來，華寶始終如一地堅持集團「同心多元化」的發展策略，以香精香料業務為核心，打造上下游一體化的產業鏈，發展成為今天在行業內具影響力的企業。這些成功只是代表過去，管理層堅信，只要堅持集團的發展策略，緊跟中國消費品市場的發展趨勢，不斷創新，華寶就一定能夠握住中國消費品市場的契機。華寶已經進入業務轉型期，下一步本集團將從單一的香精香料公司發展成為多引擎增長的公司。為此，公司還將現有業務單元及架構進行梳理和調整。管理層相信，集團在未來數年將逐漸恢復快速增長勢頭，為股東創造更大的價值和回報！

Executive Directors 執行董事

Ms. CHU Lam Yiu, aged 42, the Chairman, Executive Director and the Chairman of Nomination Committee of the Company. Ms. Chu is also a director of the Company's principal subsidiaries marked with "C1" and the legal representative of those companies marked with "C2" as set out in note 34 to the consolidated financial statements. Ms. Chu is experienced in formulating strategies and making executive decisions on business operation, investments and market development. Ms. Chu is currently a member of the Fifth Chinese People's Political Consultative Conference Committee (Shenzhen, Guangdong province). Ms. Chu, through the corporations controlled by her, is the beneficial owner of Shares of the Company as set out in page 83 headed under Directors' Interests in Shares, Underlying Shares and Debentures.

朱林瑤女士，42歲，本公司主席、執行董事及提名委員會主席。朱女士亦是載於綜合財務報表附註34分別有「C1」和「C2」符號之本公司主要附屬子公司的董事及法定代表人。朱女士擁有企業營運、投資及市場拓展之策略制定及決策方面之豐富經驗。朱女士現任中國人民政治協商會議廣東省深圳市第五屆委員會委員。朱女士，透過受其控制的公司，實益擁有本公司股份，詳情已載於第83頁標題為「董事於股份、相關股份及債券之權益」。



Mr. LAU Chi Tak, aged 55, the CEO and Executive Director of the Company. Mr. Lau is also a director of the Company's principal subsidiaries marked with "L1" and the legal representative of those marked with "L2" as set out in note 34 to the consolidated financial statements. Mr. Lau holds a Bachelor's degree in Chemistry and has over 20 years' experience in the international flavours and fragrances industry. He held a managerial position in a leading international flavour and fragrance company before joining the Company. He possesses in-depth knowledge of the Asian market and is particularly experienced in the business development in the greater China area.

劉志德先生，55歲，本公司總裁及執行董事。劉先生亦是載於綜合財務報表附註34分別有「L1」及「L2」符號之本公司主要附屬子公司的董事及法定代表人。彼持有化學學士學位。劉先生在國際香精及香料業界擁有超過二十年的經驗，之前在一家世界頂級的香精及香料公司擔任管理職位，並對亞洲市場非常熟悉，尤其是對大中華之業務發展有豐富經驗。



Biographical Details of Directors and Senior Management (Note) 董事及高級管理層履歷 (註)

Mr. POON Chiu Kwok, aged 49, an Executive Director and the Company Secretary of the Company. Mr. Poon was awarded the postgraduate diploma in laws by the University of London. He holds a Bachelor's degree in laws and a Bachelor's degree in business studies and a Master's degree in international accounting. He is a member of the Hong Kong Securities Institute and its Professional Education Committee, a fellow of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Poon worked as a regulator and investment banker and has experience in finance and securities regulations. From May 2003 to June 2009, Mr. Poon served as an independent non-executive director of CATIC Shenzhen Holdings Limited, an independent non-executive director of Tsingtao Brewery Company Limited from June 2005 to June 2011. He now serves as an independent non-executive director of Guangzhou Shipyard International Company Limited (listed on both SEHK and Shanghai Stock Exchange ("SSE")), and of Ningbo Port Company Limited (listed on the SSE), SUNAC China Holdings Limited, Yuanda China Holdings Limited, Changan Minsheng APLL Logistics Co., Ltd. and China Tianrui Group Cement Company Limited (the latter four companies are listed on SEHK).



潘昭國先生，49歲，本公司執行董事及公司秘書。潘先生獲英國倫敦大學授予法律深造文憑；擁有法律學士學位、商業學學士學位和國際會計學碩士學位，為香港證券專業學會會員及其專業教育委員會委員、英國特許秘書及行政人員公會及香港特許秘書公會資深會士。曾擔任監管及投資銀行工作，在金融及證券法規方面擁有經驗。潘先生於2003年3月至2009年6月出任深圳中航集團股份有限公司獨立非執行董事；2005年6月至2011年6月出任青島啤酒股份有限公司之獨立非執行董事；潘先生現任廣州廣船國際股份有限公司(於聯交所及上海證券交易所(「上交所」)上市)、寧波港股份有限公司(於上交所上市)、融創中國控股有限公司、遠大中國控股有限公司、重慶長安民生物流股份有限公司和中國天瑞集團水泥有限公司(後者四家公司均於聯交所上市)的獨立非執行董事。

Mr. WANG Guang Yu, aged 48, an Executive Director of the Company. Mr. Wang is also the director of the Company's principal subsidiaries marked with "W1" and the legal representative of those companies marked with "W2" as set out in note 34 to the consolidated financial statements. Mr. Wang holds a Master's degree in chemical analysis and has a qualification of senior engineer. Mr. Wang was an expert with special allowance provided by the State Council of the PRC government in recognition of his outstanding contribution to the engineering technology sector of China. Mr. Wang previously worked in management positions of large-scale chemical company in China. He has nearly 15 years of R&D and management experiences in the chemical industry.



王光雨先生，48歲，本公司執行董事。王先生亦是載於綜合財務報表附註34分別有「W1」及「W2」符號之本公司主要附屬子公司的董事及法定代表人。王先生持有分析化學碩士學位、高級工程師資格，為國務院特殊津貼專家以表彰其對中國工程技術事業所做的突出貢獻，曾任職於中國內地大型化工企業管理職位。王先生擁有超過十五年化工技術研發及管理方面經驗。

Biographical Details of Directors and Senior Management (Note) 董事及高級管理層履歷 (註)

Mr. XIA Li Qun, aged 45, an Executive Director, Vice President, Chief Financial Officer and Member of Remuneration Committee of the Company. Mr. Xia is also a director of the Company's principal subsidiaries marked with "X1" and the legal representative of those companies marked with "X2" as set out in note 34 to the consolidated financial statements. Mr. Xia holds a Bachelor's degree in economics and is a certified accountant, certified tax specialist and certified appraiser in China. Mr. Xia has around 20 years of financial and corporate management experience. He previously worked in domestic accounting firms in China and was a senior management member of a foreign invested enterprise in China. He is currently the Honorary Chairman of the Shanghai Food Additive Association.

夏利群先生，45歲，本公司執行董事、副總裁、財務總監及薪酬委員會會員。夏先生亦是載於綜合財務報表附註34分別有「X1」及「X2」符號之本公司主要附屬子公司的董事及法定代表人。夏先生持有經濟學學士學位及中國註冊會計師、註冊稅務師及註冊評估師資格。夏先生擁有逾二十年財務及企業管理方面經驗。彼曾任職於中國內地會計師事務所和中國之外商投資企業高層管理職位。夏先生現擔任上海市食品添加劑協會名譽會長。



Mr. XIONG Qing, aged 35, an Executive Director of the Company. Mr. Xiong majored in international accounting from Tsinghua University School of Economics and Management, and graduated with a Bachelor's degree in economics and he is also an EMBA degree holder of INSEAD in France. Prior to joining the Group, Mr. Xiong worked in several international investment banks for years. He has extensive experiences with Chinese enterprises and international capital market.

熊卿先生，35歲，本公司執行董事。熊先生畢業於清華大學經濟管理學院國際會計專業，獲經濟學學士學位。熊先生亦持有法國INSEAD商學院EMBA學位。熊先生在加入本集團之前曾在多家國際投資銀行任職多年，並對中國大陸之企業以及國際資本市場方面擁有豐富之經驗。



Independent Non-Executive Directors 獨立非執行董事

Dr. JIN Lizuo, aged 54, an Independent Non-executive Director, Member of Audit Committee and Nomination Committee of the Company. Dr. Jin graduated from Peking University and Oxford University and holds a Bachelor's degree in political economics and a Doctorate's degree in economics respectively. Dr. Jin had worked for university, the PRC government, international investment banks and consultancy firm, accumulated experiences in civil sectors and business consultancy. Dr. Jin also has experience in serving as an independent director of listed companies. Dr. Jin retired as an independent non-executive director of Cosco Shipping Co., Ltd. (listed in Shanghai) upon expiry of term in March 2012. He is currently an independent non-executive director of Beijing Development (Hong Kong) Limited (listed on SEHK).



金立佐博士，54歲，本公司獨立非執行董事、審核委員會和提名委員會會員。金博士畢業於北京大學和英國牛津大學，分別獲授政治經濟學學士學位及經濟學博士學位。金博士曾就職於大學、中國政府機關、國際投資銀行和顧問公司，累積了多年政府和企業顧問工作經驗，亦擁有任職上市公司獨立董事經驗。金博士於2012年3月屆滿卸任中遠航運股份有限公司(於上海上市)之獨立非執行董事。現任北京發展(香港)有限公司(於聯交所上市)之獨立非執行董事。

Mr. LEE Luk Shiu, aged 54, an Independent Non-executive Director, Chairman of Audit Committee and Remuneration Committee and Member of Nomination Committee of the Company. Mr. Lee is a fellow member of ACCA and an associate member of HKICPA. Mr. Lee is the senior consultant of an investment bank. Mr. Lee has about 25 years of ample experience in commercial accounting and corporate finance. Mr. Lee has principally engaged in corporate finance and regulatory aspects in the Stock Exchange. Mr. Lee was an Assistant Vice President of the Listing Division of the Stock Exchange, and his duties included regulating and monitoring the Hong Kong listed companies in relation to their compliance with the Listing Rules and processing new listing applications.



李祿兆先生，54歲，本公司獨立非執行董事、審核委員會和薪酬委員會主席及提名委員會會員。李先生為英國特許公認會計師公會資深會員及香港會計師公會會員。李先生現任一投資銀行的高級顧問。李先生在商業會計及企業融資方面擁有約二十五年豐富經驗。李先生曾主要從事聯交所之企業融資及監管事宜。李先生曾任職聯交所上市科副總監，其職責包括規管及監督香港上市公司有關遵守上市規則及處理新上市申請之程序。

Ms. MA Yun Yan, aged 51, an Independent Non-executive Director and Member of Audit Committee and Remuneration Committee of the Company. Ms Ma has been serving as an Independent Non-executive Director of the Company since September 2004. She graduated from the Law School of Peking University in 1984 and has been qualified as a lawyer in China in 1986. Ms. Ma has been dedicated to teaching and doing research in the Law School in relation to international commerce and investment aspects for 10 years. She is now the Partner of Shu Jin Law Firm. Ms. Ma has extensive experience in the legal field in relation to the capital markets, including investments, acquisition and mergers, issuance of securities etc, and has lead-managed the issuance of shares and convertible bonds and major restructuring of numerous listed companies such as China Vanke Co., Ltd., China Petroleum Jilin Chemical Engineering Construction Co. Ltd., China Merchants Property Development Co., Ltd., Wisisoft Co., Ltd., which shares are listed in the Mainland, and also AAC Acoustic Technologies Holdings Inc., Vital BioTech Holdings Limited and Shenzhen High-Tech Holdings Limited, which shares are listed in Hong Kong Ms. Ma was one of the members of the Fourth Listing Committee of Shenzhen Stock Exchange. From August 2009 to August 2011, Ms. Ma was a member of the Growth Enterprises Board Public Offering Review Committee of China Securities Regulatory Committee. She is now an independent non-executive director of Rainbow Department Store Co., Ltd. which is a Shenzhen listed company.



麻雲燕女士，51歲，本公司獨立非執行董事、審核委員會和薪酬委員會會員。麻女士自二零零四年九月起出任本公司獨立非執行董事。彼於一九八四年畢業於北京大學法律系，一九八六年於中國內地取得律師資格。麻女士曾經從事國際商務與投資領域的法學教學、研究工作共十年時間。彼現在為廣東信達律師事務所合夥人。麻女士多年從事投資、收購兼併、證券發行等資本市場的法律業務，曾主辦了包括中國內地上市公司萬科企業股份有限公司、中油吉林化建工程股份有限公司、招商地產控股股份有限公司、四川大智勝股份有限公司；香港上市公司AAC Acoustic Technologies Holdings Inc.、維奧生物科技控股有限公司及深圳科技控股有限公司等多家上市公司的股票、可換股債券發行以及重大重組。麻女士曾經擔任深圳證券交易所第四屆上市委員會委員。麻女士由2009年8月至2011年8月止，受聘擔任中國證券監督管理委員會創業版發行審核委員會委員。麻女士現任深圳上市的天虹商場股份有限公司之獨立非執行董事。

Biographical Details of Directors and Senior Management (Note) 董事及高級管理層履歷 (註)

Senior Management 高級管理層

Mr. ZHANG Yong, aged 51, is the Vice President of the Group and is responsible for marketing and sales of tobacco side of business. He holds a Bachelor's degree in engineering. He served in local governments and large enterprises in the Mainland China. Mr. Zhang has over 20 years' experience in marketing and management.

張勇先生，51歲，副總裁，分管煙用類業務的市場與銷售工作。彼持有工程學學士學位。曾任職於中國內地地方政府和大型企業。張先生擁有逾二十年的營銷及管理方面經驗。



Mr. CHEN Hu, aged 38, is the Head of Food Flavours and Fragrances of the Group. Mr. Chen is a graduate of Central South University with a Bachelor's degree in economics. Before joining the Group, Mr. Chen worked for several companies and has extensive experiences in merger and acquisition, marketing and management. Mr. Chen is currently the Deputy Director of Chinese Baked Products and Sugared Products Industry Association.

陳虎先生，38歲，集團食品及日用香精香料總監。陳先生畢業於中南工業大學，獲經濟學學士學位。陳先生在加入本集團前，曾在多家企業任職，對投資併購、市場營銷和企業管理方面擁有豐富經驗。現擔任中國焙烤食品和糖製品工業協會副理事長。



Mr. Alan DAVIES, aged 64, is the Chief Technical Officer of tobacco flavour and Head of Aromascope Development Centre in Germany. Mr. Davies holds a Higher National Diploma in food science of Grimsby College of Technology, UK. Mr. Davies served as a senior flavourist in charge of creation and applications in a number of world renowned flavour and fragrance companies and tobacco factory, including BBA, Carreras Rothmans, Dragoco and Symrise. Mr. Davies has over 35 years' experience in tobacco flavour.

Mr. Alan DAVIES，64歲，煙用香精香料技術總監，德國Aromascope科研中心主管。Mr. Davies持有英國Grimsby College of Technology的食品科學高級國家文憑，並曾任職於多家國際知名的香精香料公司和煙廠，包括BBA，Carreras Rothmans，Dragoco and Symrise，擔任高級調香師及主管開發和應用，Mr. Davies擁有超過三十五年的煙用香精香料經驗。



Biographical Details of Directors and Senior Management (Note) 董事及高級管理層履歷 (註)

Ms. YUAN Xiao Qin, aged 44, is the Head of Reconstituted Tobacco Leaves Centre of the Group and General Manager of Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited. She holds an MBA degree and is a qualified engineer. Before joining the Group, Ms. Yuan served as executive in a Hong Kong listed state-owned enterprise. She has around 20 years' experience in senior management position. She is currently the Representative of the People's Congress in Shantou City, Guangdong Province, a Member of the National Committee of the Chinese People's Political Consultative Conference in Chaoyang District, Shantou City and the Vice-president of the Federation of Industry and Commerce in Chaoyang District, Shantou City.

袁肖琴女士，44歲，集團再造煙葉中心總監和廣東省金葉煙草薄片技術開發有限公司總經理。持有工商管理碩士學位及工程師資格。袁女士加入本集團前，在一家香港上市的中國國有企業擔任管理職務，擁有近二十年的高層行政經驗。現擔任廣東省汕頭市人民代表大會代表、汕頭市潮陽區政協委員、汕頭市潮陽區工商業聯合會副主席。



Mr. YANG Tao, aged 35, is the Chief Technical Officer of the Group, General Manager of Shanghai Huabao Biological Technology Co. Ltd. and Huabao Xianghua Keji Fazhan (Shanghai) Co. Ltd. Mr Yang graduated from Yunnan University majored in Biology and holds a Bachelor's degree in science, later he studied at the Kunming Institute of Botany, Chinese Academy of Sciences and obtained a Doctorate's degree in science. Before joining the Group, Mr Yang worked for relevant enterprises and has extensive experience in relevant fields and developing new cigarette materials.

楊濤先生，35歲，集團技術總監、上海華寶生物科技有限公司及華寶香化科技發展（上海）有限公司的總經理。楊先生畢業於雲南大學生物學專業，獲理學學士學位，後就讀於中國科學院昆明植物研究所，獲理學博士學位。楊先生在加入本集團前，曾在相關企業任職，在捲煙新材料及相關領域有豐富的研發經驗。



Note: Information contained in this section was up to 31 March 2012.

附註：此部份所載資料乃截至二零一二年三月三十一日止。

Corporate governance refers to the rules and incentives by which the management of a company is directed and controlled to maximize the profitability and long-term value of the firm for shareholders while taking into account the interest of other legitimate stakeholders (UK Cadbury Report 1992). The Board recognizes the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices aiming at a high level of transparency and accountability. The Company is committed to continuously improving its corporate governance practices as part of its own corporate culture.

Corporate Governance

The Company has adopted the code provisions in the CG Code contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices except for the following deviations:

Pursuant to code provision A.4.1 of CG Code, INEDs should be appointed for a specific terms, subject to re-election. Although the INEDs of the Company were not appointed for a specific term which deviates from the code provision A.4.1 of the CG Code, pursuant to the Bye-laws of the Company, the Directors shall retire from office by rotation no later than the third AGM of the Company since their last appointment or re-election and are eligible for re-election. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but about promoting and developing an ethical and healthy corporate culture. The Directors will continue to review and, where appropriate, improve the current practices on the basis of the experience and regulatory changes to enhance the confidence of shareholders of the Company and to safeguard shareholders' interest as well as the key to assuring healthy business developments.

企業管治乃引導及監控公司管理層之規則及動力，以為股東取得已兼顧其他合法持份者之權益的最大企業盈利及長期價值（英國Cadbury報告1992）。董事會重視良好企業管治常規之重要性及益處，並已採納若干企業管治及披露常規，力求提高透明度及問責水平。本公司將不斷致力於提升企業管治作為本身企業文化之一部份。

企業管治

除下列偏離外，本公司已採納上市規則附錄十四企業管治守則的守則條文，作為公司企業管治常規的守則：

根據企業管治守則守則條文第A.4.1條，獨立非執行董事的委任應有指定任期，並須膺選連任。雖然本公司獨立非執行董事並非按特定年期獲委任，與企業管治守則的守則條文第A.4.1條有所偏離，但根據本公司之公司細則，董事須於其上次獲委任或重選後不超過第三屆本公司股東週年大會上輪值告退，並符合資格膺選連任。因此，本公司認為，本公司已採取充分措施，確保本公司企業管治常規不比企業管治守則所載之規定寬鬆。

提升企業管治水平並非僅為應用及遵守企業管治守則，乃為推動及發展具道德與健全的企業文化。董事將按經驗、監管條例之變動，將持續檢討並在適當的情況下提升本公司之現行常規作為保證業務健康發展、加強本公司股東信心和保障股東利益的關鍵。

The Board

Board Composition

The Company has a well-balanced Board. As at the date of this annual report, the Board comprises six Executive Directors and three INEDs. The members of the Board are as follows:

Executive Directors

Ms. CHU Lam Yiu (*Chairman*)
Mr. LAU Chi Tak (*CEO*)
Mr. POON Chiu Kwok
Mr. WANG Guang Yu
Mr. XIA Li Qun (*CFO*)
Mr. XIONG Qing

Independent Non-executive Directors

Dr. JIN Lizuo (*Appointed on 19 August 2011*)
Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. MAK Kin Kwong (*retired upon expiry of term on 5 August 2011*)

There is no relationship (including financial, business, family or other material relationship) between any members of the Board. Biographies of the Directors are set out on pages 49 to 55 of this annual report. The present Board has a diverse wealth of skills, expertise, and qualifications in aspects of production, management, accounting and finance, legal and regulatory experience both in Hong Kong and China. One out of three INEDs possesses recognized professional qualification in accounting and financial management. The INEDs bring strong independent judgment, knowledge and experience appropriate for the Board's deliberations. All Directors have distinguished themselves in their field of expertise and have exhibited good standards of personal and professional ethics and integrity. This diversity of experiences and backgrounds enables the Board to enhance good corporate governance and performance standard and to bring in valuable contributions and objective advices for the development of the Group's businesses.

During the year ended 31 March 2012, except for the fact that Mr. MAK Kin Kwong retired as an INED on 5 August 2011 and Dr. JIN Lizuo was appointed as an INED on 19 August 2011, the Board met the requirements of the Listing Rules relating to the appointment of INEDs representing at least one-third of the board, with at least one INED possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules). The Company has received, from each of the INEDs, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the INEDs are considered to be independent pursuant to the Listing Rules.

董事會

董事會成員

本公司有一個全面化的董事會。於本年報日，董事會由六名執行董事和三名獨立非執行董事組成。董事會成員如下：

執行董事

朱林瑤女士 (*主席*)
劉志德先生 (*總裁*)
潘昭國先生
王光雨先生
夏利群先生 (*財務總監*)
熊卿先生

獨立非執行董事

金立佐博士 (*於二零一一年八月十九日獲委任*)
李祿兆先生
麻雲燕女士
麥建光先生 (*於二零一一年八月五日任期屆滿退任*)

董事會成員之間並無任何關係 (包括財務、業務、家庭或其他重大關係)。董事履歷載於本年報第49頁至第55頁。現時之董事會於生產、管理、會計及金融、法律及香港及中國規管方面具有雄厚技術實力、專長及資格。三名獨立非執行董事當中一名擁有認可的會計專業資格或相關財務管理專長。獨立非執行董事為董事會議事提供適當專業的知識、經驗及獨立判斷。所有董事在其專業範圍內擁有卓越資歷，並顯示了超卓水準的個人專業操守和誠信。董事會的多元化經驗及背景可提升良好企業管治表現及標準，並為本集團業務發展帶來寶貴貢獻及客觀建議。

於截至二零一二年三月三十一日止年度內，除了麥建光先生於二零一一年八月五日退任獨立非執行董事和金立佐博士於二零一一年八月十九日獲委任為獨立非執行董事，董事會符合上市規則內需要委任佔董事會成員人數至少三分之一的獨立非執行董事，並其中由至少一名獨立非執行董事具備適當的專業資格，或具備相關適當的會計或相關的財務管理專長的獨立非執行董事之規定 (遵守上市規則第3.10條的規定)。根據上市規則第3.13條，本公司已獲得各獨立非執行董事之年度獨立性確認書。董事會已評估彼等之獨立性，並認為全體獨立非執行董事根據上市規則均被視為獨立。

Chairman and Chief Executive Officer

The role of Chairman and CEO of the Company has been taken up by different persons since 9 April 2008. To ensure a balance of power and authority, the Company has established a clear and defined division of the responsibilities between the Chairman, Ms. CHU Lam Yiu, and the CEO, Mr. LAU Chi Tak, in accordance with the CG Code.

The Chairman's responsibility is to manage the Board including the following:

- To provide leadership for the Board and ensure that the Directors meet regularly and whenever necessary to consider all key and appropriate issues in a timely manner and thus ensure the Board functions effectively and discharges its responsibilities;
- With the supports of the CFO, the Company Secretary and the Qualified Accountant ("QA"), to ensure all Directors are properly briefed on issues arising at board meetings and receive adequate, complete, reliable and timely information for making decisions;
- To lead and set the strategic plans of the Company and supervise the implementation of resolutions approved by the Board. Each Executive Director is to oversee and monitor different functions of the Group according to their respective professional skills and expertise;
- To play a leading role in maintaining the balanced composition of the Board and sub-board committees, so as to make the Board an effective team that works with high degree of harmony;
- The Chairman has delegated to the designated director(s) and the Company Secretary the responsibilities of drawing up and approving the agenda for each board meeting and contacting other directors for any matters proposed for inclusion in the agenda before each board meeting;
- To let directors express their views at board meetings, encourage all directors to make a full and active contribution to the board's affairs and to ensure that board decisions fairly reflect board consensus; and
- To ensure good corporate governance practices and procedures are in place. The Chairman, through the CFO, the Company Secretary and the QA, oversees the implementation of the practices and procedures set out in the CG Code.

主席和總裁

自二零零八年四月九日起，董事會主席和總裁由不同人士擔任。為確保平衡權力和授權，本公司已按企業管治守則清晰和明確區分主席，朱林瑤女士及總裁，劉志德先生的職責。

主席之職責乃管理董事會，當中包括：

- 領導董事會及確保董事定期及於有需要時召開會議，及時審議所有重要及適當事宜，從而確保董事會有效運作並履行職責；
- 於財務總監、公司秘書及合資格會計師（「合資格會計師」）的支持下，確保所有董事就於董事會會議提出的事項得到適當說明並獲得充足及時的資料，以作出決策；
- 領導及制定本公司之策略規劃，監察董事會通過之決議案之執行情況。按各執行董事各自之專業技能及知識，監督及監察本集團之不同部門；
- 於維持董事會及董事會委員會架構平衡上擔當領導之角色，帶領董事會有效運作、工作高度融洽；
- 主席委派職責予指定董事及公司秘書，在董事會會議召開前，草擬及審批董事會會議之議程，並就任何獲提呈加載議程之事項，與其他董事聯繫；
- 讓每名董事在董事會會議中發表意見，鼓勵所有董事全力投入董事會事務，並確保董事會的決定符合本公司最佳利益；及
- 確保良好之企業管治常規及程序妥善執行。主席透過財務總監、公司秘書及合資格會計師，監督公司實行企業管治守則所載之常規及程序。

The CEO's responsibility is to manage the Company's business including the following:

- To provide leadership for the management;
- To implement the strategic planning and business development;
- To supervise the business and operational management of the Company;
- To cooperate closely with management teams from all function to ensure the Company's smooth operation and development and to report regularly to the Board on major business development; and
- To establish and maintain proper internal controls and systems with the assistance of CFO and designated directors.

Roles and Responsibilities of Directors

The Board, led by the Chairman, is collectively responsible for formulating and approving the business strategies of the Company, setting objectives for management, overseeing its performance and assessing the effectiveness of management strategies.

The primary objective of the Board is to maximize the profit of the Company and to enhance long-term value of the Company for the shareholders. To this end, the Board assumes the responsibilities for leadership and control of the Company and oversees the businesses, strategic development, financial performance and corporate governance of the Group. All new board members have been given a tailored induction on the general business background and policy of the Company on joining the board and all the Directors have been provided with regular trainings by external experienced lawyers to update and refresh the applicable legal and other regulatory requirements and the business and governance policies of the Company.

The Executive Directors are responsible for day-to-day management of the Company's operations and conduct meeting with senior management of the Group at which operational issues and financial performance are evaluated.

The Bye-laws of the Company set out the responsibilities and proceedings of the Board. Significant operational policies have to be discussed and approved by the Board. To enable the Directors to meet their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

總裁之職責乃管理本公司業務，當中包括：

- 領導管理層；
- 實行策略規劃及業務發展；
- 監督本公司業務及營運管理；
- 與各部門之管理團隊緊密合作，確保本公司作業及發展流暢，並定期向董事會匯報業務之主要動向；及
- 透過財務總監和所委派的董事的支持，制定及維持合適的內部監控及制度。

董事的角色和責任

在主席領導下，董事會負責制定審批公司的業務策略、為管理層設立目標、監督業務表現和評估管理策略的作用效益。

董事會之主要目的乃為權益持有人得到最大盈利及提高並保護其長期價值。為此，董事會負有領導並控制本公司、監察本集團業務、策略發展方向、財務表現和企業管治。所有新加入董事會成員在加入董事會時，均獲有關本公司一般業務背景和政策之量身定制的簡報。全體董事均獲由經驗豐富的外聘律師所提供的定期培訓以更新法規要求和增進董事履行董事職責時所需的知識技能。

執行董事負責公司日常業務管理。彼等與集團的高級管理人員開會，評估各項業務運作及財務表現。

本公司章程載有關於董事會責任及運作模式的條文。重大業務政策均須經董事會討論和審批。為確保董事履行職責，公司設有適當的組織架構和清晰的責任和權限。

The Company has arranged appropriate insurance cover for the Directors and senior management of the Company in respect of legal action against them in the course of execution of their duties in good faith.

Board Meetings

The Company conducts scheduled Board meetings on a quarterly basis to discuss strategies and business issues, including financial performance, of the Group. Details of attendance of the Directors at the physical regular meetings are set out on page 71 of this annual report.

Notices of board meeting are given to each member of the Board at least fourteen days prior to the meeting, whereby the director can put forward his/her proposed items into the agenda. The agenda and the relevant board papers are then circulated to the directors at least three days before a Board meeting is convened to enable them to make informed decisions at the meeting.

Drafts of the Board minutes and Board committee meeting minutes are circulated to all directors and the relevant Board committee members respectively for their review before finalization and the final version of these minutes kept by the Company Secretary/Compliance Department are sent to the Directors and committee members respectively for records and are open for inspection by the Directors and committee members. If a director has an interest in a matter to be considered at a Board meeting, the Board will ensure that an adequate number of independent directors are involved in the consideration of the relevant resolutions, and the relevant director(s) having an interest in the matter will abstain from voting.

Every director is entitled to have access to Board papers and relevant materials and have unrestricted access to advice and services of the Company Secretary/Compliance Department with a view to ensuring that board procedures and all applicable rules and regulations are followed and is able to seek independent professional advice as and when required at the Company's expense. INEDs are encouraged to take an active role in Board meetings and serve on the sub-board committees.

Directors' Appointment and Re-election

Although all the Directors were not appointed for a specific term, every Director shall retire from office by rotation no later than the third AGM of the Company since their last appointment or re-election and are eligible for re-election.

本公司已就董事及本公司之高級管理層在真誠善意地執行職責時可能招致任何法律訴訟，為彼等安排適當保險保障。

董事會會議

董事會每季舉行預定的董事會會議，討論政策和業務事宜，包括本集團業務表現。董事的出席紀錄載於本年報第71頁。

本公司會在會議舉行前最少十四日向各董事會成員派發董事會會議通告，而董事可將其建議項目加入會議議程。會議議程及有關會議文件會在董事會會議舉行前最少三日供董事傳閱，以便彼等在會上作出知情決定。

董事會會議記錄及董事委員會會議記錄初稿分別會供董事及有關董事委員會成員審閱後方定稿，最後版本呈送給董事和相關委員會成員並由公司秘書／合規部保管，可供所有董事及委員會成員查閱。如個別董事在董事會會議擬考慮的事項中存有利益，該（等）董事需放棄投票，董事會確保有足夠的獨立董事參與會議作出決策。

各董事均有權查閱董事會文件及有關資料以及取得公司秘書／合規部的意見及服務，確保董事會程序及所有適用規則及規例均獲得遵守，亦可在有需要時徵求獨立專業意見，有關費用由本公司支付。本公司鼓勵獨立非執行董事積極參與董事會會議，並擔任董事會下屬委員會會員。

董事之委任和重選

雖然所有董事的委任均沒有指定任期，所有董事須於其上次獲委任或重選後不超過第三屆本公司股東週年大會上輪值告退，若符合資格，膺選連任。

Directors' interests and securities transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry to all Directors, all Directors confirmed in writing that they have complied with the required standard as set out in the Model Code throughout the year. Full details of the Directors' interests in the shares are set out on page 83 of this annual report.

Delegation of Directors

The Board may from time to time delegate all or any of its powers that it may think fit to a director or member of senior management of the Company. The Board has formulated specific rules and policies on such delegation of power to facilitate efficient operation of the Company and is supported by three committees which are Remunerations Committee, Audit Committee and Nomination Committee.

BOARD COMMITTEES

The Company has maintained the Audit Committee, Remuneration Committee and Nomination Committee. Each of these committees has specific written terms of reference which deal clearly with their authority and duties. The chairman of the committees will report their findings and recommendations to the Board after each meeting.

Remuneration Committee

The Remuneration Committee consists of two INEDs, namely: Mr. Lee Luk Shiu (the Chairman of the Remuneration Committee) and Ms. MA Yun Yan, and an Executive Director, Mr. XIA Li Qun.

The Remuneration Committee's responsibilities include making recommendations for approval by the Board with respect to matters relating to the remuneration of Executive Directors and senior management. The revised terms of reference of the Remuneration Committee in compliance with the requirements of the Listing Rules was adopted by the Board on 27 February 2012 and is published on the Company's website at www.huabao.com.hk. and on the Stock Exchange's website at www.hkexnews.hk. In discharging its responsibilities, the Remuneration Committee has performed the following works:

- To review and make recommendations on the Company's policies and structure for the remuneration of the Executive Directors and senior management;

董事權益和董事進行證券交易

本公司已採納載於上市規則附錄十的標準守則，作為董事買賣證券的標準守則。經作出具體查詢後，全體董事已書面確認在整個年度內已遵守標準守則的規定。董事權益載列於本年報第83頁。

董事的委託

董事會亦可不時將其所有或任何權力授予其認為適當的本公司董事或高級管理層成員。董事會在新酬委員會、審核委員會及提名委員會三個委員會支持下就有關授權制定清晰明確的規則及政策，使本公司更有效地營運。

董事委員會

本公司設審核委員會、薪酬委員會和提名委員會。各委員會有特定的書面職權範圍以清晰確定其責任和授權。委員會主席在其會議後向董事會匯報和提交建議。

薪酬委員會

薪酬委員會由兩名獨立非執行董事，即李祿兆先生（為薪酬委員會主席）和麻雲燕女士和一名執行董事，夏利群先生組成。

薪酬委員會之主要職責包括就有關執行董事及高級管理層的薪金之事宜向董事會作出推薦意見，以備董事會通過。按上市規則要求修訂的薪酬委員會職權範圍，經董事會於二零一二年二月二十七日採納，已刊登於本公司網站www.huabao.com.hk和聯交所網站www.hkexnews.hk。為履行其職責，薪酬委員會已進行下列工作：

- 檢閱本公司之執行董事及高級管理層之薪酬政策及架構並作出推薦意見；

- To evaluate remuneration packages of the Executive Directors, and make recommendations on the remuneration of the INEDs for the Board's approval by reference to market conditions, performance of the Group and the individual and corporate goals and objectives as set by the Board from time to time; and
- To review and evaluate the Company's share option scheme.

Directors will abstain from voting in determining their own remuneration packages. The Remuneration Committee met once regarding the emolument packages of the Directors and senior management during the reporting period and individual attendance of Remuneration Committee members is set out on page 71 of this annual report. Details of the emolument of the Directors are set out in note 24 to the consolidated financial statements while details of the Share Options Scheme and the share options granted to the Directors and senior management are set out on pages 79 to 81 of this annual report.

Audit Committee

The Audit Committee comprises three INEDs, namely, Mr. Lee Luk Shiu (the Chairman of the Audit Committee), Ms. MA Yun Yan and Dr. JIN Lizuo.

The principal responsibilities of the Audit Committee include assisting the Board in maintaining a high standard of corporate governance, developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, particularly by providing independent review of the effectiveness of the Company's financial reporting process and material internal controls, including financial, operational, compliance and risk management controls and, to maintain good and independent communications with the management as well as auditors of the Company. In discharging its responsibilities, the Audit Committee has performed the following work:

- To review the annual and interim financial statements and results announcements during the year;
- To discuss with the external auditors and the management on possible accounting risks;
- To review the effectiveness of the Group's financial controls, internal controls and risk management systems;

- 參考市場水平、本集團業務表現及董事會不時訂立之個別及企業目標及目的，建議執行董事之薪酬組合，並就獨立非執行董事之薪酬作出推薦意見以備董事會通過；及
- 審閱及評估本公司之購股權計劃。

董事須就釐定彼等薪金組合時放棄投票。於年內，薪酬委員會就董事和高級管理層的薪酬組合召開一次會議，各薪酬委員會會員的出席紀錄載於本年報第71頁。董事之薪金詳情載於綜合財務報表附註24而購股權計劃詳情及授予董事和高級管理層之購股權亦載於本年報第79至第81頁。

審核委員會

審核委員會由三名獨立非執行董事，即李祿兆先生（為審核委員會主席）、麻雲燕女士和金立佐博士組成。

審核委員會主要職責為協助董事會維持高水平企業管治，制定及檢討本公司的企業管治政策及常規，並向董事會提出建議，尤其是就本公司的財務匯報體系之有效性和重大內部監控包括財務、運作、合規和風控提供獨立意見，以及與本公司管理層及核數師保持良好及獨立的溝通。履行其職責時，審核委員會已進行下列工作：

- 審閱年內之年度及中期財務報表及業績公佈；
- 與外聘核數師及管理層就潛在會計風險作出討論；
- 檢討本集團之財務監控、內部監控及風險管理系統之有效性；

- To review the sufficiency of manpower for financial reporting purposes;
 - To approve the audit fees and terms of engagement of the external auditors; and
 - To review the independence of the external auditors and make recommendation to the Board on the re-appointment of the external auditors.
- 檢討處理財務匯報功能的人手是否充足；
 - 批准外聘核數師之核數費用及委任任期；及
 - 審閱外聘核數師之獨立性及就續任外聘核數師向董事會作出推薦意見。

The Audit Committee meets regularly with the Company's external auditors to discuss various accounting issues, and reviews the effectiveness of internal controls. The revised terms of reference of Audit Committee in compliance with the requirements of the Listing Rules was adopted by the Board on 27 February 2012 and is published on the Company's website www.huabao.com.hk and on the Stock Exchange's website at www.hkexnews.hk.

審核委員會定期與外聘核數師開會，討論各種會計問題，並審閱內部監控制度的成效。按上市規則要求修訂的審核委員會職權範圍，經董事會於二零一二年二月二十七日採納，已刊登於本公司網站 www.huabao.com.hk 和聯交所網站 www.hkexnews.hk。

During the year ended 31 March 2012, the Audit Committee met twice and individual attendance of Audit Committee members is set out on page 71 of this annual report. Members of the Audit Committee were satisfied with the Company's internal control procedures with the financial reporting disclosures.

於截至二零一二年三月三十一日止年度內，審核委員會舉行兩次會議，審核委員會會員的出席會議紀錄載於本年報第71頁。審核委員會委員對本公司之內部監控系統和財務報告的披露表示滿意。

Nomination Committee

As an early adoption of the requirements of the relevant Listing Rules, the Nomination Committee was established on 27 February 2012. The Nomination Committee comprises an Executive Director, Ms. CHU Lam Yiu (the Chairman of the Nomination Committee) and two INEDs, namely, Mr. LEE Luk Shiu and Dr. JIN Lizuo.

提名委員會

按提早採納的相關上市規則的要求，提名委員會於二零一二年二月二十七日成立，由一名執行董事，朱林瑤女士（為提名委員會主席）和兩名獨立非執行董事，即李祿兆先生和金立佐博士組成。

The principal responsibilities of the Nomination Committee include formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy, considering the development targets and strategies of the Company and the skills mix needed in respect of the Board, and making recommendations to the Board on the appointment of directors and succession planning for directors. Terms of reference of the Nomination Committee was adopted by the Board on 27 February 2012 and is published on the Company's website www.huabao.com.hk and on the Stock Exchange's website at www.hkexnews.hk.

提名委員會主要職責為制定提名政策供董事會考慮，並執行經董事會批准的提名政策，考慮公司發展目標策略和董事會所需的技能組合，以及就董事委任和董事的繼任計劃向董事會提出建議。提名委員會的職權範圍經董事會於二零一二年二月二十七日採納，已刊登於本公司網站 www.huabao.com.hk 和聯交所網站 www.hkexnews.hk。

INTERNAL CONTROL

The Board has full responsibility for the Group's internal control system, which includes the establishment of a defined management structure with specified limits of authority. The system is designed to assist in the achievement of business objectives of the Group, safeguarding assets against unauthorized use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensuring compliance with relevant legislation and regulation. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The system (embedded in the operations of the Company and forms part of the Company's culture) will include:

- effectiveness and efficiency of operations;
- capability in responding quickly to evolving risks to the business arising from factors within the company and to change in the business environment; and include procedures for reporting immediately to appropriate levels of management any significant control weakness that are identified together with details of corrective action being undertaken;
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

The key procedures that the Board established by the Board to provide effective internal controls are as follows:

Organizational Structure

An appropriate organizational structure is in place with defined operating policies and procedures as well as responsibility and lines of authority.

Authority and Control

The executive directors and senior management are delegated with respective levels of authorities to carry out the corporate strategies and policies and related matters formulated by the Board.

內部監控

董事會全權負責維持健全和有效的集團內部監控系統，包括制定管理層架構及其相關之權限。內部監控系統旨在協助達成本集團業務目標、保護資產以防未經授權之使用或處理、確保正確會計紀錄得以保存以便提供可靠的財務資料供內部使用或對外發放，並確保遵守相關法例與規則。內部監控系統旨在為無重大失實陳述或損失提供合理的、非絕對的保證。該系統已嵌入本公司營運和成為其文化之一，將包括：

- 營運的效益及效率；
- 能對由本公司內在因素所產生的業務風險及對營商環境的改變迅速作出反應，並包括向合適的管理層即時匯報經確認的任何重大監控弱點，及應採取的糾正行動的程序；
- 財務報告的可靠性；及
- 遵守適用的法律和法規。

董事會為有效的內部監控已設立的主要程序，如下：

組織結構

設有適當的組織結構和明確的營運政策和程序以及責任和授權。

授權和監控

授予執行董事和管理層適當的權力執行企業政策及策略和董事會制定的相關事項。

Budgetary Control and Financial Reporting

The Group implements budget management and the financial budget is executed upon approval by the Board. Relevant procedures have been established to assess, review and approve major capital and recurring expenditures, and regular review and comparison between operating results and the budget are made.

The Group has established appropriate internal control procedures to ensure accurate and complete accounting and management records are kept on a timely basis. Examination and review are carried out regularly to ensure that the financial statements are properly prepared in conformity with the generally accepted accounting principles, the Group's accounting policies and the applicable laws and regulations.

Risk Management

The Group has Risk Management Department headed by an Executive Director of the Company to monitor and assess risk regularly, boost related management standards and evaluate investment projects.

Internal Audit

The Company has set out internal audit team with scope of works advised by the Audit Committee shortly after a review on its internal control system by an external independent expert in 2008.

Internal Control Review

During the reporting period, the Internal Audit Team had carried out an annual review on the internal control system including financial, operational and compliance control, and risk management functions. The review adopts a risk-based approach to create and review the effectiveness of an internal control system and includes:

- (i) To follow up the enhancement progress in response to the previous recommendations from an external independent expert in respect of internal control system;
- (ii) To carry out a high level review on the internal control system of new members/businesses of the Group under the principles set out by The Committee of Sponsoring Organizations of the Treadway Committee ('COSO') covering major control aspects; and
- (iii) To arrange site visit and perform focused walk through test on the internal control system of members of the Group on a selective basis pursuant to the principles of COSO.

預算控制和財務匯報

本集團實施預算管理和財務預算，經董事會批准後執行。已設有相關程序評估、檢討和批准重大經常性資本支出，和定期比較預算與經營業績。

本集團設有適當的內部監控程序確保按時準確地和完整地記錄財務會計賬目。定期檢查和檢討確保會計賬目按一般公認會計原則、本集團會計政策和適用的法律則等記帳。

風險管理

本集團設有由本公司一名執行董事為首的風險管理辦公室，定期監測和評估風險、提升相關管理水平和評估投資項目。

內部審計

於二零零八年外聘獨立顧問檢討內部監控系統不久後，本公司設立內部審計組，其工作範疇經由審核委員會建議。

內部監控評估

於期內，內部審計組對內部監控系統（包括財務、營運和合規監控和風險管理功能）進行評估。評估採用風險導向方式塑造和檢討內部控制系統成效，包括：

- (i) 回應過去外部獨立專家的意見，跟進提升內部監控系統的進度；
- (ii) 根據The Committee of Sponsoring Organization of the Treadway Committee (「COSO」) 所訂之原則，當中包括檢討各重大之監控範疇，對集團新成員或業務的內部監控系統進行高層次檢查；和
- (iii) 隨機到訪本集團之廠房和根據COSO的原則對其內部監控系統進行專項穿行測試。

Internal Audit Team has presented their findings and make recommendations to the Audit Committee and the Audit Committee has discussed with the management and reported the progress of the work plan and related findings, particularly those related to new group members to the Board at board meeting during the year. In general, the Board considers that the internal control systems (including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function) of the Group are effective.

Internal Control System and Corporate Governance enhancement

In compliance with the requirements of the Listing Rules and for the purpose of reinforcing the Group's internal control system, the Company has established a whistleblowing policy and system for employees to raise concerns, in confidence, with the Audit Committee about possible irregularities in financial reporting, internal control or other matters related to the Company. The Audit Committee is responsible for reviewing the relevant policy and system regularly.

The Directors has strengthened corporate governance practices, including formalization of the reporting practice throughout the Group in monitoring the operation and business developments of the Company so as to capture potentially price-sensitive information on an on-going basis, monitoring the continuing disclosure obligation. The Board has further strengthened corporate governance practices by establishing lending policy to monitor its credit level. In addition, Herbert Smith, the retained legal counsel of the Company, has provided the Directors and the relevant senior executives with training on Listing Rules, regulatory requirements and cases of enforcement at least twice a year.

Under its terms of reference, the Audit Committee has delegated the corporate governance function of the Board to develop and review the Company's policies and practices on corporate governance and making recommendations to the Board. The Audit Committee also reviews and monitors the Company's policies and practices on compliance with legal and regulatory requirement, and training and continuous professional development of directors and senior management on an ongoing basis.

於期內，內部審計組對審計委員會提交其評估報告和建議，且審核委員會已與管理層討並在董事會會議上向董事會提交其工作計劃進展和相關發現，尤其是關於本集團新成員。整體而言，董事會認為本集團之內部監控系統（包括本公司在會計及財務匯報職能方面的資源、員工資歷及經驗是否足夠）屬有效。

內部監控制度及企業管治提升

為符合上市規則要求及進一步完善本集團的內控制度，本公司已設立舉報政策和系統，讓僱員可暗中向審核委員會就有關本公司之財務匯報、內部監控或其他方面的違規事宜提出關注，而審核委員會負責定期檢討有關政策及系統。

董事會已進一步加強企業管治常規，包括監控本集團營運和業務發展的內部匯報實施制度，以便按月記錄潛在股價敏感資料，監察持續披露責任。董事會進一步提升企業管治常規就對外貸款制定政策監測借貸水平。此外，本公司常位法律顧問史密夫律師事務所每年至少兩次為董事和相關高管提供上市規則、法規要求、執法個案的培訓。

根據審核委員會的職權範圍，審核委員會已獲董事會授予企業管治職能，負責制定及檢討本公司的企業管治政策及常規，並向董事會提出建議。審核委員會亦持續檢討和監察本公司在遵守法律及監管規定方面的政策及常規以及董事和高級管理人員的培訓及持續專業發展。

ACCOUNTABILITY AND AUDIT

Directors' Responsibility in Preparing Financial Reporting

The Board is responsible for the preparation and timely publication of financial statements. In preparing the financial statements, relevant statutory requirements have been complied with, applicable accounting standards in force in Hong Kong have been adopted, appropriate accounting policies have been applied on a consistent basis, going concern basis has been adopted and reasonable and prudent judgments and estimates have been made.

Auditors' statement and remuneration

The external auditors have a primary responsibility for auditing and reporting on the financial statements and the Auditors' Report to the Shareholders is set out on pages 90 to 91 of this annual report.

During the reporting period, the remuneration paid/payable to the Company's auditors (including statutory auditors of the subsidiaries) in relation to audit services and non-audit services are as follows:

Nature of Services	服務性質	Amount 金額 (HK\$'000) (港幣千元)
Audit services	核數服務	
– for the audit of the Group	– 集團審計	6,566
– for the statutory audits of the PRC subsidiaries	– 國內子公司法定審計	787
– conducting additional procedures in response to allegations as referred to in a report in the market	– 回應市場上一份報告內的若干指控所執行的額外程序	3,018

Please also refer to Note 23 to consolidated financial statement set out on page 162 of this annual report for details of Auditors' Remuneration.

問責和審核

董事編制財務報表的責任

董事會負責編制並準時刊發財務報表。編制財務報表時，合理及謹慎地判斷及估算以確保有關法律法規已獲遵守，香港現行的適用會計準則已獲採納，適當的會計政策持續地予以應用以及持續經營基準已獲確認。

核數師聲明和酬金

核數師主要職責為就財務報表核數其作出報告，致股東之核數師報告載於本年報第90至91頁。

於期內，就核數師（包括附屬公司法定的核數師）向本集團提供之核數及非核數費用服務應付核數師之費用如下：

核數師酬金詳情請參考載於本年報第162頁綜合財務報表附註23。

SHAREHOLDERS' RIGHTS

Shares with voting rights in the Company are ordinary shares. The number of ordinary shares as at 31 March 2012 is 3,159,850,961. Details of share capital of the Company can be found in note 16 of Notes to the Consolidated Financial Statements on page 154 of this annual report. Shareholders holding issued ordinary shares of the Company are set out below:

股東權利

賦有投票權的股份均為本公司普通股份。於二零一二年三月三十一日，已發行普通股份數目為3,159,850,961股。本公司股本載於本年報第154頁綜合財務報告附註16內。持有本公司已發行普通股之股東如下：

Category	類別	Full details can be found on the following page of this report 詳細資料載於本年報	Total Number of issued Shares held 合共持有已發行股份數目	Percentage of the issued Share capital 佔已發行股本百分比
Ms. CHU Lam Chiu ^(Note 1)	朱林瑤女士 ^(附註1)	Page 83 第83頁	1,212,262,415	38.365%
Directors of the Company	本公司董事	Page 83 第83頁	8,150,000	0.258%
Substantial Shareholders ^(Note 2)	主要股東 ^(附註2)	Page 85 第85頁	1,654,981,042	52.375%
			2,875,393,457	90.998%
Public	公眾人士		284,457,504	9.002%
			3,159,850,961	100.000%

Notes:

- As defined in the Listing Rules, any person (including a holder of depositary receipts) who is or group of persons (including any holder of depositary receipts) who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers and Share Repurchase as being the level for triggering a mandatory general offer) or more of the voting power at general meeting of the Company;
- Pursuant to Section 336 of the SFO, corporations and/or persons hold interest or short positions in 5% or more issued share capital of the Company.

附註：

- 按上市規則釋義，任何有權在本公司股東大會上行使或控制行使30%（或《收購守則》不時規定會觸發強制性公開要約所需的其他百分比）或30%以上投票權的人士（包括預託證券持有人）；
- 根據證監條例第336條，企業和／或人士持有本公司已發行股本5%或以上權益或淡倉。

The Company's Bye-laws provide that shareholders holding at the date of deposit of the requisition not less than one-tenth of the Company's issued share capital carrying voting rights at general meetings shall have the right to request the Board to call for a special general meeting to discuss a specified business transaction. For requisition of such a meeting, individuals must send a written notice to the Company's principal place of business in Hong Kong at least 21 days before the proposed date of the meeting. This procedure also applies to any proposals to be tabled at shareholders' meeting for approval.

Shareholders' right to propose a person for election as a Director

Shareholders shall have right to propose a person for election as a Director at the Company's general meeting. Detailed procedures for such right have been posted on the Company's website www.huabao.com.hk.

ACCESSIBLE AND TRANSPARENT COMMUNICATION WITH SHAREHOLDERS

In addition to the on-going investor relation efforts to mention in the next section, the Board values the importance of communications with the shareholders. The Company uses a range of communications tools, such as AGM, annual report, various notices, announcements and circulars, to ensure its shareholders are kept well informed of key business imperatives.

The Company has maintained a website at www.huabao.com.hk which serves as a forum for corporate communication with its shareholders and the general public. All corporate communications required under the Listing Rules are displayed and can be achieved (for documents published in the previous 7 years) on the Company's website and there is established procedure to ensure timely update in compliance with the Listing Rules.

Open Communications

The Group is committed to acting in good faith and in the best interests of its shareholders at all times and in all areas of its operations. The Group actively promotes open communication and full disclosure of all information needed to protect and maximize transparency.

Shareholders' communication policy

The shareholders' communication policy is available for viewing on the Company's website www.huabao.com.hk.

Shareholders' Meetings held during the reporting period

The general meeting provides a forum for the Board to communicate with the Shareholders.

按本公司章程，於遞呈要求之日持有賦有本公司股東大會投票權的繳足股本不少於十分之一的股東可向董事會或公司秘書致函，要求召開股東特別大會，以處理該等要求列明的事項。為此，股東須在建議召開的特別大會前至少二十一天以書面通知送到本公司香港主要營業地。此程序將適用於須經股東大會批准的任何建議。

股東提名董事人選的程序

股東有權於本公司股東大會上建議人士選舉出任董事，有關權利的詳細程序可於本公司網站 www.huabao.com.hk 上查閱。

與股東緊密及具透明之溝通

除下文所述持續投資者關係努力的結果外，董事會重視與股東的溝通的重要。本公司採用多項溝通工具，包括股東週年大會、年報、各類通告、公告及通函等，確保股東明瞭公司的主要業務策略。

公司設有網站(www.huabao.com.hk)，為股東及公眾人士提供一個論壇作公司通訊用途。上市規則規定的所有公司通訊（過去七年刊發的文件）均可於公司網站瀏覽及下載，公司亦已制訂程序確保數據的披露將會根據上市規則適時更新。

開明的溝通

本集團本著真誠原則，全方位為股東最佳利益而行事。本集團積極提倡開明的溝通，確保以最大透明度對各類所需資料進行全面披露。

股東通訊政策

本公司之股東通訊政策可於公司網站 www.huabao.com.hk 上查閱。

於期內舉行的股東大會

股東大會為董事會與股東提供一個溝通論壇。

To facilitate enforcement of the Shareholders' rights, significant issues are dealt with under separate resolutions at the general meeting, including the election and re-election of individual Director. Details of general meeting(s) held during reporting period are summarized as follows:

Meeting 會議	Date 日期	Venue 地點	Resolutions 決議案
AGM 股東週年大會	5 Aug 2011 二零一一年 八月五日	Falcon Room, Gloucester Luk Kwok, 72 Gloucester Road, Wanchai, Hong Kong 香港灣仔告士打道72號 六國酒店富萊廳	<ol style="list-style-type: none"> To receive the audited financial statements for the year ended 31 March 2011; 省覽截至二零一一年三月三十一日止年度經審核財務報表； To declare final dividend for the year ended 31 March 2011; 宣派截至二零一一年三月三十一日止年度的末期股息； To re-elect Directors and to authorize the Board to fix their remuneration; 重選董事並授權董事釐定彼等之薪金； To re-appoint the auditors; and 重新委任核數師；及 To grant general mandates to repurchase shares and to issue shares. 授予一般授權以購回股份及發行股份。

為方便股東在股東大會上行使權利，重要事宜乃根據個別決議案於股東大會上處理，包括選舉及重選個別董事。總括年內舉行之股東大會如下：

To facilitate communication further, Shareholders may send their enquiries which require the Board's attention to the Company Secretary at the Company's principal place of business in Hong Kong. Relevant contact information is set out on page 76 of this annual report and is also available on the Company's website www.huabao.com.hk.

為更有效溝通，股東可向本公司於香港的主要營業地點的本公司秘書致函，向董事會提出疑問。有關聯絡資料載於本年報第76頁，並刊載於本公司網站 www.huabao.com.hk。

Annual general Meeting to be held in 2012

The annual general meeting of the Company will be held at Falcon Room, Gloucester Luk Kwok, 72 Gloucester Road, Wanchai, Hong Kong on Wednesday, 8 August 2012 at 9:30 a.m. In order to determine the entitlement of Shareholders to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from 3 August 2012 (Friday) to 8 August 2012 (Wednesday), both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrars, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 2 August 2012 (Thursday). Shareholders whose names are recorded in the Register of Members of the Company on 8 August 2012 (Wednesday) are entitled to attend and vote at the Annual General Meeting.

將於二零一二年內舉行的股東週年大會

本公司股東週年大會將於二零一二年八月八日（星期三）上午九時三十分假座香港灣仔告士打道72號六國酒店富萊廳舉行。為確定股東有權出席股東週年大會並在會上投票，本公司股東名冊將由二零一二年八月三日（星期五）至二零一二年八月八日（星期三）止（首尾兩日包括在內）暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一二年八月二日（星期四）下午四時三十分前送達本公司的股份過戶登記分處卓佳登捷時有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。於二零一二年八月八日（星期三）記錄於本公司股東名冊的股東均有權出席並於股東週年大會上投票。

Notice of the AGM and form of proxy will be sent to the Shareholders together with an explanatory statements relating to the businesses proposed to the Shareholders for approval at the AGM. Shareholders who wish to exercise their rights to vote by proxy may do so upon following instruction printed thereon and presentation of a written and dated form of proxy appointing their proxy. All shareholders are welcome to ask questions or present proposals for discussion at these meetings.

MERGERS & ACQUISITIONS

Details of the mergers and acquisitions of the Company carried out during the reporting period can be found on page 77 of this annual report.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Company can be found on page 86 of this annual report.

ATTENDANCE RECORD

Attendance Record of Board regular meetings and Board Committees meeting held during the reporting period are set out below:

No. of meeting held	會議次數	Board regular Meetings 董事會定期會議	Audit Committee Meetings 審核委員會會議	Remuneration Committee Meetings 薪酬委員會會議
		4	2	1
Executive Directors	執行董事			
Ms. CHU Lam Yiu (Chairman)	朱林瑤女士 (主席)	4/4	N/A 不適用	N/A 不適用
Mr. LAU Chi Tak (CEO)	劉志德先生 (總裁)	4/4	N/A 不適用	N/A 不適用
Mr. POON Chiu Kwok	潘昭國先生	4/4	N/A 不適用	N/A 不適用
Mr. WANG Guang Yu	王光雨先生	4/4	N/A 不適用	N/A 不適用
Mr. XIA Li Qun (CFO)	夏利群先生 (財務總監)	4/4	N/A 不適用	1/1
Mr. XIONG Qing	熊卿先生	4/4	N/A 不適用	N/A 不適用
Independent Non-executive Directors	獨立非執行董事			
Mr. LEE Luk Shiu	李祿兆先生	4/4	2/2	1/1
Ms. MA Yun Yan	麻雲燕女士	4/4	2/2	1/1
Dr. JIN Lizuo ⁽¹⁾	金立佐博士 ^(註1)	2/2	1/1	N/A 不適用
Mr. MAK Kin Kwong ⁽²⁾	麥建光先生 ^(註2)	1/1	1/1	N/A 不適用
Average Attendance Rate	平均出席率	100%	100%	100%

Note 1: Appointed on 19 August 2011

Note 2: Retired upon expiry of term on 5 August 2011

股東週年大會通告和代表委任表格連同關於股東週年大會上向股東提呈的決議案的通函將寄予股東。股東擬行使彼的權利可按照代表委任表格上的指示提交已簽名和填上日期的代表委任表格，委任代表其於股東週年大會上投票。歡迎股東於會上提問和提供建議討論。

收購合併

於期內，本公司收購合併詳情載於本年報第77頁。

持續關連交易

本公司之持續關連交易詳情載於本年報第86頁。

出席記錄

下表顯示各董事於年內出席董事會及董事委員會會議的詳情：

註1：於二零一一年八月十九日獲委任

註2：於二零一一年八月五日任期屆滿退任

Investor Relations Report

投資者關係報告

The Company is committed to upholding an open and proactive investor relations strategy with an aim at optimizing the knowledge and understanding of the investment community with respect to the Company's corporate mission and vision, development strategies, competitive position in the industry and operating and financial performance, so as to enable public investors to make informed decisions on their investments. The Company fulfils the above-mentioned through a designated Investor Relations Department.

The Investor Relations Department acts as an intermediary between the Company and public investors. The Group abides by basic and fair disclosure guidelines to ensure that communication with Shareholders, investors and media is conducted in a fair manner and that no material non-public information is made available to any individual on a selective basis.

Investor Relations Review

During this reporting period, in order to develop continuously and maintain investor relations communications to ensure that the most updated information would be transmitted to investors in an accurate and fair manner, the Group organized various activities proactively and aggressively through different channels to conduct effective and satisfactory communications under stringent expenses. Details of these activities during the previous year are as follows:

Details of the activities	活動詳情
Non-deal roadshows in Mainland China and overseas	中國內地以及海外非交易路演
Investment conferences	投資者會議
One-on-one and group meetings	一對一及小組會議
Teleconferencing	電話會議
Plant visits and reverse roadshows	廠房參觀及反向路演

• Annual General Meetings

It is important that the Shareholders have access to clear and meaningful data which enables them to have a constructive dialogue with, and increases their engagement in, the Company. Shareholders can raise any questions and comments on the performance or future business directions of the Company and on any resolutions to be considered at the AGM and SGM. The Chairman and representatives from the Audit Committee were present and available to answer questions raised at the AGM during the year.

本公司致力維持公開及積極的投資者關係策略，旨在有效令投資社群知悉及理解有關本公司之企業宗旨及願景、發展策略、業內競爭狀況及營運及財務表現，以致投資大眾能為彼等的投資作出知情決定。本公司透過特設的投資者關係部門以取得達致。

投資者關係部門作為本公司及投資大眾的橋梁。本集團按照公平披露的基本原則，以確保與股東、投資者及傳媒之溝通以一個公平方式進行，及並無以選擇性準則向任何個別人士提供重大非公眾信息。

投資者關係工作回顧

在本報告期內，本集團為持續發展及維持投資者關係溝通，以確保最新訊息能準確公平地傳遞至投資者，本集團更主動且積極透過不同渠道進行各項活動，務求在節約開支的情況下發揮事半功倍的良好溝通，上年度的活動詳情如下：

Number of participations (approximately) 參與次數（約）

10 (including Hong Kong, Singapore, London, New York and Boston, etc.) (包括香港、新加坡、倫敦、紐約及波士頓等地)
8
99
79
11

• 股東週年大會

對股東而言，能夠取得清晰及主要數據十分重要，他們可藉此建立有效溝通，及增加參與，本公司事務。股東可就本公司之表現、未來業務方針及於股東週年大會及股東特別大會將予審議之任何決議案提出任何詢問及發表評論。年內，本公司主席及審核委員會之代表已出席股東週年大會，並解答所提出的問題。

- **Interim Results Presentation**

Interim Results Presentation was held after the interim results announcement in November 2010, at which the management availed themselves to answer questions such as regarding the Group's operational and financial performances.
- **International Roadshows and Investment Conferences**

The Company treasures every opportunity to communicate with and explain its strategies to investors and Shareholders through active participation in global investor roadshows and investors' conferences hosted by reputable investment banks, securities houses and research institutes.
- **Ongoing Communication with the Investment Community**

Regular face-to-face meetings and an ongoing schedule of teleconferencing calls with institutional investors and research analysts were held throughout the year. Questions and comments on the Company raised at the meetings were summarized and reported to the senior management team after the meetings. Regular meetings with research analysts were organized which provided a different channel for the analysts to communicate with the members of the Board. All these serve the multi-purposes of maintaining market surveillance and close contact with investors as well as gathering constructive suggestions from the capital market.
- **Company's Site Visits and Reverse Roadshows**

Site visits to the Company's major customers, R&D centres and production bases had been arranged for investors and analysts during the year which provided them on one hand the opportunities to have better understanding of the Company's businesses, technology and daily operations, and independent market surveillance on the other.
- **E-Communication via Websites of the Company and Professional Investor Relations**

The Company's website at www.huabao.com.hk contains information such as important corporate data, biographical details of Directors, organizational structure and press releases, while interim and annual reports, announcements and circulars are published on its professional investor relations website at <http://huabao.todayir.com/html/ir.php>, which enables the Company's Shareholders and members of the investor community to have timely access to the most updated information about the Group.
- **中期業績發佈會**

中期業績發佈會於二零一一年十一月之中期業績公告後舉行，當中，管理層回答有關本集團營運及財務表現等提問。
- **國際路演及投資者會議**

透過積極參與由享譽盛名的投資銀行、證券行及研究機構主持的全球投資者路演及投資者會議，本公司把握每一個機會與投資者及股東溝通及向彼等闡述其策略。
- **持續與投資社群溝通**

本公司年內定期與機構投資者及研究分析員直接會面，並不時安排與他們進行電話會議。本公司總括會議上就本公司提出的問題及作出的評論，並於會議後向高級管理團隊匯報。本公司與研究分析員定期會面，藉此為分析員提供不同渠道與董事會成員溝通。此等活動具有多重意義，既可提供市場監控，又能與投資者維持緊密聯繫，亦可收集資本市場任何建設性意見。
- **公司實地參觀及反向路演**

本公司年內為投資者及分析員安排參觀本公司主要客戶、研發中心及生產基地，一方面藉此讓他們有機會對本公司業務、科技及日常營運有更透徹了解。另一方面，亦可提供獨立市場對企業的監控。
- **透過公司網站及專業投資者關係網站進行電子溝通**

本公司網站為www.huabao.com.hk，載有重要之企業數據、董事履歷、組織架構、公司新聞等信息。此外本公司亦設有專業投資者關係網站：<http://huabao.todayir.com/html/ir.php>，刊發中期及年度報告、公告及通函，讓本公司股東及投資社群適時取得有關本集團之最新信息。

• Other Communication Channels

Shareholders and members of the investor community are welcome to raise enquiries through our Investor Relations Department at the Company's principal place of business in Hong Kong or via the "Enquiry Form" on the Company website. Designated personnel are assigned for this task to ensure that all data is disclosed on a fair and non-selective basis and in compliance with the Company's policy and the relevant regulatory requirements.

• Media Communications

During the announcement of its results, the Group held results presentations to facilitate the access of the most updated information of the Company by investors and the public in a fair, open and timely manner. In addition, to strengthen the interactions between the Group and the media it also proactively issued press releases on a timely basis.

• Analysts Coverage

Subject to the compliance of relevant regulatory requirements, the Company is committed to continuous communications with research institutes in a proactive manner for transparency sake. During the reporting period, the Company was covered by 11 established and reputable research institutes as follows:

- BOCI Research Limited
- Citigroup Investment Research
- Credit Suisse (Hong Kong) Limited
- DBS Vickers Securities
- Deutsche Bank AG
- First Shanghai Securities Limited
- J.P Morgan Securities (Asia Pacific) Limited
- Jefferies Hong Kong Limited
- Macquarie Capital Securities Limited
- Nomura International (Hong Kong) Limited
- Samsung Securities Asia Ltd.

(shown in alphabetical order in English)

• 其他溝通渠道

本公司歡迎股東及投資社群成員透過本公司於香港的主要營業地點投資者關係部門，或透過本公司網站內「查詢表格」向本公司查詢。本公司設有專職人員負責此項工作，以確保所有數據乃以公平及非選擇性準則披露，並符合本公司之政策及有關規管規定。

• 媒體溝通

本集團於業績公佈時舉辦業績發佈會以加強投資者及公眾於公平、公開以及及時的情況下獲得公司的最新消息。此外，本集團亦定時主動向媒體發出新聞稿以加強相互交流。

• 分析員

為使增加透明度，本公司一直致力在遵守有關監管規定情況下，積極與研究機構保持溝通。在報告期內，本公司獲十一間知名研究機構撰寫研究報告，該等公司如下：

- 中銀國際研究有限公司
- 花旗銀行投資研究
- 瑞士信貸（香港）有限公司
- 星展唯高達證券
- 德意志銀行
- 第一上海證券有限公司
- 摩根大通證券（亞太）有限公司
- Jefferies Hong Kong Limited
- 麥格理資本證券股份有限公司
- 野村國際（香港）有限公司
- 三星證券亞洲有限公司

(按首英文字母順序編排)

Information for investors (as at 31 March 2012)

投資者資料 (截止二零一二年三月三十一日)

Board Lot Size 1,000 shares
Number of shares issued 3,159,850,961 shares

每手買賣單位股數 1,000股
已發行股份數目 3,159,850,961股

Market capitalization (based on the closing price of HKD5.05 on 31 March 2012) HKD15.957 billion

市值 (以二零一二年三月三十日收市價港幣5.05元計算) 港幣159.57億元

Stock Code

股份代號

The Stock Exchange of Hong Kong Limited stock code 00336

香港聯合交易所有限公司股份代號 00336

Reuters ticker 336.HK

路透社股份代號 336.HK

Bloomberg ticker 336HK

彭博股份代號 336HK

Financial Calendar

財務日誌

Announcement of 2011-12 Interim Results 22 November 2011 (Tuesday)

二零一一年至二零一二年中期業績公佈 二零一一年十一月二十二日 (星期二)

Announcement of 2011-12 Annual Results 20 June 2011 (Wednesday)

二零一一年至二零一二年全年業績公佈 二零一二年六月二十日 (星期三)

Closing date for transfer of shares for Annual General Meeting From 3 August 2012 to 8 August 2012 (Friday to Wednesday, both days inclusive)

股份截止過戶日期 – 股東週年大會 二零一二年八月三日 至八月八日 (星期五至星期三, 包括首尾兩日)

Closing date for transfer of shares for payment of final dividend From 14 August 2012 to 17 August 2012 (Tuesday to Friday, both days inclusive)

股份截止過戶日期 – 派發末期股息 二零一二年八月十四日至十七日 (星期二至星期五, 包括首尾兩日)

Annual General Meeting 8 August 2012 (Wednesday)

股東週年大會 二零一二年八月八日 (星期三)

Date of Payment of 2011-12 proposed Final Dividend 18 October 2012 (Thursday) on or about

派發建議宣派二零一一年至二零一二年度末期股息日期 二零一二年十月十八日 (星期四) 或前後

Financial Year end date 31 March

財政年度結算日 三月三十一日

Investor Relations Contacts

For inquiries, please contact:
Investor Relations Department
Huabao International Holdings Limited
Suite 3008
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Telephone: (852) 2185 1233
Fax: (852) 2511 8229
E-mail: jason.wong@huabao.com.hk
Investor Relations website: <http://huabao.todayir.com/html/ir.php>

投資者關係聯絡

如有查詢，請聯繫：
香港
灣仔
港灣道18號
中環廣場
3008室
華寶國際控股有限公司
投資者關係部

電話：(852) 2185 1233
傳真：(852) 2511 8229
電郵：jason.wong@huabao.com.hk
投資者關係網站：<http://huabao.todayir.com/html/ir.php>

The Board presents its report together with the audited financial statements for the year ended 31 March 2012.

Mergers & Acquisitions

In April 2011, the Group through its subsidiary entered into a capital injection agreement regarding Yongzhou Shanxiang (a wholly owned subsidiary incorporated by the Group in March 2011) with independent third parties. The Group and the independent third parties have injected approximately HKD27,594,000 and HKD14,104,000 respectively. Following completion of the capital injection, the Group's equity interest in Yongzhou Shanxiang diluted from 100% to 67.1%.

In June 2011, the Group through its wholly owned subsidiary entered into an agreement with independent third parties to acquire 100% equity interests in Yunnan Zhengbang, which is principally engaged in the research and development, consulting and sale of new material for cigarettes in the PRC, at a cash consideration of approximately HKD6,926,000. The acquisition was completed on 1 July 2011.

Principal Activities

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 34 to the consolidated financial statements.

Segment Information

An analysis of the Group's performance for the year by business segment is set out in note 5 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 March 2012 are set out in the consolidated income statement on page 94 of the annual report.

The Board declared an interim dividend of HK7.80 cents (2011: HK7.20 cents) per Share and special dividend of HK5.18 cents (2011: Nil) per Share both in cash amounting to a total of about HKD410,149,000, were paid on 22 February 2012.

The Board proposes to declare a final dividend of HK8.88 cents (2011: HK7.98 cents) per share in cash, about HKD281 million in aggregate, for the year ended 31 March 2012 which are expected to be paid on or about 18 October 2012 (Thursday) to Shareholders whose names appear on the Register of Members of the Company as at 17 August 2012 (Friday), subject to Shareholders' approval at the forthcoming annual general meeting to be held on 8 August 2012 (Wednesday). The proposed final dividend together with the interim and special dividends paid, the total dividend distribution for the financial year ended 31 March 2012 amounted to HK21.86 cents (2011: HK15.18 cents) per share.

董事會謹此提呈其報告及截至二零一二年三月三十一日止年度之經審核財務報表。

收購合併

於二零一一年四月，本集團通過下屬子公司與獨立第三方簽訂向永州山香（本集團於二零一一年三月成立的全資子公司）增資的協議，本集團及獨立第三方分別增資約港幣27,594,000元及港幣14,104,000元。增資完成後，本集團於永州山香的股權由100%攤薄至67.1%。

於二零一一年六月，本集團透過其全資附屬公司與獨立第三方簽署協議，以現金代價約港幣6,926,000元收購一間於中國成立的公司，雲南正邦的100%權益。雲南正邦主要在中國從事研發、諮詢及銷售捲煙新材料，該收購已於二零一一年七月一日完成。

主要業務

本公司之主要業務為投資控股，其主要附屬公司之業務載於綜合財務報表附註34。

分部資料

本年度本集團按業務分部劃分之表現分析載於綜合財務報表附註5。

業績及股息

本集團截至二零一二年三月三十一日止年度之業績載於年報第94頁之綜合收益表。

董事會已於二零一二年二月二十二日派付現金中期股息每股7.80港仙（二零一一年：7.20港仙）及特別股息每股5.18港仙（二零一一年：無），共約港幣410,149,000元。

董事會建議向於二零一二年八月十七日（星期五）名列本公司股東名冊之股東宣派就截至二零一二年三月三十一日止年度之現金末期股息每股8.88港仙（二零一一年：7.98港仙），共約港幣2.81億元，並預期於二零一二年十月十八日（星期四）或前後派發，但有待於二零一二年八月八日（星期三）舉行的股東週年大會上獲股東批准。擬派發的末期股息連同已付的中期及特別股息，截至二零一二年三月三十一日止年度之股息分派總額為每股21.86港仙（二零一一年：15.18港仙）。

Close of Register of Members for Annual General Meeting

In order to determine the entitlement of Shareholders to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from 3 August 2012 (Friday) to 8 August 2012 (Wednesday), both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 2 August 2012 (Thursday). Shareholders whose names are recorded in the Register of Members of the Company on 8 August 2012 (Wednesday) are entitled to attend and vote at the Annual General Meeting.

Close of Register of Members for Payment of Final Dividend

In order to determine Shareholders who qualify for the proposed final dividend, the Register of Members of the Company will be closed from 14 August 2012 (Tuesday) to 17 August 2012 (Friday), both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 13 August 2012 (Monday). Shareholders whose names are recorded in the Register of Members of the Company on 17 August 2012 Friday are entitled to receive the final dividend.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 96 and in note 18 to the consolidated financial statements.

Distributable Reserves

As at 31 March 2012, the distributable reserves of the Company amounted to HKD2,051,357,000 (2011: HKD1,890,918,000).

Donations

Charitable and other donations made by the Group during the year amounted to HKD13,388.

暫停辦理股份過戶登記手續 – 股東週年大會

為確定股東有權出席股東週年大會並在會上投票，本公司將由二零一二年八月三日（星期五）至二零一二年八月八日（星期三）止（首尾兩日包括在內）暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一二年八月二日（星期四）下午四時三十分前送達本公司的股份過戶登記分處卓佳登捷時有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。於二零一二年八月八日（星期三）記錄於本公司股東名冊的股東均有權出席並於股東週年大會上投票。

暫停辦理股份過戶登記手續 – 派發末期股息

為確保股東有資格獲派建議之末期股息，本公司將由二零一二年八月十四日（星期二）至二零一二年八月十七日（星期五）止（首尾兩日包括在內）暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一二年八月十三日（星期一）下午四時三十分前送達本公司的股份過戶登記分處卓佳登捷時有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。於二零一二年八月十七日（星期五）記錄於本公司股東名冊的股東均有權收取末期股息。

儲備

本集團及本公司於年內之儲備變動載於年報第96頁之綜合權益變動表及綜合財務報表附註18。

可供分派之儲備

於二零一二年三月三十一日，本公司之可供分派儲備為港幣2,051,357,000元（二零一一年：港幣1,890,918,000元）。

捐款

本集團在本年度內作出之慈善及其它捐款合共港幣13,388元。

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group are set out in note 6 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in note 16 to the consolidated financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Five Year Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 185.

Share Options

As per a resolution passed at the special general meeting held on 22 September 2006, the Company adopted a share option scheme ("Share Option Scheme"). As at 31 March 2012, the share options granted by the Company pursuant to the Share Option Scheme which are valid and outstanding amounted to 30,990,000 shares, represents approximately 0.98% of the Shares issued. The following is a summary of the Share Option Scheme:

(a) Purpose of the Scheme

The Share Option Scheme aims at encouraging the participants to make contributions to and promote benefits of the Group and developing and maintaining business relationships with participants for the benefit of the Group.

(b) Participants of the Scheme

The Board has absolute discretion to grant share option to any participant.

(c) Maximum number of shares issuable under the Scheme

The total number of share options to be granted under the Share Option Scheme shall not exceed 10% of the issued ordinary share capital of the Company as at 22 September 2006. Upon approval by the Shareholders, the Company may renew the Scheme Mandate Limit, provided that each renewal shall not exceed 10% of the total number of issued Shares as at the date of approval by the Shareholders, and a circular regarding the proposed renewal of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner

物業、機器及設備

本集團物業、機器及設備之變動詳情載於綜合財務報表附註6。

股本

本公司之股本變動詳情載於綜合財務報表附註16。

優先購買權

本公司之公司細則或百慕達法例中概無有關優先購買權之條文，規定本公司須按比例向現有股東發售新股份。

五年財務摘要

本集團過去五個財政年度之業績及資產與負債概要載於年報第185頁。

購股權

根據本公司於二零零六年九月二十二日舉行的股東特別大會上通過的決議案，本公司採納購股權計劃（「購股權計劃」）。於二零一二年三月三十一日，本公司根據購股權計劃所授出而仍然有效及未被行使的購股權合共30,990,000份，佔已發行普通股0.98%。購股權計劃的摘要載列如下：

(a) 計劃之目的

購股權計劃旨在激勵參與者為本集團作出貢獻及促進利益，為與可對本集團有利之參與者發展及維持業務關係。

(b) 計劃的參與人士

董事會擁有絕對酌情權，可向任何參與者授出購股權。

(c) 計劃中可予發行股份總數最高上限

根據購股權計劃批授的購股權數目，不得超逾二零零六年九月二十二日本公司已發行普通股股本的10%。在獲得股東批准後，本公司可更新計劃授權限額，惟每一次更新的計劃授權限額，均不得超逾股東批准更新限額該日已發行普通股總數之10%；及須遵照上市規則第17章有關條文規定之方式將建議更新計劃授權限額之通函寄發予股東，該通函其中載有上述條文所規定之資料。因按照購股權計劃及本公司

complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules. The aggregate maximum number of Shares which may be issued upon exercise of share options granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

(d) Maximum entitlement of each participant

The maximum number of Shares (issued and to be issued) upon exercise of options (whether exercised, cancelled or outstanding) granted to any participants in any 12-month period under the Share Option Scheme and any other share option scheme of the Company shall not exceed 1% of the total number of ordinary Shares in issue from time to time. Any excess over 1% requires the formal approval by Shareholders through an ordinary resolution at a general meeting at which the relevant participant and his associates shall abstain from voting and the Company shall issue a circular pursuant to relevant provisions of Chapter 17 of the Listing Rules.

(e) Time for exercise of options

The grantee may subscribe for ordinary Shares during such period as may be determined by the Board (the said period shall not in whatever case be later than the last day of the 10-year period after the day on which the offer relating to the option is duly approved by the Board in accordance with the Share Option Scheme (subject to early termination)).

(f) Minimum period for which an option must be held before it can be exercised

Unless the Directors determine otherwise and state in the offer of the grant of option to the grantee, the Share Option Scheme does not provide for any minimum period for which share options must be held before it can be exercised.

(g) Acceptance of option offer and payment

The grantee may accept the offer of the share option within 21 days from the date of the offer letter issued by the Company. The grantee shall pay HKD1 as consideration for accepting the offer of the share option.

任何其他購股權計劃授出之購股權獲行使及將獲行使，而將予發行之最多普通股數目不可超逾不時已發行普通股總數之30%。

(d) 計劃中各參與人士可獲授權益上限

根據本公司購股權計劃及任何其他購股權計劃而於任何12個月期間向任何參與者所授出之購股權（無論已行使、已註銷或尚未行使者），其有關之普通股最多數目（包括已發行及將予發行股份數目）將不可超逾不時已發行普通股總數之1%。如授出之數目超逾1%，則必須經股東於股東大會上以普通決議案正式批准，有關參與者及其聯繫人士則須放棄在大會上投票，而本公司亦須按照上市規則第17章有關條文之規定發出通函。

(e) 行使購股權之期限

承授人可於董事會釐定之期內認購普通股（該期間無論如何最遲於董事會根據購股權計劃正式批准有關購股權建議當日後十年期間之最後一日屆滿（可提前終止））。

(f) 購股權可行使前須持有之最短期限

除非董事另行決定並於向承授人授出購股權之建議中表明，否則購股權計劃並無條文規定購股權持有人在承授後需持有任何最短期間方可行使購股權。

(g) 接納購股權的期限及付款

承授人可於本公司發出的建議函件當日起計21日內接納購股權建議，而接納批授購股權建議時，須支付港幣1元的代價。

(h) Basis for determining the exercise price

The exercise price of share option granted pursuant to the Share Option Scheme shall be determined by the Board and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Shares.

(i) The life of the Scheme

The Share Option Scheme will remain in force for 10 years starting from 22 September 2006.

(h) 釐定行使價的基準

根據購股權計劃所批授的購股權，其行使價須由董事會釐定，惟不得低於下列各項中之較高者：(i)購股權要約日期（必須為營業日）聯交所每日報價表所列之股份收市價；(ii)在緊接授出日期前五個營業日在聯交所每日報價表所列收市價的平均數；或(iii)股份面值。

(i) 計劃的尚餘有效期

購股權計劃於二零零六年九月二十二日起計十年內有效。

Details of share options granted, exercised, cancelled and lapsed during the year under the Share Option Scheme are set out as follows:

於年內，根據購股權計劃批授、行使、註銷及失效的購股權詳情如下：

Grantee 承授人	Grant Date 授出日期	Exercise Price 行使價	Exercisable Period 可行使日期	Number of Share Options 購股權數目					Balance as at 31 March 2012 於二零一二年三月三十一日結餘
				Balance as at 1 April 2011 於二零一一年四月一日結餘	Granted during the year 年內批授	Exercised during the year 年內行使	Cancelled during the year 年內註銷	Lapsed during the year 年內失效	
		HKD 港幣							
Executive Directors 執行董事									
Mr. LAU Chi Tak 劉志德先生	14 April 2008 二零零八年四月十四日	6.39	14/4/2008-13/4/2018	7,000,000	-	-	-	-	7,000,000
Mr. POON Chiu Kwok 潘昭國先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	3,300,000	-	300,000	-	-	3,000,000
Mr. WANG Guang Yu 王光雨先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	2,700,000	-	2,700,000	-	-	-
Mr. XIA Li Qun 夏利群先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	5,250,000	-	5,250,000	-	-	-
Mr. XIONG Qing 熊卿先生	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	3,600,000	-	1,000,000	-	-	2,600,000
	14 April 2008 二零零八年四月十四日	6.39	14/4/2008-13/4/2018	3,400,000	-	-	-	-	3,400,000
Independent Non-Executive Directors 獨立非執行董事									
Mr. LEE Luk Shiu 李祿兆先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	200,000	-	-	-	-	200,000
Ms. MA Yun Yan 麻雲燕女士	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	800,000	-	-	-	-	800,000
Other employees 其他僱員									
	10 October 2006 二零零六年十月十日	3.09	10/10/2006-9/10/2016	7,600,000	-	-	-	-	7,600,000
	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	6,940,000	-	550,000	-	-	6,390,000
Total 合計				40,790,000	-	9,800,000	-	-	30,990,000

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Ms. CHU Lam Yiu (*Chairman*)
Mr. LAU Chi Tak (*CEO*)
Mr. POON Chiu Kwok
Mr. WANG Guang Yu
Mr. XIA Li Qun (*CFO*)
Mr. XIONG Qing

Independent Non-executive Directors:

Dr. JIN Lizuo (*appointed on 19 August 2011*)
Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. MAK Kin Kwong (*retired upon expiry of term on 5 August 2011*)

In accordance with Bye-law 86(2) of the Company's bye-laws, Dr. JIN Lizuo will retire at the forthcoming AGM and, being eligible, offer himself for re-election. In accordance with Bye-law 87(1) and (2) of the Company's bye-laws, Ms. MA Yun Yan, Messrs. WANG Guang Yu and XIA Li Qun shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

Other than disclosed in note 32 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company, its ultimate holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Businesses Competing with the Group

None of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business of the Group.

董事

年內及截至本報告日期本公司之董事如下：

執行董事：

朱林瑤女士 (*主席*)
劉志德先生 (*總裁*)
潘昭國先生
王光雨先生
夏利群先生 (*財務總監*)
熊卿先生

獨立非執行董事：

金立佐博士 (*於二零一一年八月十九日獲委任*)
李祿兆先生
麻雲燕女士
麥建光先生 (*於二零一一年八月五日任期屆滿退任*)

根據本公司之公司細則第86(2)條，金立佐博士將於應屆股東週年大會上退任，惟彼符合資格，並願膺選連任。根據本公司之公司細則第87(1)及(2)條，麻雲燕女士、王光雨先生和夏利群先生將於應屆股東週年大會上輪值告退，惟彼等符合資格，並願膺選連任。

董事服務合約

在應屆股東週年大會上候選連任之董事概無與本公司訂有任何本公司不可於一年內免付賠償（法定賠償除外）而終止之服務合約。

董事之重大合約權益

除綜合財務報表附註32所披露者外，於年結日或年內任何時間，本公司並無訂立任何涉及本公司董事直接或間接擁有重大權益且與公司最終控股公司或其任何附屬公司業務有關之重大合約。

董事之同業競爭業務

並無任何董事及其各自之聯繫人（按上市規則定義）擁有與本集團構成或可能構成同業競爭的任何業務之權益。

Biographical Details of Directors and Senior Management

Biographical details of directors and senior management as at 31 March 2012 are set out on pages 49 to 55 of the annual report.

Directors' Interests in Shares, Underlying Shares and Debentures

At 31 March 2012, the interests of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

(a) Long positions in ordinary shares of HKD0.10 each of the Company

Name of Directors 董事姓名	Capacity 身份	Number of issued shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
CHU Lam Yiu ^(Note 2) 朱林瑤 ^(附註2)	Held through controlled corporation ^(Note 1) 透過受控公司持有 ^(附註1)	1,212,262,415	38.365%
XIA Li Qun 夏利群	Beneficial owner 實益持有人	5,250,000	0.166%
WANG Guang Yu 王光雨	Beneficial owner 實益持有人	2,700,000	0.085%
XIONG Qing 熊卿	Beneficial owner 實益持有人	200,000	0.006%

Note 1: 1,212,262,415 ordinary shares of the Company are respectively held by Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited and Real Elite Investments Limited. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid six companies.

Note 2: Ms. CHU Lam Yiu entered into a derivative transaction on 14 October 2011 relating to a long position of a monetary value equivalent to 94,736,842 shares of the Company with a contract period from 14 October 2011 to 13 January 2013 (both days inclusive).

董事及高級管理層履歷

於二零一二年三月三十一日，董事及高級管理層的履歷載於年報第49頁至55頁。

董事於股份、相關股份及債券之權益

於二零一二年三月三十一日，董事及彼等之聯繫人士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本公司根據證券及期貨條例第352條規定所存置之登記冊所記錄之權益；或擁有根據上市規則所載的標準守則而須知會本公司及聯交所之權益如下：

(a) 本公司每股面值港幣0.10元之普通股好倉

附註1：本公司之1,212,262,415股普通股乃由Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited和Real Elite Investments Limited共同持有。朱林瑤女士為此六間公司的唯一實益擁有人。

附註2：朱林瑤女士於二零一一年十月十四日進行了一項有關本公司股份的衍生產品交易的好倉合約，合約期由二零一一年十月十四日至二零一三年一月十三日（首尾兩日包括在內），相關金額所涉等值為94,736,842股本公司股份。

(b) Interests in share options of the Company

The interests of the Directors in the share options of the Company are detailed in the "Share Options" section stated above.

Save as disclosed above, as at 31 March 2012, none of the Directors nor their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its subsidiaries or associated companies as defined in the SFO.

Directors' Rights to Acquire Shares or Debentures

Other than disclosed in note 17 to the consolidated financial statements, at no time during the year was the Company, its ultimate holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Interests of Substantial Shareholders

As at 31 March 2012, other than the interests disclosed in the section headed "Directors' interests in Shares, Underlying Shares and Debentures", the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following persons held interests or short positions in 5% or more issued share capital of the Company.

(b) 本公司購股權之權益

董事之購股權權益已詳列於以上「購股權」一節內。

除上文所披露者外，於二零一二年三月三十一日，董事及彼等之聯繫人士概無於本公司或其任何附屬公司或相聯法團（定義見證券及期貨條例）之任何股份、相關股份或債券中擁有任何權益或淡倉。

董事認購股份或債券之權利

除於綜合財務報表附註17所披露者外，本公司、其最終控股公司或其任何附屬公司於期內任何時間均無參與任何安排，致使本公司之董事可藉收購本公司或任何其他法團之股份或債券而獲益。

管理合約

概無於年內訂立或存有任何涉及本公司整體業務或任何重要業務之管理及行政工作之合約。

主要股東之權益

於二零一二年三月三十一日，除於「董事於股份、相關股份及債券之權益」一節所披露之權益外，本公司根據證券及期貨條例第336條存置之主要股東登記冊顯示，下列人士持有本公司已發行股本5%或以上權益或淡倉。

Long(L)/Short(S) positions in ordinary shares of HKD0.10 each of the Company

本公司每股面值港幣0.10元之普通股好倉／淡倉

Name of Substantial Shareholders 主要股東名稱	Capacity 身份	Long(L)/short(S) 好倉／淡倉	Number of issued shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
JPMorgan Chase & Co. ^(Notes 1, 2)	Beneficial owner 實益持有人	L 好倉	27,765,000	0.87%
		S 淡倉	16,690,000	0.52%
	Investment manager 投資經理	L 好倉	5,356,000	0.16%
		Custodian 託管人	L 好倉	126,128,808
Lazard Asset Management LLC	Investment manager 投資經理	L 好倉	472,228,021	14.94%
Lazard Emerging Markets Equity Portfolio	Investment manager 投資經理	L 好倉	219,747,000	6.95%
Morgan Stanley ^(Note 3)	Held through controlled corporations 透過受控公司持有	L 好倉	213,642,737	6.76%
		S 淡倉	214,257,659	6.78%
		Prudential plc	Held through controlled corporations 透過受控公司持有	L 好倉
UBS AG ^(Note 4)	Beneficial owner 實益持有人	L 好倉	133,280,944	4.21%
		S 淡倉	133,141,850	4.21%
	Held through controlled corporations 透過受控公司持有	L 好倉	86,482,600	2.73%
		S 淡倉	32,907,600	1.04%
		Person having a security interest in shares 對股份持有保證權益的人	L 好倉	13,596,434
Wellington Management Company, LLP	Investment manager 投資經理	L 好倉	190,198,498	6.01%

Note 1: The interest of JPMorgan Chase & Co. included a lending pool of 126,128,808 Shares.

附註1: JPMorgan Chase & Co.的權益包括126,128,808股股份的借貸倉。

Note 2: Long position of 6,571,000 Shares were held through cash settled derivatives (off exchange).

附註2: 6,571,000股好倉乃透過現金交收之衍生工具(場外)持有。

Note 3: (i) Long position of 2,150 Shares were held through physically settled derivatives (on exchange); (ii) Short position of 156,000 Shares were held through physically settled derivatives (off exchange); (iii) long position of 61,123,440 Shares and short position of 38,621,840 Shares were both held through cash settled derivatives (off exchange).

附註3: (i)2,150股好倉乃透過實物交收之衍生工具(場內)持有;(ii)156,000股淡倉乃透過實物交收之衍生工具(場外)持有;(iii)61,123,440股好倉和38,621,840股淡倉乃透過現金交收之衍生工具(場外)持有。

Note 4: Long position of 16,798,000 Shares and short position of 100,006,000 Shares were both held through cash settled derivatives (off exchange).

附註4: 16,798,000股好倉和100,006,000股淡倉乃透過現金交收之衍生工具(場外)持有。

Major Customers and Suppliers

For the year ended 31 March 2012, the percentage of turnover attributable to the Group's five largest customers accounted for approximately 48% and the largest customer contributed approximately 27% to the turnover of the Group (China Tobacco Yunnan Materials Group Co., Ltd. being the largest customer), and the percentage of purchases attributable to the Group's five largest suppliers accounted for approximately 19% and the largest supplier contributed approximately 9% to the purchases of the Group.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

Continuing Connected Transactions

Sale of tobacco flavour products to Hongta Tobacco Group and its associates

On 18 February 2009, the Group and Hongta Tobacco Group entered into a framework agreement ('2009 Framework Agreement') pursuant to which the Group shall continually sell tobacco flavour products to Hongta Tobacco Group and its associates for a period from 1 April 2009 to 31 March 2012. Hongta Tobacco Group is an indirect holding company of Yunnan Tianhong Flavour & Fragrance Co., Ltd., which in turn is a substantial shareholder of an indirect non-wholly owned subsidiary of the Company. Pursuant to the Listing Rules, all the transactions conducted between the Group and Hongta Tobacco Group under the 2009 Framework Agreement constituted continuing connected transactions of the Group and subject to reporting, announcement, approval by independent shareholders and annual review as required by the Listing Rules. Pursuant to the 2009 Framework Agreement, the price for the products will be agreed from time to time between the parties by reference to the prevailing market price at the relevant time. Such price shall be no more favourable than those offered by the Group to its other independent customers for similar product types in its ordinary and usual course of business. The upper limits of annual amounts of continuing connected transactions under the 2009 Framework Agreement for the three years ending 31 March 2012 are RMB66,000,000, RMB86,000,000 and RMB112,000,000 ('Annual Caps') respectively. The Company has obtained a waiver from the Stock Exchange to approve the entering into of the 2009 Framework Agreement, the conduct of the continuing connected transactions and the Annual Caps on the basis of a written independent shareholders' approval in lieu of holding a shareholders' meeting of the Company under Rule 14A.43 of the Listing Rules.

主要客戶及供貨商

截至二零一二年三月三十一日止年度內，本集團五位最大客戶佔本集團營業額之百分比約為48%，而最大客戶則約為27%（雲南中煙物資（集團）有限責任公司為最大客戶）；本集團五位最大供應商佔本集團採購額之百分比約為19%，而最大供應商則約為9%。

本公司董事或其任何聯繫人士或任何股東（就董事所知，擁有5%以上本公司已發行股本者），概無擁有本集團五大客戶及供應商之任何權益。

持續關連交易

銷售煙用香精香料產品予紅塔煙草集團及其聯繫人

於二零零九年二月十八日，本集團與紅塔煙草集團訂立有關本集團持續向紅塔煙草集團及其聯繫人自二零零九年四月一日起至二零一二年三月三十一日為止銷售煙用香精香料產品之框架協議（「二零零九年框架協議」）。紅塔煙草集團乃本公司間接非全資附屬公司，雲南天宏香精香料有限公司的間接控股公司，乃其主要股東。根據上市規則，二零零九年框架協議所涉及的本集團與紅塔煙草集團間進行之交易均構成本集團之持續關連交易，須遵守上市規則的規定申報、公告、經獨立股東批准和年度審核。根據二零零九年框架協議，雙方不時參考在相關時刻當時的市場價格釐訂貨品價格。該價格將不低於本集團在一般及日常業務向其他獨立客戶提供類似貨品的價格。二零零九年框架協議內持續關連交易的每年交易額於截至二零一二年三月三十一日止三個年度設定上限分別為人民幣66,000,000元、人民幣86,000,000元和人民幣112,000,000元（「年度上限」）。本公司已根據上市規則第14A.43條從聯交所取得豁免，以獨立股東書面批准方式批准訂立二零零九年框架協議、進行持續關連交易及年度上限而毋須召開本公司股東大會。

Sales of reconstituted tobacco leaves to Guangdong Tobacco and Guangxi Tobacco

The Group entered into a framework agreement in view of business need with each of Guangdong Tobacco (“GD Framework Agreement”) and Guangxi Tobacco (“GX Framework Agreement”) on 28 July 2010 and 20 July 2010 respectively (GD Framework Agreement and GX Framework Agreement are collectively referred to as the “Framework Agreements”) in respect of the supply of flavours and fragrances, RTL and related technical services, both for the period from 1 January 2010 to 31 December 2012. Guangdong Jinke is a non-wholly owned subsidiary of Guangdong Jinye and Guangdong Tobacco and Guangxi Tobacco are the substantial shareholders of Guangdong Jinke. Upon the completion of the acquisition of the 100% registered capital of Guangdong Jinye (the “acquisition of Guangdong Jinye”) by the Group on 10 January 2011, Guangdong Tobacco and Guangxi Tobacco both become connected persons of the Company and the transactions between the Group and each of Guangdong Tobacco and Guangxi Tobacco (together with their respective subsidiaries and associates) therefore constitute connected transactions of the Company within the meaning of the Listing Rules. Pursuant to the terms of the Framework Agreements, the pricing principle would be determined by reference to market price, i.e. prices payable by independent third parties for the provision of similar products/services under ordinary commercial transactions. In light of the Framework Agreements were entered into prior to the acquisition of Guangdong Jinye, upon completion of the acquisition of Guangdong Jinye, the transactions between the Group and each of Guangdong Tobacco and Guangxi Tobacco constitute continuing connected transactions and are subject to reporting, annual review and disclosure requirements under Rule 14A.41 of the Listing Rules. Please refer to the relevant announcement published by the Company on 22 July 2011 for details.

Annual review of continuing connected transactions

For the year ended 31 March 2012, the total revenue of products sold by the Group to Hongta Tobacco Group (together with its subsidiaries and associates) under the 2009 Framework Agreement amounted to approximately RMB35,114,000. The total revenue of products sold by the Group to Guangdong Tobacco and Guangxi Tobacco (together with its subsidiaries and associates) under the Framework Agreements amounted to approximately RMB98,486,000 and RMB26,049,000, respectively.

銷售再造煙葉予廣東中煙及廣西中煙

本集團基於業務需要分別於二零一零年七月二十八日及二零一零年七月二十日與廣東中煙及廣西中煙就供應香精香料、煙草薄片等產品及相關的技術服務訂立框架協議（分別為「廣東框架協議」及「廣西框架協議」，統稱「該等框架協議」），年期由二零一零年一月一日至二零一二年十二月三十一日。廣東金科為廣東金葉的非全資附屬公司，而廣東中煙及廣西中煙均為廣東金科的主要股東。本集團於二零一一年一月十日完成收購廣東金葉的100%註冊資本（「收購廣東金葉」）後，廣東中煙及廣西中煙均成為本公司的關連人士，因此，本集團分別與廣東中煙及廣西中煙（連同彼等各自的附屬公司及聯營公司）之間的交易構成上市規則所指本公司的關連交易。按該等框架協議的條款，定價原則以參照市場價格釐定，即在正常商業交易情況下提供該類產品／服務的獨立第三方應付的價格。由於該等框架協議早在收購廣東金葉完成之前已訂立，在收購廣東金葉完成後，本集團分別與廣東中煙及廣西中煙之交易構成持續關連交易，並需遵守上市規則第14A.41條的報告、年度審閱及披露規定。有關詳情請參閱本公司於二零一一年七月二十二日刊發的公告。

持續關連交易的年度審核

截至二零一二年三月三十一日止年度，本集團按二零零九年框架協議向紅塔煙草集團（連同彼等各自的附屬公司和聯營公司）銷售產品的總收入約為人民幣35,114,000元。本集團按該等框架協議向廣東中煙及廣西中煙（連同彼等各自的附屬公司和聯營公司）銷售產品的總收入分別約為人民幣98,486,000元和人民幣26,049,000元。

The aforesaid continuing connected transactions have been reviewed by the INEDs of the Company. The INEDs confirm that the aforesaid connected transactions have been entered into:

- (i) in the ordinary and usual course of business of the Company;
- (ii) either on normal commercial terms or on terms no less favourable to the Company than terms available to independent third parties; and
- (iii) in accordance with the terms of the relevant agreement, and are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company has engaged the independent auditor to report on the Group's above-mentioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued an unqualified letter containing his findings and conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter from PricewaterhouseCoopers has been provided by the Company to the Stock Exchange.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Legal Proceedings

As at 31 March 2012, the members of the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

上述持續關連交易已由本公司的獨立非執行董事審閱。根據香港會計師公會祇獨立非執行董事確認上述關連交易：

- (i) 屬本公司的一般及日常業務；
- (ii) 是按照一般商業條款進行，或其條款不遜於本公司從獨立第三方可獲取的條款；及
- (iii) 是根據有關的協議條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。

根據香港會計師公會發佈的香港鑒證業務準則3000號「歷史財務資料審核或審閱以外的鑒證工作」並參考實務說明740號「香港上市規則規定的持續關連交易的核數師函件」，本公司獨立核數師已受聘對本集團上述之持續關連交易作出報告。根據上市規則第14A.38條，獨立核數師已發出無保留函件，並載有其結果和結論。本公司已將羅兵咸永道會計師事務所的核數師函件副本呈送給聯交所。

購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

法律訴訟

於二零一二年三月三十一日，本集團成員公司並無涉及任何重大訴訟或仲裁事項，亦無面臨任何待決的重大訴訟或索償。

Public Float

Based on the information that is publicly available to the Company and to the best belief and knowledge of the Directors, the Company has maintained a sufficient public float of the Company's securities during the reporting period and up to the date of this report as required under the Listing Rules.

Auditors

The financial statements for the year ended 31 March 2012 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting of the Company.

By Order of the Board
CHU Lam Yiu
Chairman

Hong Kong, 20 June 2012

公眾持股量

於本報告期內及截至本公告日可供本公司查閱之公眾資料以及就董事所知和所信，本公司已維持上市規則所規定之本公司證券之足夠公眾持股量。

核數師

截至二零一二年三月三十一日止年度之財務報表已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，但表示願意於本公司應屆股東週年大會上應聘連任。

承董事會命
朱林瑤
主席

香港，二零一二年六月二十日

Independent Auditor's Report

獨立核數師報告



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUABAO INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Huabao International Holdings Limited (the 'Company') and its subsidiaries (together, the 'Group') set out on pages 92 to 184, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

獨立核數師報告

致華寶國際控股有限公司股東

(於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審計列載於第92至184頁華寶國際控股有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表。此綜合財務報表包括於二零一二年三月三十一日的綜合及公司財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其它附註解釋資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》的披露規定編製綜合財務報表,以令綜合財務報表作出真實而公平的反映,及落實其認為編製綜合財務報表所必要的內部控制,以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見,按照百慕達一九八一年《公司法》第90條僅向整體股東報告我們的意見。除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

羅兵咸永道會計師事務所, 香港中環太子大廈廿二樓
電話: +852 2289 8888, 傳真: +852 2810 9888, www.pwchk.com

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2012

我們已根據香港會計師公會頒佈的香港審計準則進行審計。該等準則要求我們遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

審計涉及執行情序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零一二年三月三十一日的事務狀況，及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一二年六月二十日

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

於二零一二年三月三十一日
(除另有指明者外，所有金額均以港幣千元列示)

		As at 31 March 於三月三十一日		
		Note 附註	2012 二零一二年	2011 二零一一年
ASSETS				
Non-current assets				
	Property, plant and equipment	6	1,115,382	536,373
	Land use rights	7	209,233	194,697
	Intangible assets	8	2,931,975	2,879,958
	Investments in associates	10	101,545	61,009
	Available-for-sale financial assets	11	65,931	38,067
	Deferred income tax assets	12	44,436	42,800
			4,468,502	3,752,904
Current assets				
	Inventories	13	667,871	467,961
	Trade and other receivables	14	928,969	1,030,565
	Cash and cash equivalents	15	2,286,577	1,676,410
			3,883,417	3,174,936
Total assets			8,351,919	6,927,840
EQUITY				
Capital and reserves attributable to the Company's equity holders				
	Share capital	16	315,985	315,005
	Reserves	18	867,402	677,318
	Retained earnings			
	– Proposed final dividend	19, 28	280,595	251,374
	– Others	19	4,854,325	3,796,953
			6,318,307	5,040,650
Non-controlling interests			331,942	255,213
Total equity			6,650,249	5,295,863
LIABILITIES				
Non-current liabilities				
	Borrowings	20	–	3,562
	Deferred income tax liabilities	12	72,788	102,830
			72,788	106,392
Current liabilities				
	Borrowings	20	927,500	740,000
	Trade and other payables	21	584,226	688,276
	Current income tax liabilities		117,156	97,309
			1,628,882	1,525,585
Total liabilities			1,701,670	1,631,977
Total equity and liabilities			8,351,919	6,927,840
Net current assets			2,254,535	1,649,351
Total assets less current liabilities			6,723,037	5,402,255

The notes on pages 98 to 184 are an integral part of these consolidated financial statements.

第98至184頁的附註為本綜合財務報表的整體部份。

On behalf of the Board

代表董事會

Ms. CHU Lam Yiu
朱林瑤女士
Chairman
主席

Mr. XIA Li Qun
夏利群先生
Director
董事

Statement of Financial Position

財務狀況表

As at 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

於二零一二年三月三十一日
(除另有指明者外，所有金額均以港幣千元列示)

		As at 31 March 於三月三十一日		
		Note 附註	2012 二零一二年	2011 二零一一年
ASSETS	資產			
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司之投資	9(a)	1,245,083	1,245,083
Current assets	流動資產			
Trade and other receivables	貿易及其他應收款項	14	480	473
Amounts due from subsidiaries	應收附屬公司款項	9(b)	2,732,808	2,301,893
Cash and cash equivalents	現金及現金等價物	15	11,908	13,489
			2,745,196	2,315,855
Total assets	總資產		3,990,279	3,560,938
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備			
Share capital	股本	16	315,985	315,005
Reserves	儲備	18	777,662	742,767
Retained earnings	保留盈利			
– Proposed final dividend	– 擬派末期股息	19,28	280,595	251,374
– Others	– 其他	19	1,482,571	1,351,353
Total equity	總權益		2,856,813	2,660,499
LIABILITIES	負債			
Current liabilities	流動負債			
Borrowings	貸款	20	927,500	740,000
Amounts due to subsidiaries	應付附屬公司款項	9(b)	198,964	157,871
Trade and other payables	貿易及其他應付款項	21	7,002	2,568
			1,133,466	900,439
Total liabilities	總負債		1,133,466	900,439
Total equity and liabilities	總權益及負債		3,990,279	3,560,938

The notes on pages 98 to 184 are an integral part of these financial statements.

第98至184頁的附註為本財務報表的整體部份。

On behalf of the Board

代表董事會

Ms. CHU Lam Yiu
朱林瑤女士
Chairman
主席

Mr. XIA Li Qun
夏利群先生
Director
董事

Consolidated Income Statement

綜合收益表

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2012 二零一二年	2011 二零一一年
Sales	營業額	5	3,311,304	2,852,173
Cost of goods sold	銷售成本	23	(975,308)	(731,714)
Gross profit	毛利		2,335,996	2,120,459
Other income	其他收益	22	258,551	122,675
Selling and marketing expenses	銷售及市場推廣開支	23	(105,807)	(81,040)
Administrative expenses	行政費用	23	(424,689)	(290,388)
Operating profit	營運盈利		2,064,051	1,871,706
Finance income	財務收入		33,168	24,692
Finance costs	融資成本		(16,373)	(14,029)
Finance income – net	財務收入 – 淨額	25	16,795	10,663
Share of profit/(loss) of associates	應佔聯營公司盈利/(虧損)	10	143	(1,255)
Profit before income tax	除稅前盈利		2,080,989	1,881,114
Income tax expense	所得稅	26	(314,250)	(249,256)
Profit for the year	本年度盈利		1,766,739	1,631,858
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		1,750,419	1,604,400
Non-controlling interests	非控制性權益		16,320	27,458
			1,766,739	1,631,858
Earnings per share for profit attributable to the Company's equity holders for the year	年內本公司權益持有人應佔的每股盈利			
– Basic (HK cents)	– 基本 (港仙)	27(a)	55.48	51.01
– Diluted (HK cents)	– 攤薄 (港仙)	27(b)	55.31	50.59
Interim and final dividends	中期及末期股息	28	527,064	478,163
Special dividend	特別股息	28	163,680	–
			690,744	478,163

The notes on pages 98 to 184 are an integral part of these consolidated financial statements. 第98至184頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2012 二零一二年	2011 二零一一年
Profit for the year	本年度盈利	5	1,766,739	1,631,858
Other comprehensive income:	其他全面收益：			
Fair value gains on available-for-sale financial assets	可供出售金融資產之公允值收益	11	12,466	755
Exchange differences on translating foreign operations	海外業務之匯兌差額		152,280	175,417
Other comprehensive income for the year, net of tax	本年度除稅後其他全面收益		164,746	176,172
Total comprehensive income for the year, net of tax	本年度除稅後全面收益總額		1,931,485	1,808,030
Total comprehensive income attributable to:	應佔全面收益總額：			
Equity holders of the Company	本公司權益持有人		1,903,668	1,773,599
Non-controlling interests	非控制性權益		27,817	34,431
			1,931,485	1,808,030

The notes on pages 98 to 184 are an integral part of these consolidated financial statements.

第98至184頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

		Attributable to equity holders of the Company 本公司權益持有人應佔					Non-controlling interests 非控制性權益	Total equity 總權益
	Note 附註	Share capital 股本	Reserves 儲備	Retained earnings 保留盈利	Total 總計			
Balance at 1 April 2010	於二零一零年四月一日	312,882	410,403	3,066,819	3,790,104	128,103	3,918,207	
Fair value gains on available-for-sale financial assets	可供出售金融資產公允價值淨收益	-	755	-	755	-	755	
Exchange differences	匯兌調整	-	168,444	-	168,444	6,973	175,417	
Profit for the year	本年度盈利	-	-	1,604,400	1,604,400	27,458	1,631,858	
Total comprehensive income for the year ended 31 March 2011	截至二零一一年三月三十一日止年度的全面收益總額	-	169,199	1,604,400	1,773,599	34,431	1,808,030	
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：							
Dividends paid to non-controlling interests	向非控制性權益派付的股息	-	-	-	-	(9,933)	(9,933)	
Appropriations from net profit	自純利撥付	-	9,966	(9,966)	-	-	-	
Acquisition of Yunnan Aroma Source Manufacturing Co., Ltd. ('Yunnan Huaxiangyuan')	收購雲南華香源香料有限公司 (「雲南華香源」)	-	-	-	-	2,880	2,880	
Acquisition of Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited ('Guangdong Jinye') and its subsidiary and affiliated companies ('Guangdong Jinye Group')	收購廣東省金葉煙草薄片技術開發有限公司(「廣東金葉」)及其附屬及聯營公司(「廣東金葉集團」)	-	-	-	-	71,115	71,115	
Capital injection to Yunnan Huaxiangyuan	注資至雲南華香源	-	-	-	-	6,510	6,510	
Capital injection to Xiamen Amber Perfumery Company Limited ('Xiamen Amber')	注資至廈門琥珀香料有限公司 (「廈門琥珀」)	-	-	-	-	22,107	22,107	
Final and special dividend for the year ended 31 March 2010	截至二零一零年三月三十一日止年度之末期及特別股息	-	-	(386,137)	(386,137)	-	(386,137)	
Interim dividend for the 6 months ended 30 September 2010	截至二零一零年九月三十日止六個月之中期股息	-	-	(226,789)	(226,789)	-	(226,789)	
Employee share option scheme	僱員購股權計劃：							
- Value of employee services	- 僱員服務價值	-	4,123	-	4,123	-	4,123	
- Exercise of share options	- 行使購股權	2,123	83,627	-	85,750	-	85,750	
Total transactions with owners	與擁有人交易總額	2,123	97,716	(622,892)	(523,053)	92,679	(430,374)	
Balance at 31 March 2011	於二零一一年三月三十一日	315,005	677,318	4,048,327	5,040,650	255,213	5,295,863	
Balance at 1 April 2011	於二零一一年四月一日	315,005	677,318	4,048,327	5,040,650	255,213	5,295,863	
Fair value gains on available-for-sale financial assets	可供出售金融資產公允價值淨收益	-	12,466	-	12,466	-	12,466	
Exchange differences	匯兌調整	-	140,783	-	140,783	11,497	152,280	
Profit for the year	本年度盈利	-	-	1,750,419	1,750,419	16,320	1,766,739	
Total comprehensive income for the year ended 31 March 2012	截至二零一二年三月三十一日止年度的全面收益總額	-	153,249	1,750,419	1,903,668	27,817	1,931,485	
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：							
Appropriations from net profit	自純利撥付	-	1,940	(1,940)	-	-	-	
Capital injection to Yongzhou Shan Xiang Flavour Co., Ltd. ('Yongzhou Shanxiang')	增資至永州山香香料有限公司 (「永州山香」)	-	-	-	-	14,104	14,104	
Capital injection to Qingdao Qingda Product Co., Inc., ('Qingdao Qingda')	增資至青島青大物產股份有限公司 (「青島青大」)	-	-	-	-	5,408	5,408	
Incorporation of non-wholly owned subsidiary	成立非全資附屬公司	-	-	-	-	29,400	29,400	
Final dividend for the year ended 31 March 2011	截至二零一一年三月三十一日止年度之末期股息	-	-	(251,737)	(251,737)	-	(251,737)	
Interim and special dividend for the 6 months ended 30 September 2011	截至二零一一年九月三十日止六個月之中期及特別股息	-	-	(410,149)	(410,149)	-	(410,149)	
Employee share option scheme	僱員購股權計劃：							
- Value of employee services	- 僱員服務價值	-	75	-	75	-	75	
- Exercise of share options	- 行使購股權	980	34,820	-	35,800	-	35,800	
Total transactions with owners	與擁有人交易總額	980	36,835	(663,826)	(626,011)	48,912	(577,099)	
Balance at 31 March 2012	於二零一二年三月三十一日	315,985	867,402	5,134,920	6,318,307	331,942	6,650,249	

The notes on pages 98 to 184 are an integral part of these consolidated financial statements. 第98至184頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
	Note 附註		
Cash flows from operating activities	經營活動之現金流量		
Cash generated from operations	30	1,890,949	1,645,859
Income tax paid		(350,791)	(239,529)
Net cash generated from operating activities	營運活動產生之現金淨額	1,540,158	1,406,330
Cash flows from investing activities	投資活動的現金流量		
Acquisition of subsidiaries	29	(39,619)	(1,321,781)
Capital injection in available-for-sale financial assets	11	(13,736)	–
Capital injection in associate		–	(30,085)
Purchases of property, plant and equipment		(597,204)	(44,570)
Proceeds from disposal of property, plant and equipment		11,961	927
Short-term time deposits withdrawal		–	230,886
Interests received		33,168	30,043
Net cash used in investing activities	投資活動所用之現金淨額	(605,430)	(1,134,580)
Cash flows from financing activities	融資活動的現金流量		
Dividends paid to shareholders		(668,923)	(619,130)
Capital contributions from holders of non-controlling interests		48,912	22,107
Proceeds from issue of shares in connection with exercise of share options		35,800	66,928
Repayment of borrowings		(203,701)	(699,127)
Short-term bank borrowings		387,500	894,348
Interest paid		(11,550)	(16,309)
Repayment to a shareholder		–	(10,000)
Net cash used in financing activities	融資活動所用之現金淨額	(411,962)	(361,183)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加／(減少)淨額	522,766	(89,433)
Cash and cash equivalents at beginning of the year		1,676,410	1,678,640
Effects of exchange rate changes on cash and cash equivalents		87,401	87,203
Cash and cash equivalents at end of the year	年終現金及現金等價物	2,286,577	1,676,410

The notes on pages 98 to 184 are an integral part of these consolidated financial statements.

第98至184頁的附註為本綜合財務報表的整體部份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

1. GENERAL INFORMATION

Huabao International Holdings Limited (the 'Company') was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the 'Stock Exchange').

The Company is an investment holding company. The Company and its subsidiaries (the 'Group') are mainly engaged in the research and development, production, distribution and sale of flavours and fragrances and reconstituted tobacco leaves in the People's Republic of China (the 'PRC'). Ms. Chu Lam Yiu ('Ms. Chu'), who is the Chairman of the Board of Directors, holds approximately 38% equity interest in the Company as at 31 March 2012, through six limited companies incorporated in the British Virgin Islands and solely beneficially owned by her, namely Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Raise Sino Investments Limited, Jumbo Elite Limited and Real Elite Investments Limited, and is the single largest shareholder of the Company.

These consolidated financial statements are presented in thousands of units of HK dollars ('HKD'000') unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 20 June 2012.

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

1. 一般資料

華寶國際控股有限公司(「本公司」)於百慕達註冊成立為獲豁免有限公司。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司的股份主要於香港聯合交易所有限公司(「聯交所」)上市。

本公司為投資控股公司。本公司及其附屬公司(「本集團」)之業務主要在中華人民共和國(「中國」)生產、分銷及銷售香精香料和煙草薄片。朱林瑤女士(「朱女士」)乃本公司之董事局主席，於二零一二年三月三十一日，透過六家於英屬處女群島註冊成立的並由朱女士唯一實益擁有的有限公司Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Raise Sino Investments Limited, Jumbo Elite Limited及Real Elite Investments Limited, 持有本公司約38%之權益，為本公司的單一大股東。

本綜合財務報表除另有說明者外，均以港幣千元(「港幣千元」)列示。本綜合財務報表已於二零一二年六月二十日獲董事會批准刊發。

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ('HKFRS') issued by the Hong Kong Institute of Certified Public Accountants (the 'HKICPA'). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) *The following new standards, amendment to standards, and interpretations are mandatory for the first time for the financial year beginning 1 April 2011, but are not currently relevant or do not have significant impact to the Group's operations (although they may affect the accounting for future transactions and events):*

- HKAS 24 (Revised), 'Related Party Disclosures' is effective for annual periods beginning on or after 1 January 2011.

2. 主要會計政策摘要

編製本綜合財務報表所應用的主要會計政策載於下文。除另有說明者外，此等政策在所呈報的所有年度內貫徹應用。

2.1 編製基準

本公司綜合財務報表乃根據香港會計師公會頒佈的香港財務報告準則（「香港財務報告準則」），並按歷史成本法編制，且就可供出售金融資產而作出修訂。

編制符合香港財務報告準則的財務報表須使用若干關鍵會計估算，管理層亦須於應用本集團會計政策過程中行使其判斷，而涉及高度的判斷或高度複雜性之範疇，或涉及對綜合財務報表作出重大假設和估算的範疇，在附註4中披露。

(a) *下列的新訂準則、修改準則及詮釋於二零一一年四月一日開始的財政年度首次強制應用，但現與本集團業務無關或無重大影響（雖然其可能會影響未來的交易和事項的會計記賬）：*

- 香港會計準則第24號（修訂）「關聯方披露」（由二零一一年一月一日或之後開始的年度期間起生效）。

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) *The following new standards, amendment to standards, and interpretations are mandatory for the first time for the financial year beginning 1 April 2011, but are not currently relevant or do not have significant impact to the Group's operations (although they may affect the accounting for future transactions and events): (continued)*

- Amendment to HK(IFRIC) – Int 14 'Prepayments of a minimum funding requirement' is effective for annual period beginning on or after 1 January 2011.
- HK(IFRIC) – Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual period beginning on or after 1 July 2010.
- Third annual improvements project (2010) published in May 2010 by the HKICPA:
 - HKFRS 3, 'Business combinations'
 - HKFRS 1, 'First time Adoption of Hong Kong Financial Reporting Standards'
 - HKFRS 7, 'Financial instruments: Disclosures'
 - HKAS 1, 'Presentation of financial statements'
 - HKAS 27, 'Consolidated and separate financial statements'
 - HKAS 34, 'Interim financial reporting'
 - HK(IFRIC) – Int 13 'Customer loyalty programmes'

2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

(a) 下列的新訂準則、修改準則及詮釋於二零一一年四月一日開始的財政年度首次強制應用，但現與本集團業務無關或無重大影響（雖然其可能會影響未來的交易和事項的會計記賬）：(續)

- 香港（國際財務報告詮釋委員會）－詮釋14「最低資金規定的預付款」的修改（由二零一一年一月一日或之後開始的年度期間起生效）。
- 香港（國際財務報告詮釋委員會）－詮釋19「以權益工具取代金融負債」（由二零一零年七月一日或之後開始的年度期間起生效）。
- 香港會計師公會在二零一零年五月頒佈的第三個年度改進項目（二零一零年）：
 - 香港財務報告準則第3號「業務合併」
 - 香港財務報告準則第1號「首次採納香港財務報告準則」
 - 香港財務報告準則第7號「金融工具：披露」
 - 香港會計準則第1號「財務報表的呈列」
 - 香港會計準則第27號「綜合及獨立財務報表」
 - 香港會計準則第34號「中期財務報告」
 - 香港（國際財務報告詮釋委員會）－詮釋13「客戶忠誠度計劃」

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) *The following new standards, amendments to standards and interpretations are not yet effective and have not been early adopted by the Group:*

- HKFRS 7 (Amendment) 'Disclosures – Transfers of financial assets' is effective for annual periods beginning on or after 1 July 2011.
- HKFRS 1 (Amendment) 'Severe hyperinflation and removal of fixed dates for first-time adopters' is effective for annual periods beginning on or after 1 July 2011.
- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' is effective for annual periods beginning on or after 1 January 2012.
- HKAS 1 (Amendment) 'Presentation of financial statements' is effective for annual periods beginning on or after 1 July 2012.
- HKFRS 10 'Consolidated financial statements' is effective for annual periods beginning on or after 1 January 2013.
- HKAS 27 (Revised 2011) 'Separate financial statements' is effective for annual periods beginning on or after 1 January 2013.
- HKFRS 11 'Joint arrangements' is effective for annual periods beginning on or after 1 January 2013.

2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

(b) *下列仍未生效而本集團亦無提早採納的準則、修改及對現有準則的詮釋：*

- 香港財務報告準則第7號(修改)「披露－金融資產的轉讓」，由二零一一年七月一日或之後開始的年度期間起生效。
- 香港財務報告準則第1號(修改)「嚴重高通脹及剔除首次採納者的固定日期」，由二零一一年七月一日或之後開始的年度期間起生效。
- 香港會計準則第12號(修改)「遞延稅項：相關資產的收回」，由二零一二年一月一日或之後開始的年度期間起生效。
- 香港會計準則第1號(修改)「財務報表的呈列」，由二零一二年七月一日或之後開始的年度期間起生效。
- 香港財務報告準則第10號「綜合財務報表」，由二零一三年一月一日或之後開始的年度期間起生效。
- 香港會計準則第27號(二零一一年修訂)「獨立財務報表」，由二零一三年一月一日或之後開始的年度期間起生效。
- 香港財務報告準則第11號「合營安排」，由二零一三年一月一日或之後開始的年度期間起生效。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) *The following new standards, amendments to standards and interpretations are not yet effective and have not been early adopted by the Group: (continued)*

- HKAS 28 (Revised 2011) 'Investments in Associates and joint ventures' is effective for annual periods beginning on or after 1 January 2013.
- HKFRS 12 'Disclosure of interests in other entities' is effective for annual periods beginning on or after 1 January 2013.
- HKFRS 13 'Fair value measurements' is effective for annual periods beginning on or after 1 January 2013.
- HKAS 19 (Amendment) 'Employee benefits' is effective for annual periods beginning on or after 1 January 2013.
- HKFRS 7 (Amendment) 'Financial instruments: Disclosures – Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2013.
- HK(IFRIC) – Int 20 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013.

2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

(b) *下列仍未生效而本集團亦無提早採納的準則、修改及對現有準則的詮釋：(續)*

- 香港會計準則第28號(二零一一年修訂)「聯營公司及合營企業之投資」，由二零一三年一月一日或之後開始的年度期間起生效。
- 香港財務報告準則第12號「在其他主體權益的披露」，由二零一三年一月一日或之後開始的年度期間起生效。
- 香港財務報告準則第13號「公允價值計量」，由二零一三年一月一日或之後開始的年度期間起生效。
- 香港會計準則第19號(修改)「員工福利」，由二零一三年一月一日或之後開始的年度期間起生效。
- 香港財務報告準則第7號(修改)「金融工具：披露－抵銷金融資產及金融負債」，由二零一三年一月一日或之後開始的年度期間起生效。
- 香港(國際財務報告詮釋委員會)－詮釋20「露天礦生產階段的剝離成本」，由二零一三年一月一日或之後開始的年度期間起生效。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) *The following new standards, amendments to standards and interpretations are not yet effective and have not been early adopted by the Group: (continued)*

- HKAS 32 (Amendment) 'Financial instruments: Presentation – Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2014.
- HKFRS 9 'Financial Instruments' is effective for annual periods beginning on or after 1 January 2015.
- HKFRS 7 and HKFRS 9 (Amendments) 'Mandatory effective date and transition disclosures' is effective for annual periods beginning on or after 1 January 2015.

Management does not anticipate that the application of the revised standards will result in a material impact on the Group's consolidated financial statements.

2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

(b) *下列仍未生效而本集團亦無提早採納的準則、修改及對現有準則的詮釋：(續)*

- 香港會計準則第32號(修改)「金融工具：列報－抵銷金融資產及金融負債」，由二零一四年一月一日或之後開始的年度期間起生效。
- 香港財務報告準則第9號「金融工具」，由二零一五年一月一日或之後開始的年度期間起生效。
- 香港財務報告準則第7號及香港財務報告準則第9號(修改)「強制性生效日期及過渡性披露」，由二零一五年一月一日或之後開始的年度期間起生效。

管理層預期該等修訂準則的應用不會對本集團的綜合財務報表有重大影響。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. 主要會計政策摘要(續)

2.2 綜合賬目

綜合財務報表包括本公司及其所有附屬公司截至三月三十一日止之財務報表。

(a) 附屬公司

附屬公司指本集團有權管控其財務及營運政策的所有實體(包括特殊目的實體)，且一般附帶超過一半投票權之股權。當評定本集團是否控制另一實體時，目前可行使或可轉換之潛在投票權的存在及影響均予考慮。如本集團不持有超過50%投票權，但有能力基於實質控制權而管控財務和經營政策，也會評估是否存在控制權。實質控制權可來自例如增加非控制權益的數目或股東之間的合約條款等情況。

附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

集團內公司之間的交易、交易的結餘及未實現盈利予以對銷。集團內公司間的盈虧(確認於資產)亦予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

(i) Business combinations

Apart from the application of merger accounting on those common control combinations, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

(i) 業務合併

除對共同控制下的實體合併採用合併會計法的情況外，會計法收購法乃用作本集團收購附屬公司的入賬方法。收購附屬公司的轉讓代價為本集團所轉讓資產、所產生負債及所發行的股權的公允價值。所轉讓代價包括或有代價安排所產生的任何資產或負債的公允值。於業務合併時所收購可識別的資產以及所承擔的負債及或然負債，初步按收購日的公允價值計量。就逐項收購基準，本集團可按公允價值或非控制性權益應佔被收購方淨資產的比例，計量被收購方的非控制性權益。

收購的相關成本在產生時支銷。

如業務合併分階段進行，收購方之前在被收購方持有的權益按收購日期的公允價值在損益中重新計量。

集團將轉讓的任何或有對價按收購日期的公允價值計量。被視為資產或負債的或有對價公允價值的其後變動，根據香港會計準則第39號的規定，在損益中或作為其他收益的變動確認。分類為權益的或有對價不重新計量，其之後的結算在權益中入賬。

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

(i) Business combinations (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

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2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

(i) 業務合併 (續)

商譽初始計量為轉讓對價與非控制性權益的公允價值總額，超過所購入可辨認資產和承擔負債淨值的差額。如此對價低過所購買附屬公司淨資產的公允價值，該差額在損益中確認。

(ii) 不導致失去控制權的附屬公司權益變動

本集團將其非控制性權益進行、不導致失去控制權的交易入賬為權益交易 – 即與所有者以其作為所有者身份進行的交易。所支付任何對價的公允價值與相關應佔所收購附屬公司淨資產賬面值的差額記錄為權益。向非控制性權益的處置的盈虧亦記錄在權益中。

(iii) 出售附屬公司

當集團不再持有控制權，在主體的任何保留權益於失去控制權當日重新計量至公允價值，賬面值的變動在損益中確認。公允價值為就保留權益的後續入賬而言的初始賬面值，作為聯營、合營或金融資產。此外，之前在其他綜合收益中確認的任何數額猶如本集團已直接處置相關資產和負債。這意味著之前在其他綜合收益中確認的數額重新分類至損益。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(b) Application of merger accounting

The consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs on the basis that they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognized for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented on the basis that the entities had been combined at the previous closing date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealized gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred.

2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(b) 同一控制下合併的合併會計法

當共同控制企業合併發生時，綜合財務報表包括被合併實體的財務報表，就如同被合併實體在開始處於控制所有者的共同控制下就已經被合併。

從控制方的角度，被合併的實體的淨資產以賬面值合併。在共同控制企業合併中產生的商譽以及收購方應佔被收購方可辨認資產，負債及或然負債的公允值超過成本的金額不予確認。

綜合收益表包括每一個合併實體的經營成果，而其期間為財務報表最早的披露日期與合併實體開始處於共同控制之日兩者較短期間，而不考慮共同控制企業合併日。

綜合財務報表中的比較數據，已假設實體已於上一個結算日或首次受到共同控制時(以較短者為準)呈列。

在這些實體中採用統一的會計政策。集團內合併實體的所有交易、餘額及在交易中獲得的未實現收益在合併中對銷。

交易成本，包括專業服務費、註冊費、向股東提供資訊發生的費用，將單個業務合併起來發生的成本或損失等其他與採用共同權益會計核算的共同控制企業合併有關的成本於發生時費用化。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other consolidated comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in share of profit/(loss) of an associate in the income statement.

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2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(c) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。於聯營公司之投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值被增加或減少以確認投資者享有被投資者在收購日期後的損益份額。本集團於聯營公司之投資包括收購時已識辨之商譽。

如聯營公司的權益持有被削減但仍保留重大影響力，只有按比例將之前在其他綜合收益中確認的數額重新分類至損益（如適當）。

本集團應佔收購後聯營公司的盈利或虧損於綜合收益表內確認，而應佔收購後的其他全面收益表變動則於其他綜合收益表內確認，並相應調整賬面值。如本集團應佔一家聯營公司之虧損等於或超過其在該聯營公司之權益，包括任何其他無抵押應收款，本集團不會進一步確認虧損，除非本集團對聯營公司已產生法律或推定債務或已代聯營公司作出付款。

本集團在每個報告日期釐定是否有客觀證據證明聯營公司投資已減值。如投資已減值，本集團計算減值，數額為聯營公司可收回數額與其賬面值的差額，並在收益表中的「應佔聯營公司盈利／（虧損）」中確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(c) Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the consolidated income statement.

(d) Jointly controlled entity

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the jointly controlled entity's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognizes the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that is attributable to the other venturers. The Group does not recognize its share of profits or losses from the jointly controlled entity that result from the Group's purchase of assets from the jointly controlled entity until it re-sells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(c) 聯營公司 (續)

本集團與其聯營公司之間的上游及下游交易的盈虧，在本集團的財務報表中確認，但僅限於無關連投資者在聯營公司權益的數額。除非交易提供證據顯示所轉讓資產已減值，否則未實現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

在聯營公司的攤薄盈虧於綜合收益表內確認。

(d) 共同控制實體

本集團在共同控制實體的權益按比例合併法入賬。本集團將其應佔共同控制實體的個別收益和費用、資產和負債及現金流量，分別按本集團財務報表中相類似的報表項目以項對項基準合併。本集團向共同控制體銷售資產確認按照投入的比例確認收益或損失。本集團不確認向共同控制體購買資產而獲得的收益或損失，直到資產轉售予獨立第三方。然而，倘虧損顯示流動資產的可變現淨值有減值現象，此交易虧損會即時確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend are receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Hong Kong dollars ('HKD'), which is the Company's functional currency and the Group's presentation currency.

2. 主要會計政策摘要 (續)

2.3 獨立財務報表

附屬公司投資按成本扣除減值列賬。成本亦包括投資的直接歸屬成本。附屬公司的業績由本公司按已收及應收股息入賬。

如股息超過宣派股息期內附屬公司的總綜合收益，或如在獨立財務報表的投資賬面值超過綜合財務報表中被投資公司淨資產（包括商譽）的賬面值，則必須對附屬公司投資作減值測試。

2.4 分部報告

經營分部按照向主要經營決策者提供的內部報告貫徹一致的方式報告。主要經營決策者被認為作出策略性決定的執行董事負責分配資源和評估經營分部的表現。

2.5 外幣換算

(a) 功能和列賬貨幣

本集團各實體之財務報表所包括的項目，乃按該實體經營所在的主要經濟環境的貨幣（「功能貨幣」）計量。本綜合財務報表以港幣列示，此乃本公司的功能貨幣及本集團的列賬貨幣。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other income'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between transaction differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2. 主要會計政策摘要 (續)

2.5 外幣換算 (續)

(b) 交易及結餘

外幣交易均按當日的匯率交易或項目重新計量時按估值換算為功能貨幣。除了現金流對沖或淨投資對沖造成的匯兌盈虧，結算此等交易產生的匯兌盈虧以及將外幣計值的貨幣資產和負債以年終匯率換算產生的匯兌盈虧在收益表內確認。

與借款和現金及現金等價物有關的匯兌盈虧在綜合收益表內的「財務收入或成本」中列報。所有其他匯兌盈虧在綜合收益表內的「其他收益」中列報。

被分類為可供出售且以外幣為單位的貨幣性證券的公允價值變動，按照證券的攤銷成本變動與該證券賬面值的其他變動所產生的換算差額進行分析。與攤銷成本變動有關的換算差額確認為盈虧，賬面值的其他變動則於其他全面收益中確認。

非貨幣性金融資產（例如分類為可供出售的權益）的換算差額包括在其他全面收益中。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that reporting;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in equity.

2. 主要會計政策摘要 (續)

2.5 外幣換算 (續)

(c) 集團公司

功能貨幣與列賬貨幣不同的所有集團實體(當中沒有嚴重通脹的貨幣)的業績及財務狀況，乃按以下方式換算為列報貨幣：

- (i) 每份呈報的財務狀況表所呈列之資產及負債乃按其結算日之收市匯率換算；
- (ii) 每份收益表內的收入和費用乃按平均匯率換算(除非該平均匯率並不代表交易當日匯率的累計影響的合理約數；在此情況下，收支則按交易當日的匯率換算)；及
- (iii) 所有因此而產生的匯兌差額在其他全面收益中確認。

收購海外實體產生的商譽及公允價值調整視為該海外實體的資產和負債，並按收市匯率換算。產生的匯兌差額在權益中確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group's losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group's losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 Property, plant and equipment

Construction in progress represents the direct costs of construction of property, plant and equipment incurred plus interest capitalized less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and available for their intended use.

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2. 主要會計政策摘要 (續)

2.5 外幣換算 (續)

(d) 海外業務的處置和部分處置

對於海外業務的處置(即處置集團在海外業務中的全部權益，或者處置涉及喪失對擁有海外業務的附屬公司的控制權，或涉及喪失對擁有海外業務的共同控制實體的共同控制權，或涉及喪失對擁有海外業務的聯營企業的重大影響)，就該項經營累計計入權益的歸屬於公司權益持有者的所有匯兌差額均重分類至損益。

對於並不導致集團喪失對擁有海外業務的附屬公司的控制權的部分處置，集團在累計匯兌差額中的比例份額重新歸屬於非控制性權益並且不在損益中確認。對於所有其他部份處置(即集團在聯營企業或共同控制實體中的所有權益的減少並不導致集團喪失重大影響或共同控制權)，集團在累計匯兌差額中的比例份額重分類至損益。

2.6 物業、機器及設備

在建工程乃指興建物業、機器及設備所引起之直接並加上完工日前之資本化利息扣除任何減值虧損。在建工程不予折舊，直至相關資產完成及可供使用為止。

所有其他物業、機器及設備按歷史成本扣除折舊及減值虧損列賬。歷史成本包括收購該等項目直接應佔的開支。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Plant and machinery	5-10 years
Motor vehicles	5 years
Furniture, fixtures and equipment	5-10 years
Leasehold improvements	2-5 years or over the lease term, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income, in the consolidated income statement.

2. 主要會計政策摘要 (續)

2.6 物業、機器及設備 (續)

僅在與項目相關之日後經濟效益有可能流入本集團，而有關項目的成本能夠可靠地計量時，其後成本才包括在資產的賬面值或確認為一項獨立資產（如適用）。被替換部分資產賬面值終止確認。所有其他維修保養費用於其產生的財政期間於收益表中支銷。

物業、機器及設備以直線法計算折舊，並按估計可使用年期分配至其剩餘價值，估計可使用年期如下：

樓宇	20年
機器及設備	5至10年
汽車	5年
傢俬、裝置及設備	5至10年
租賃物業改良	2至5年或 按租賃年期， 以較短者為準

於每個結算日均會檢討資產剩餘價值及可使用年期，並在適當情況下作出調整。倘資產賬面值高於其估計可收回金額，該資產的賬面值即時被撇減至其可收回金額（附註2.9）。

出售盈虧乃比較所得款項與賬面值而釐定，在收益表內的其他收益淨額中確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Land use rights

Land use rights are up-front payments to acquire long-term interests in the usage of land. They are stated at cost and charged to the consolidated income statement over the remaining period of the lease on a straight-line basis, net of any impairment losses.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ('CGUs'), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2. 主要會計政策摘要 (續)

2.7 土地使用權

土地使用權是為在使用土地時獲取長期利益而預先支付的款項。土地使用權所預付租賃款在租賃期內按照直線法扣除任何減值虧損在綜合收益表中支銷。

2.8 無形資產

(a) 商譽

商譽產生自收購附屬公司、聯營公司及合營公司，並相當於所轉讓對價超過本集團在被收購方的可識辨資產、負債和或有負債淨公允價值權益與非控制性權益在被收購方公允價值之數額。

就減值測試而言，在業務合併中購入的商譽會分配至預期可從合併中獲取協同利益的每個現金產生單位（「現金產生單位」）或現金產生單位組。商譽被分配的每個單位或單位組指在主體內商譽被監控作內部管理用途的最低層次。商譽在經營分部層次進行監控。

對商譽的減值檢討每年進行，或如事件或情況轉變顯示可能存在減值，則更頻密地檢討。商譽賬面值與可收回數額（使用價值與公允價值減出售成本較高者）比較。任何減值須即時確認及不得在之後期間撥回。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible assets (continued)

(b) *Customer relationships and non-competition agreement*

Customer relationships and non-competition agreement acquired as part of a business combination are capitalized separately from goodwill and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 10 years.

(c) *Trademarks and licenses*

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 10 to 20 years.

(d) *Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 to 5 years.

(e) *Patent*

Patent includes purchased technology and skills acquired from third parties. They have a finite useful life and carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of the technology and skills over their estimated useful life 10 years.

2. 主要會計政策摘要 (續)

2.8 無形資產 (續)

(b) *客戶關係及非同業競爭協議*

客戶關係及非同業競爭協議為業務合併的一部份，並已資本化與商譽分開，按成本減累計攤銷及累計減值虧損列賬。攤銷以直線法將無形資產的成本按其估計可使用年期10年計算。

(c) *商標及許可證*

分開購入的商標及許可證按歷史成本列賬。在業務合併中購入的商標及許可證按購買日的公允價值列賬。商標及許可證具有有限可使用年期，按成本減累計攤銷和累計減值準備列賬。攤銷以直線法將商標的成本按其估計可使用年期10至20年計算。

(d) *電腦軟件*

購入的電腦軟件牌照按購入及使用該特定軟件達到可使用時所產生的成本作資本化處理。此等成本按估計可使用年期(三至五年)攤銷。

(e) *專利*

專利乃購自第三方的技術並具有有限可使用期，按成本減累計攤銷及及累計減值虧損列賬。攤銷以直線法將專利及技術的成本按其估計可使用年期10年計算。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' and 'amount due from subsidiary' in the statements of financial position.

2. 主要會計政策摘要 (續)

2.9 非金融資產的減值

不確定使用年期之資產(如商譽或尚未可供使用的無形資產)無需攤銷，但最少每年就減值進行測試。各項資產，當有事件出現或情況改變顯示賬面值可能無法收回時就減值進行檢討。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產之公允價值扣除銷售成本或使用價值兩者之較高者為準。於評估減值時，資產按可分開識別現金流量(現金產出單位)的最低層次組合。除商譽外，已蒙受減值的非金融資產在每個報告日期均就減值是否可以撥回進行檢討。

2.10 金融資產

2.10.1 分類

本集團將其金融資產分為以下類別：貸款及應收款項及可供出售之金融資產。分類視乎購入財務資產之目的。管理層在初始確認時確定財務資產的分類。

(a) 貸款及應收款項

貸款及應收款為固定或可釐定付款且沒有在活躍市場上報價的非衍生金融資產。此等款項包括在流動資產內，但若由結算日起計超過12個月到期者，則分類為非流動資產。貸款及應收款列示於財務狀況表中「貿易及其他應收款項」、「現金及現金等價物」及「應收附屬公司款項」內。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

2.10.1 Classification (continued)

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement as 'other gains – net'.

Dividends on available-for-sale equity instruments are recognized in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2. 主要會計政策摘要 (續)

2.10 金融資產 (續)

2.10.1 分類 (續)

(b) 可供出售金融資產

可供出售金融資產為被指定作此類別或並無分類為任何其他類別的非衍生工具。除非投資到期或管理層有意在結算日後12個月內處置該投資，否則此等資產列在非流動資產內。

2.10.2 確認和計量

常規購入及出售的金融資產在交易日確認 – 交易日指本集團承諾購入或出售該資產之日。對於並非按公允價值透過損益記賬的所有金融資產，其投資初步按公允價值加交易成本確認。以公允價值計量且其變動計入損益的金融資產，初始按公允價值確認，而交易成本則在收益表中支銷。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將擁有權的所有風險和回報實際轉讓時，金融資產即終止確認。可供出售金融資產以公允價值計量且其變動計入損益的金融資產其後按公允價值列賬。貸款及應收款其後利用實際利息法按攤銷成本列賬。

分類為可供出售的貨幣性及非貨幣性證券的公允價值變動在其他全面收益中確認。

當分類為可供出售的證券售出或減值時，在權益中確認的累計公允價值調整列入收益表內作為「其他收益 – 淨額」。

可供出售權益工具的股息，當本集團收取有關款項的權利確定時，在綜合收益表內確認為其他收益的一部份。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.12 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. 主要會計政策摘要 (續)

2.11 抵銷金融工具

當有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。

2.12 金融資產減值

(a) 以攤銷成本列賬的資產

本集團於每個結算日評估是否存在客觀證據證明某一金融資產或某一組金融資產出現減值。只有當存在客觀證據證明於首次確認資產後發生一宗或多宗事件導致出現減值（「虧損事項」），而該宗（或該等）虧損事項對該項或該組金融資產的估計未來現金流量構成的影響可以合理估計，有關的金融資產或金融資產組才算出現減值及產生減值虧損。

減值虧損的證據可包括債務人或一組債務人遇上嚴重財務困難、逾期或拖欠償還利息或本金、債務人很有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流有可計量的減少，例如與違約有相互關連的拖欠情況或經濟狀況改變。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of financial assets (continued)

(a) Assets carried at amortized cost (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its costs is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2. 主要會計政策摘要 (續)

2.12 金融資產減值 (續)

(a) 以攤銷成本列賬的資產 (續)

對於貸款及應收款類別，其損失金額乃根據資產賬面值與金融資產按原實際利率貼現而估計未來現金流量（不包括仍未產生的未來信用損失）的現值兩者的差額計量。資產賬面值予以削減，而損失金額則在綜合收益表確認。如貸款有浮動利率，計量任何減值損失的貼現率為按合同釐定的當前實際利率。在實際應用中，集團可利用可觀察的市場價格，按工具的公允價值計量減值。

如在較後期間，減值虧損的數額減少，而此減少可客觀地聯繫至減值在確認後才發生的事件（例如債務人的信用評級有所改善），則之前已確認的減值虧損可在綜合收益表撥回。

(b) 可供出售資產

本集團於每個結算日評估是否存在客觀證據證明某一金融資產或某一組金融資產出現減值。至於分類為可供出售的權益投資，證券公允價值的大幅度或長期跌至低於其成本值，亦是證券已經減值的證據。若可供出售金融資產存在此等證據，累計虧損—按收購成本與當時公允價值的差額，減該金融資產之前在損益確認的任何減值虧損計算—自權益中剔除並在綜合收益表中記賬。在綜合收益表確認的權益工具的減值虧損不會透過綜合收益表撥回。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. 主要會計政策摘要 (續)

2.13 存貨

存貨按成本及可變現淨值兩者中的較低者列賬。成本按加權平均法釐定。製成品及在製品的成本主要包括原材料、直接勞工、其他直接成本及相關的生產開支(根據正常營運能力)。這不包括貸款成本。可變現淨值乃按正常業務過程中的估計售價，減去適用的變動銷售開支計算。

2.14 貿易及其他應收款項

貿易應收賬款為在日常經營活動中就商品銷售或服務執行而應收客戶的款項。如貿易應收賬款及其他應收款的收回預期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動資產；否則分類為非流動資產。

貿易及其他應收款項最初以公允價值確認，其後以實際利息法按攤銷成本扣除減值撥備計量。

2.15 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款及其他短期高流動性投資。

2.16 股本

普通股列為權益。

直接歸屬於發行新股或購股權的新增成本在權益中列為所得款的減少(扣除稅項)。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

2. 主要會計政策摘要(續)

2.17 借款

借款按公允價值並扣除產生的交易費用為初始確認。借款其後按攤銷成本列賬；所得款（扣除交易成本）與贖回價值的任何差額利用實際利率法於借款期間內在收益表確認。

設立貸款融資時支付的費用倘部份或全部融資將會很可能提取，該費用確認為貸款的交易費用。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部份或全部融資將會很可能被提取，則該費用資本化作為流動資金服務的預付款，並按有關的融資期間攤銷。

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則貸款分類為流動負債。

2.18 借款成本

直接歸屬於收購、興建或生產合資格資產（指必須經一段長時間籌備以作其預定用途或銷售的資產）的一般及特定借款成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。

就特定借款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借款成本中扣除。

所有其他借款成本在發生時確認於綜合收益表中。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries, associates and jointly controlled entity operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. 主要會計政策摘要 (續)

2.19 貿易應付款

貿易應付賬款為在日常經營活動中購買商品或服務而應支付的債務。如應付款的支付日期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動負債；否則分類為非流動負債。

貿易應付款初步以公允價值確認，其後利用實際利息法按攤銷成本計量。

2.20 當期及遞延所得稅

本期間的稅項支出包括當期和遞延稅項。稅項在綜合收益表中確認，但與其他綜合全面收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他綜合全面收益或直接在權益中確認。

(a) 當期所得稅

當期所得稅支出根據本公司、其附屬公司、聯營公司及共同控制實體營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Current and deferred income tax (continued)

(b) *Deferred income tax*

Inside basis difference

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint controlled entity and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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2. 主要會計政策摘要 (續)

2.20 當期及遞延所得稅 (續)

(b) *遞延所得稅*

內在差異

遞延所得稅以負債法就資產與負債的稅基與資產和負債在綜合財務報表的賬面值之差額產生的暫時差異。然而，若遞延所得稅來自商譽的初始確認，以及若遞延所得稅來自在交易（不包括企業合併）中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延稅項採用在結算日前已頒佈或實質上頒佈，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期會將適用之稅率（及法例）而釐定。

遞延所得稅資產於有可能出現未來應課稅溢利抵銷暫時差額時方會確認。

外在差異

遞延所得稅按投資於附屬公司、共同控制實體及聯營公司產生之暫時差額而作出撥備，但假若本集團可以控制暫時差異之撥回時間，而暫時差異在可預見將來有可能不會撥回則除外。

(c) *抵銷*

當有法定可執行權利將當期稅項資產與當期稅項負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅實體或不同課稅實體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits

(a) Pension obligations

The Group operates the Mandatory Provident Fund Scheme ('MPF Scheme') in Hong Kong which is generally funded through payments to insurance companies under defined contribution plan. It pays contributions to administered pension insurance plans on a mandatory, contractual or voluntary basis. Moreover, all the employees of the Group's entities incorporated in the Mainland China of the PRC (the 'Mainland China') participate in employee social security plans, including pension, medical, housing and other welfare benefits, organized and administered by the local governments. The Group also makes defined contribution to retirement schemes managed by the insurance company in accordance with German regulation and rules for the employees of the subsidiary located in Germany. The Group has no further payment obligations once these contributions have been paid. The contributions are recognized as employees benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. 主要會計政策摘要 (續)

2.21 僱員福利

(a) 退休金責任

本集團於香港設有強制性公積金計劃(「強積金計劃」)，該計劃一般透過根據定額供款向保險公司付款而注資。本集團向管理退休保險計劃作出強制、合約或自願性質供款。此外，所有身為本集團於中華人民共和國註冊成立實體之僱員，均已參與由地方政府組織及管理之僱員社會保障計劃，涵蓋退休金、醫療、房屋及其他社會福利。本集團根據德國相關法律和法規為設立於德國的附屬公司之合資格僱員根據定額供款退休計劃向有關保險公司作出供款。本集團的香港公司一經繳付供款後再無進一步付款責任。供款於應付時確認為僱員福利開支，並可由歸屬前離開計劃的僱員所放棄的全數供款撇減。預付供款按照現金退款或未來款項減少而確認為資產。

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(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits (continued)

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

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(除另有說明者外，所有金額均以港幣千元列示)

2. 主要會計政策摘要 (續)

2.21 僱員福利 (續)

(b) 以股份支付之酬金

本公司設有一項按權益償付，以股份支付酬金的計劃。根據該計劃，主體收取僱員的服務作為本集團權期工具（購股權）的對價。僱員為換取獲授予購股權而提供服務的公允價值確認為費用。作為費用的總金額，乃參照已授出的購股權之公允價值釐定：

- 包括任何市場條件（例如實體的股價）；
- 不包括任何非市場歸屬條件（例如盈利，銷售增長目標及僱員在某特定時期內留任實體的影響）；及
- 包括任何非歸屬條件（例如規定僱員儲蓄）的影響。

非市場表現和服務條件包括在有關預期可予行使購股權數目的假設中。費用的總金額在歸屬期間內確認，歸屬期間指將符合所有特定可行權條件的期間。此外，在某些情況下，僱員可能在授出日期之前提供服務，因此授出日期的公允價值就確認服務開始期與授出日期之間期的開支作出估計。在每個報告期末，集團依據非市場表現和服務條件修訂其對預期可行權的購股權數目的估計。主體在收益表確認對原估算修訂（如有）的影響，並對權益作出相應調整。

在購股權行使時，本公司發行新股份。當購股權獲行使時，已收取所得款項（扣除任何直接應佔交易成本）均列入股本（面值）及股份溢價中。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value-added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognized when a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assumed.

Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized using the original effective interest rate.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

2. 主要會計政策摘要 (續)

2.22 收入確認

收入按已收或應收對價的公允價值計量，並相當於供應貨品的應收款項，扣除折扣、退貨和增值稅後列賬。當收入的金額能夠可靠計量、未來經濟利益很有可能流入有關實體，及當本集團每項活動均符合具體條件時（如下文所述），本集團便會將收入確認。本集團會根據其往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

(a) 貨品銷售

銷售貨品於本集團實體送交貨品予客戶，客戶接受該產品，銷售額能夠可靠計量以及有關應收款的收回可合理確保時確認入賬。

當產品已付運予至指定地點，過時和損失風險已轉讓予客戶，而客戶已根據銷售合同接收產品、或所有接收條款已作廢，或本集團有客觀證據顯示所有接收條款已經履行後，貨品交付才算產生。

(b) 利息收入

利息收入採用實際利息法按時間比例基準確認入賬。倘應收款項出現減值時，本集團會將賬面值撇減至可收回款額，即估計的未來現金流量按該工具之原有效利率貼現值，並繼續將貼現計算並確認為利息收入。已減值應收款的利息收益利用原有效利率確認。

(c) 股息收入

股息收入在收取款項的權利確定時確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Research and development costs

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) the management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Development assets are tested for impairment annually. No development costs had been capitalized for the year ended 31 March 2012 (2011: Nil).

2. 主要會計政策摘要(續)

2.23 研發成本

研究費用於產生時確認為支出。倘開發中項目(有關設計及測試全新或經改良產品)所產生之費用，符合下列條件的確認為無形資產：

- (a) 產品技術上可行並可完成該無形資產並能出售或使用；
- (b) 管理層有意完成該無形資產並出售或使用；
- (c) 有能力使用或出售該無形資產；
- (d) 可證明該無形資產如何為將來產生經濟效益；
- (e) 足夠的技術、財務及其他資源可完成開發及使用或出售該無形資產；及
- (f) 於開發該無形資產時的成本能可靠計量。

資本化的研發費用計入無形資產並在資產達到可使用狀態時採用直線法在使用壽命內開始攤銷，使用年限不會超過5年。

其他研發費用於產生時如不符合上述條件的均會確認為費用。過往確認作費用之開發成本在其後期間並不確認為資產。

研發資產每年進行減值測試。在截至二零一二年三月三十一日止年度內並無任何發展成本已資本化(二零一一年：無)。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 主要會計政策摘要 (續)

2.24 Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.24 經營租賃

凡資產擁有權的大部份風險及回報仍歸出租人所有的租賃，均列作經營租賃。根據經營租賃的付款（扣除出租人給予的任何優惠）在租期內以直線法於綜合收益表支銷。

2.25 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

2.25 政府補貼

當能夠合理地保證本集團符合所有附帶條件而將收取政府補貼時，政府提供的補貼按公允價值確認入賬。

Government grants relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

與成本有關之政府補貼遞延入賬，按擬補償成本之相應期間在綜合收益表確認。

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

與購買物業、機器及設備有關之政府補貼列入非流動負債作為遞延收入，按有關資產之預計年期以直線法在綜合收益表確認。

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the final dividends are approved by the Company's shareholders and interim dividends are approved by the Company's Board of Directors.

2.26 股息分派

向本公司股東分派的末期股息在股息獲本公司股東批准的期間內，中期股息在獲本公司董事會批准的期間內，於本集團及本公司的財務報表內列為負債。

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3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk, and fair value interest rate risk), credit risk and liquidity risk. The Group does not have any significant price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out under the policies approved by the Board of Directors. The Group identifies and evaluates financial risks in close co-operations with its operating units. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing of excess liquidity.

(a) *Market risk*

(i) **Foreign exchange risk**

The Group mainly operates in Hong Kong and the Mainland China and is exposed to foreign exchange risk primarily with respect to Renminbi ('RMB'). The exchange rate of HKD against RMB and cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group did not have significant exposure to foreign exchange risk as the entities of the Group mainly earn their profits in RMB and the value of RMB has been appreciating against HKD.

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(除另有說明者外，所有金額均以港幣千元列示)

3. 財務風險管理

3.1 財務風險因素

本集團的活動面對多項財務風險：市場風險（包括貨幣風險、現金流量之利率風險及公允值之利率風險）、信貸風險及流動性風險。本集團無重大的價格風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求儘量減低對本集團財務表現的潛在不利影響。

風險管理按照董事會批准的政策執行、確定和評估財務風險。集團經營單位緊密合作以確定和評估財務風險。董事會為整體風險管理訂定指引，亦為若干特定範疇提供政策，例如貨幣風險、利率風險和信貸風險，以及投資剩餘的流動資金。

(a) *市場風險*

(i) **貨幣風險**

本集團主要於香港及中國內地經營，主要貨幣風險為人民幣匯率風險。人民幣兌港幣之匯率以及從中國內地匯出之款項須遵守中國政府頒佈之外匯管制條例及規例。由於本集團各公司主要獲取人民幣收益且人民幣對港幣尚在升值，故本集團並無重大貨幣風險。

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(除另有說明者外，所有金額均以港幣千元列示)

3. FINANCIAL RISK MANAGEMENT (continued)

3. 財務風險管理 (續)

3.1 Financial risk factors (continued)

3.1 財務風險因素 (續)

(a) Market risk (continued)

(a) 市場風險 (續)

(i) Foreign exchange risk (continued)

Should RMB be strengthened/weakened by 5% against HKD during the year ended 31 March 2012, with all other factors remaining unchanged, the profit after income tax for the year and equity as at year end date would be affected as follows:

(i) 貨幣風險 (續)

截至二零一二年三月三十一日止年度內，假若人民幣兌港幣升值／貶值5%，而所有其他因素維持不變，則對除稅後盈利及權益的影響如下：

		Change of profit after income tax for the year increase/(decrease) 對除稅後盈利的影響增加／(減少)		Change of equity as at 31 March increase/(decrease) 於三月三十一日對權益的影響增加／(減少)	
		2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年
Group	本集團				
- Strengthened by 5%	- 升值5%	88,006	47,352	305,875	216,351
- Weakened by 5%	- 貶值5%	(88,006)	(47,352)	(305,875)	(216,351)
Company	本公司				
- Strengthened by 5%	- 升值5%	-	-	-	-
- Weakened by 5%	- 貶值5%	-	-	-	-

(ii) Cash flow and fair value interest rate risk

Other than deposits held in banks, the Group does not have significant interest-bearing assets. Fluctuation of market rates does not have a significant impact to the Group's performance.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings which are at floating rates, and expose the Group to cash flow interest-rate risk.

At 31 March 2012, if interest rates on borrowings had been 2 percentage points higher/lower, with all other variables held constant, there would be no material impact to the profit for the year.

(ii) 現金流量及公允值之利率風險

除存放於銀行的存款以外，本集團並無重大計息資產。市場利率的變動對本集團的表現無重大影響。

集團面臨的利率變動風險主要來自按浮動利率發行的貸款，令本集團承受現金流量利率風險。

於二零一二年三月三十一日，在其他因素不變的情況下，若借款利率上升／下降兩個百分點，對本年盈利並無重大影響。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, credit exposure to customers and related parties arising from outstanding receivables.

As at the reporting dates, all the Group's bank deposits are placed in high quality financial institutions without significant exposure to credit risk.

The Group currently sells substantially all its flavours, fragrances and reconstituted tobacco leaves products in the PRC domestic market. Credit is granted for a period up to 6 months to the major customers. The credit period is determined according to an assessment made on the financial conditions and past payment history of these customers with the approval obtained from senior management. As at 31 March 2012, the 5 largest debtors accounted for 38% (2011: 48%) of total trade receivables balance of the Group.

The directors are of the view that most customers with outstanding balances as at 31 March 2012 are either existing customers with long cooperation history with the Group and/or reputable companies in the industry. The risk of credit default is considered to be low and accordingly, the provision for doubtful debts as at 31 March 2012 amounting to approximately HKD7,175,000 (2011: HKD3,407,000) is considered adequate to cover any significant potential credit risk.

The Company also recorded some balances due from subsidiaries. The directors do not consider that there is significant credit risk arising from these balances in light of the past repayment history and operations of these subsidiaries.

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(除另有說明者外，所有金額均以港幣千元列示)

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

信貸風險是按照組合方式管理。信貸風險主要來自存放於銀行及其他財務機構的存款及現金及現金等價物、信貸予客戶及關聯人士之未償付的應收款項。

於結算日，本集團所有的銀行存款均存放於優質及無重大信貸風險的財務機構。

本集團現時主要於中國本地市場銷售其食用香精香料，日用香精香料及煙草薄片產品。授予主要客戶的信貸期為6個月。信貸期的確定乃根據該客戶的財務條件及過往付款紀錄評估得出並獲得高級管理層的核准。於二零一二年三月三十一日，五大客戶佔本集團總貿易應收款項結餘約38% (二零一一年：48%)。

董事認為於二零一二年三月三十一日大多數的存在未償還結餘的客戶多數為與本集團具有長期合作關係的現有客戶及／或於其行業具有良好信譽的客戶。故信貸風險相對較低，於二零一二年三月三十一日約港幣7,175,000元 (二零一一年：港幣3,407,000元) 的減值撥備足夠覆蓋任何重大潛在的信貸風險。

就應收附屬公司款項，在考慮其以往還款情況及業務狀況後，管理層亦不預期其存在重大信貸風險。

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3. FINANCIAL RISK MANAGEMENT (continued)

3. 財務風險管理 (續)

3.1 Financial risk factors (continued)

3.1 財務風險因素 (續)

(c) Liquidity risk

(c) 流動性風險

Cash flow forecast is performed in the operating entities of the Group. The directors monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and that the Group does not breach borrowing covenants on its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and if applicable, external regulatory or legal requirements – for example, currency restrictions.

現金流量預測是在集團的經營主體執行。董事監控集團的流動資金需求的滾動預測，確保有足夠資金應付經營需要，但同時確保集團不違反其借款條款。此等預測考慮了集團債務融資計劃、條款遵從、符合內部財務狀況表比率目標，及外部的監管或法例規定 – 例如貨幣限制 (如適用)。

Except for an insignificant amount of long-term borrowing as at 31 March 2011, all borrowing and trade and other payables of the Group and the Company were with maturity date within 1 year.

除於二零一一年三月三十一日一筆不重大的長期貸款外，本集團及本公司所有的貸款、貿易及其他應付賬款的到期日皆在1年內到期。

As at 31 March 2012, the Group's net debt is zero (2011: zero), which is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents.

於二零一二年三月三十一日，本集團之債務淨額為零 (二零一一年：零)。債務淨額為總借貸 (包括流動及非流動貸款) 減去現金及現金等價物。

3.2 Capital risk management

3.2 資金風險管理

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

本集團的資金管理政策目的是保障集團能繼續營運，以為股東提供回報和為其他權益持有人提供利益，同時維持最佳的資本結構以減低資金成本。

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

為了維持或調整資本結構，本集團可能會調整支予股東的股息數額、向股東分派的資本返還、發行新股或出售資產以減低債務。

The operating cash inflows of the Group are sufficient for investing activities including acquisition of new businesses.

本集團經營活動產生的現金流可足夠用於投資活動包括收購新業務。

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted price (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The financial assets of level 3 fair value hierarchy classification as at 31 March 2012 and 2011 were the available-for-sale financial assets, of which the changes for the year ended 31 March 2012 and 2011 are presented in Notes 11. There were no transfers into or out of level 3.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

3. 財務風險管理 (續)

3.3 公允價值估計

下表利用估值法分析按公允價值入賬的金融工具。不同層級的定義如下：

- 相同資產或負債在活躍市場的報價 (未經調整) (第一層)；
- 除第1層所包括的報價外，可觀察的資產或負債的輸入值可直接 (即如價格) 或間接 (即由價格衍生) (第二層)；
- 資產或負債的輸入值並非依據可觀察的市場數據 (即不可觀察輸入值) (第三層)。

於二零一二年及二零一一年三月三十一日，第三類公允價值架構類別之金融資產為可供出售金融資產，其截至二零一二年及二零一一年三月三十一日止年度之變動呈列於附註11。概無任何金融資產於第三層架構類別轉入或轉出。

4. 關鍵會計估計及判斷

估算和判斷會被持續評估，並基於過往經驗及其他因素，包括在有關情況下相信對未來事件的合理預測。

4.1 關鍵會計估計及假設

本集團為未來作出估算及假設。所得之會計估計如其定義，很少與相關的實際結果相符。涉及導致資產及負債之賬面值可能於下一個財政年度內須作出重大調整之估計及假設如下：

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(a) *Impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

Should the budgeted gross margin used in the value-in-use calculation for the respective CGUs of flavours and reconstituted tobacco leaves be 10 percentage points lower than management's estimates at 31 March 2012, with all other assumptions remaining unchanged, the Group will not need to recognize impairment of goodwill.

Should the budgeted gross margin used in the value-in-use calculation for the CGU of fragrances be 2 percentage points lower than management's estimates at 31 March 2012, with all other assumptions remaining unchanged, the Group will not need to recognize impairment of goodwill.

If the estimated pre-tax discount rate applied to the cash flows of the respective CGUs of flavours, fragrances and reconstituted tobacco leaves had been 4 percentage points higher than management's estimates, with all other assumptions remaining unchanged, the Group will not need to recognize an impairment of goodwill.

4. 關鍵會計估計及判斷 (續)

4.1 關鍵會計估計及假設 (續)

(a) *商譽減值之估計*

根據附註2.8所述的會計政策，本集團每年測試商譽是否出現減值。現金產生單位的可收回金額按照使用價值計算而釐定。此等計算均需利用估算（附註8）。

如果食用香精香料及煙草薄片的現金產生單位的使用價值計算中所使用的預計毛利率較管理層在二零一二年三月三十一日估計的分別下降10個百分點，其他假設保持不變，本集團無需對商譽確認減值。

如果日用香精香料的現金產生單位的使用價值計算中所使用的預計毛利率較管理層在二零一二年三月三十一日估計的分別下降2個百分點，其他假設保持不變，本集團無需對商譽確認減值。

如在食用香精香料，日用香精香料及煙草薄片的現金產生單位的貼現現金流量所運用的估計稅前貼現率較管理層的估計增加4個百分點，其他假設保持不變，本集團無需對商譽確認減值。

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截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical accounting estimates and assumptions (continued)

(b) *Dividends policy of subsidiaries*

According to the relevant regulations of the Corporate Income Tax Laws, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its overseas investors, it will be subject to withholding income tax. The applicable withholding income tax rate varies with the origin of the overseas investors.

The directors of the Company estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate holding companies. Deferred income tax liabilities had been provided based on 5% of the estimated profits to be remitted to Hong Kong.

As at 31 March 2012, deferred income tax liabilities of HKD143,991,000 (31 March 2011: HKD91,493,000) have not been recognized for the withholding tax that would be payable on the unremitted profits of certain PRC subsidiaries. The directors of the Company have determined not to distribute these earnings in the foreseeable future.

The directors of the Company will regularly review the funding requirements of the Group and thus revise the dividend distribution policy of its subsidiaries from time to time.

4. 關鍵會計估計及判斷(續)

4.1 關鍵會計估計及假設(續)

(b) *附屬公司之股息政策*

根據企業所得稅法的有關規定，中國國內之外商投資企業向境外投資者分派自二零零八年一月一日起產生的盈利作為股息，需要徵收所得稅，並根據外商投資者所處之不同地區適用不同的所得稅率。

本公司董事預計會將某些中國大陸子公司之盈利派發股息予其於香港的直接母公司。已根據預計派發予香港的股息按5%確認遞延所得稅負債。

某些中國大陸附屬公司之盈利於截止二零一二年三月三十一日止年度未派發股息予香港的直接母公司可能產生的遞延所得稅負債為港幣143,991,000元(二零一一年：港幣91,493,000元)。在可預見的將來，本公司董事決定暫不分配此部份盈利。

本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息分派政策。

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(All amounts in HK dollar thousands unless otherwise stated)

5. SEGMENT INFORMATION

The Group has organized its operations into three main operating segments:

- (1) Flavours;
- (2) Fragrances; and
- (3) Reconstituted tobacco leaves.

The chief operating decision-makers have been identified as the executive directors (the 'Executive Directors'). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from the operation perspective and assess the performance of flavours, fragrances and reconstituted tobacco leaves segments. Flavours include research and development, production and sale of flavours products. Fragrances include research and development, production and sale of fragrances products. Reconstituted tobacco leaves include research and development, production and sale of reconstituted tobacco leaves. The Executive Directors assesses the performance of the operating segments based on a measure of operating profit.

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

5. 分部資料

本集團的經營分為三項主要營運分部：

- (1) 食用香精香料；
- (2) 日用香精香料；及
- (3) 煙草薄片。

主要經營決策者明確為執行董事（「執行董事」），執行董事檢討本集團的內部報告以評估表現及分配資源。管理層按照此報告以決定營運分部。

執行董事從經營活動角度考慮業務及評估食用香精香料、日用香精香料及煙草薄片之分部業務表現。食用香精香料業務包括研發、生產及銷售食用香精香料產品。日用香精香料業務包括研發、生產及銷售日用香精香料產品。煙草薄片業務包括研發、生產及銷售煙草薄片產品。執行董事根據營運盈利的計量評估營運分部之表現。

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5. SEGMENT INFORMATION (continued)

The segment information for the year ended 31 March 2012 is presented below:

5. 分部資料 (續)

截至二零一二年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2012 截至二零一二年三月三十一日止年度					
		Reconstituted			Total	Corporate	Total
		Flavours	Fragrances	tobacco	segments		
		食用香精香料	日用香精香料	煙草薄片	分部總計	總部	總計
Total turnover	總營業額	2,905,260	180,590	253,072	3,338,922	-	3,338,922
Inter-segment sales	分部間銷售	(24,974)	(2,644)	-	(27,618)	-	(27,618)
Net turnover/segment sales	淨營業額/分部收入	2,880,286	177,946	253,072	3,311,304	-	3,311,304
Segment result	分部業績	1,980,782	8,016	85,316	2,074,114	(10,063)	2,064,051
Finance income	財務收入						33,168
Finance costs	融資成本						(16,373)
Finance income – net	財務收入 – 淨額						16,795
Share of profit of associates	應佔聯營公司盈利						143
Profit before income tax	除稅前盈利						2,080,989
Income tax expense	所得稅						(314,250)
Profit for the year	本年度盈利						1,766,739

		As at 31 March 2012 於二零一二年三月三十一日					
		Reconstituted			Total	Corporate	Total
		Flavours	Fragrances	tobacco	segments		
		食用香精香料	日用香精香料	煙草薄片	分部總計	總部	總計
Segment assets	分部資產	5,827,643	222,140	2,289,627	8,339,410	12,509	8,351,919

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(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

5. SEGMENT INFORMATION (continued)

The segment information for the year ended 31 March 2011 is presented below:

5. 分部資料 (續)

截至二零一一年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2011 截至二零一一年三月三十一日止年度					
		Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Total turnover	總營業額	2,609,161	160,362	86,759	2,856,282	–	2,856,282
Inter-segment sales	分部間銷售	(4,099)	(10)	–	(4,109)	–	(4,109)
Net turnover/segment sales	淨營業額／分部收入	2,605,062	160,352	86,759	2,852,173	–	2,852,173
Segment result	分部業績	1,837,579	30,632	14,905	1,883,116	(11,410)	1,871,706
Finance income	財務收入						24,692
Finance costs	融資成本						(14,029)
Finance income – net	財務收入 – 淨額						10,663
Share of loss of associates	應佔聯營公司虧損						(1,255)
Profit before income tax	除稅前盈利						1,881,114
Income tax expense	所得稅						(249,256)
Profit for the year	本年度盈利						1,631,858

		As at 31 March 2011 於二零一一年三月三十一日					
		Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Segment assets	分部資產	4,695,066	237,689	1,980,688	6,913,443	14,397	6,927,840

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

5. SEGMENT INFORMATION (continued)

Segment result represents the profit earned by each segment without inclusion of unallocated corporate expenses, finance costs and finance income. This is the measure reported to chief operating decision markers for the purposes of resource allocation and assessment of segment performance.

The total of non-current assets, other than financial instruments and deferred tax assets, of the Group as at 31 March 2012 and 2011 are mainly located in the PRC.

Revenues from external customers are derived from the sales of flavours, fragrances and reconstituted tobacco leaves to customers mainly located in the PRC.

Revenue derived from sales made to one single external customer amounted to 27% (2011: 27%) of the Group's total revenue. These revenues are attributable to flavours segment.

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

5. 分部資料 (續)

分部業績是代表各分部之盈利，當中並沒有包括未分類總部支出、融資成本及財務收入。此分部業績主要是為分配資源和評估各分部之表現而向營運決策者呈列的方式。

除金融工具和遞延所得稅資產以外，於二零一二年三月三十一日及二零一一年三月三十一日本集團的非流動資產總額主要位於國內。

來自外部客戶的收入主要來自銷售食用與日用香精香料及煙草薄片予國內客戶。

來源於最大外部單一客戶的收入佔集團總收入的27% (二零一一年：27%)。這些收入是由食用香精香料分部產生的。

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(除另有說明者外，所有金額均以港幣千元列示)

6. PROPERTY, PLANT AND EQUIPMENT – GROUP

6. 物業、機器及設備 – 本集團

	Note	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Leasehold improvements	Construction in progress	Total
	附註	樓宇	機器及設備	汽車	傢俬、裝置及設備	租賃裝修	在建工程	總計
At 1 April 2010	於二零一零年四月一日							
Cost	成本	233,870	112,605	36,819	75,720	6,461	18,473	483,948
Accumulated depreciation	累計折舊	(69,072)	(40,473)	(24,453)	(44,688)	(3,464)	-	(182,150)
Net book amount	賬面淨值	164,798	72,132	12,366	31,032	2,997	18,473	301,798
Year ended 31 March 2011	截至二零一一年三月三十一日止年度							
Opening net book amount	年初賬面淨值	164,798	72,132	12,366	31,032	2,997	18,473	301,798
Additions	添置	1,917	3,706	4,856	17,605	1,346	24,764	54,194
Transfers	轉移	15,441	11,878	757	186	237	(28,499)	-
Acquisition of Yunnan Huixiangyuan	收購雲南華香源	2,544	2,082	65	-	-	-	4,691
Acquisition of Guangdong Jinye Group	收購廣東金業集團	83,021	78,630	3,034	3,351	5,027	29,230	202,293
Disposals	出售	-	(482)	(370)	(119)	-	-	(971)
Depreciation	折舊	23	(12,518)	(4,592)	(8,665)	(1,408)	-	(42,420)
Exchange differences	匯兌調整	5,708	991	430	7,431	151	2,077	16,788
Closing net book amount	年終賬面淨值	260,911	153,700	16,546	50,821	8,350	46,045	536,373
At 31 March 2011	於二零一一年三月三十一日							
Cost	成本	357,734	307,199	45,525	107,693	13,378	46,045	877,574
Accumulated depreciation	累計折舊	(96,823)	(153,499)	(28,979)	(56,872)	(5,028)	-	(341,201)
Net book amount	賬面淨值	260,911	153,700	16,546	50,821	8,350	46,045	536,373
Year ended 31 March 2012	截至二零一二年三月三十一日止年度							
Opening net book amount	年初賬面淨值	260,911	153,700	16,546	50,821	8,350	46,045	536,373
Additions	添置	26,157	14,184	23,599	14,561	2,927	548,964	630,392
Transfers	轉移	88,748	5,357	255	6,569	-	(100,929)	-
Acquisition of Yunnan Zhengbang Shengwu Jishu Co., Ltd. ("Yunnan Zhengbang")	收購雲南正邦生物技術有限公司(「雲南正邦」)	29(a)	70	81	73	-	-	224
Acquisition of business	收購業務	29(b)	2,470	818	161	-	-	3,449
Disposals	出售	23	(1,864)	(7,593)	(1,911)	(688)	-	(12,064)
Depreciation	折舊	23	(17,532)	(24,281)	(4,884)	(11,846)	(2,725)	(61,268)
Exchange differences	匯兌調整	9,740	4,857	623	1,602	242	1,212	18,276
Closing net book amount	年終賬面淨值	366,160	148,764	35,127	61,253	8,786	495,292	1,115,382
At 31 March 2012	於二零一二年三月三十一日							
Cost	成本	484,281	332,064	67,109	127,215	16,704	495,292	1,522,665
Accumulated depreciation	累計折舊	(118,121)	(183,300)	(31,982)	(65,962)	(7,918)	-	(407,283)
Net book amount	賬面淨值	366,160	148,764	35,127	61,253	8,786	495,292	1,115,382

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6. PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

Depreciation was expensed in the following categories:

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
		Note 附註	
Manufacturing overheads	製造費用		18,319
Selling and marketing expenses	銷售及推廣開支		1,693
Administrative expenses	行政費用		22,408
Total depreciation	折舊總額	23	42,420

7. LAND USE RIGHTS – GROUP

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analyzed as follows:

		As at 31 March 於三月三十一日	
		2012 二零一二年	2011 二零一一年
Outside Hong Kong, held on: Leases between 10 to 50 years	在香港境外按以下年期持有： 10至50年的租約	209,233	194,697

6. 物業、機器及設備 – 本集團 (續)

折舊按以下分類支銷：

7. 土地使用權 – 本集團

本集團於土地使用權的權益為預付經營租金，其賬面淨值分析如下：

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
		Note 附註	
Beginning of the year	年初		67,684
Acquisition of Yunnan Huaxiangyuan	收購雲南華香源		958
Acquisition of Guangdong Jinye Group	收購廣東金葉集團		121,996
Additions	添置		–
Amortization	攤銷	23	(2,795)
Exchange differences	匯兌調整		6,854
End of the year	年終		194,697

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8. INTANGIBLE ASSETS – GROUP

8. 無形資產 – 本集團

		Note	Goodwill	Trademarks and licences	Customer relationships	Non- competition agreement	Computer Software	Patents	Total
		附註	商譽	商標及 許可證	客戶關係	非競爭協議	電腦軟件	專利	總計
			(a)	(b)					
At 1 April 2010	於二零一零年四月一日								
Cost	成本		1,404,057	17,539	242,490	4,888	1,687	345	1,671,006
Accumulated amortization	累計攤銷		-	(5,694)	(61,003)	(1,230)	(370)	(50)	(68,347)
Net book amount	賬面淨值		1,404,057	11,845	181,487	3,658	1,317	295	1,602,659
Year ended 31 March 2011	截至二零一一年 三月三十一日止年度								
Opening net book amount	年初賬面淨值		1,404,057	11,845	181,487	3,658	1,317	295	1,602,659
Additions	添置		-	-	-	-	11	-	11
Acquisition of Guangdong Jinye Group	收購廣東金葉集團		1,079,606	108,595	14,063	-	-	18,782	1,221,046
Amortization	攤銷		-	(3,812)	(26,117)	(494)	(296)	(2,487)	(33,206)
Exchange differences	匯兌調整		86,049	423	3,212	5	50	(291)	89,448
Closing net book amount	年終賬面淨值		2,569,712	117,051	172,645	3,169	1,082	16,299	2,879,958
At 31 March 2011	於二零一一年三月三十一日								
Cost	成本		2,569,712	126,905	263,166	4,888	1,728	18,899	2,985,298
Accumulated amortization	累計攤銷		-	(9,854)	(90,521)	(1,719)	(646)	(2,600)	(105,340)
Net book amount	賬面淨值		2,569,712	117,051	172,645	3,169	1,082	16,299	2,879,958
Year ended 31 March 2012	截至二零一二年 三月三十一日止年度								
Opening net book amount	年初賬面淨值		2,569,712	117,051	172,645	3,169	1,082	16,299	2,879,958
Additions	添置		-	-	-	-	610	385	995
Acquisition of Yunnan Zhengbang	收購雲南正邦	29(a)	5,781	-	-	-	-	-	5,781
Acquisition of business	收購業務	29(b)	-	1,358	-	-	-	-	1,358
Amortization	攤銷	23	-	(7,633)	(28,342)	(494)	(387)	(6,148)	(43,004)
Exchange differences	匯兌調整		76,556	4,508	5,230	5	36	552	86,887
Closing net book amount	年終賬面淨值		2,652,049	115,284	149,533	2,680	1,341	11,088	2,931,975
At 31 March 2012	於二零一二年三月三十一日								
Cost	成本		2,652,049	133,255	272,390	4,888	2,402	20,022	3,085,006
Accumulated amortization	累計攤銷		-	(17,971)	(122,857)	(2,208)	(1,061)	(8,934)	(153,031)
Net book amount	賬面淨值		2,652,049	115,284	149,533	2,680	1,341	11,088	2,931,975

Amortization is included in administrative expenses in the consolidated income statement.

攤銷包括在綜合收益表的行政費用內。

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8. INTANGIBLE ASSETS – GROUP (continued)

- (a) Goodwill is mainly attributable to the anticipated profitability of operations, the anticipated future operating synergies and enlarged market share. Goodwill is allocated to the Group's CGUs identified mainly according to the operating segments.

The goodwill is allocated as follows:

		As at 31 March 於三月三十一日				2011 二零一一年			
		2012 二零一二年			Total 總計	Reconstituted tobacco			Total 總計
		Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片		Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片	
Goodwill	商譽	1,459,741	54,308	1,138,000	2,652,049	1,405,750	52,291	1,111,671	2,569,712

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a ten-year period (2011: ten-year period) as management believes that the cash flow of the Group is comparatively stable and a forecasted period longer than five years is feasible. Cash flows beyond the ten-year period are extrapolated using the estimated growth rates below. The growth rate does not exceed the long-term average growth rate for the businesses in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

		As at 31 March 於三月三十一日			2011 二零一一年		
		2012 二零一二年			Reconstituted tobacco		
		Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片	Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片
Gross margin	毛利率	75%	20%-21%	45%-58%	75%	20%-25%	45%-58%
Growth rate	增長率	5%	5%	3%	5%	5%	3%
Discount rate	貼現率	13.5%	13.5%	15%	13.5%	13.5%	15%

8. 無形資產 – 本集團 (續)

- (a) 商譽主要由經營活動的預期盈利狀況、預期的未來經營協同效應和擴大的市場份額決定。本集團之商譽主要根據其業務分部分配至多個現金產生單位。

商譽分配的摘要呈列如下：

每個現金產生單位的可收回金額乃以使用價值計算。由於管理層認為集團的現金流相對穩定，可以預測較長時間（超過五年）的現金流，上述採用計算基於管理層已批准的十年期財務預算而預計之稅前貼現現金流量計算（二零一一年：10年期）。超逾十年期的現金流量使用的預計年增長率列示如下。該增長率不會超過現金產生單位之業務分部營運的長期平均增長率。

使用價值計算的主要假設如下：

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8. INTANGIBLE ASSETS – GROUP (continued)

- (a) (continued)
These assumptions have been used for the analysis of each CGU within the operating segment.

Management determined budgeted gross margin based on past performance and their expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

After assessing the cash flow projections of the various CGUs, the directors considered that there is no impairment of the goodwill as at 31 March 2012 and 2011.

- (b) Trademarks represent the Peacock, Xinghu and Samshiang trademarks.

9. INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES – COMPANY

- (a) Investments in subsidiaries

Investments at cost – unlisted shares 投資按成本值 – 非上市股份

- (b) The balances with subsidiaries are unsecured, interest-free, denominated in HKD and repayable on demand. The fair value of the balances with subsidiaries approximate to their carrying value. None of the balances is either past due or impaired.

8. 無形資產 – 本集團 (續)

- (a) (續)
此假設已沿用於營運分部中的每個現金產生單位的分析內。

管理層根據過往的業績及其對市場發展的預期確定預計毛利率。所用的貼現率為稅前並反映有關分部的特定風險。

在評價多個現金產生單位的現金流預測後，本集團之董事認為於二零一二年及二零一一年三月三十一日商譽並無減值。

- (b) 商標乃指孔雀、星湖及湘農山香牌商標。

9. 於附屬公司之投資及與其之結餘 – 本公司

- (a) 附屬公司之投資

		As at 31 March 於三月三十一日	
		2012 二零一二年	2011 二零一一年
Investments at cost – unlisted shares	投資按成本值 – 非上市股份	1,245,083	1,245,083

- (b) 附屬公司之結餘乃無抵押、免息、以港幣為單位及須於要求時償還。與附屬公司之結餘的賬面值與公允值相若。沒有結餘已逾期或減值。

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10. INVESTMENTS IN ASSOCIATES – GROUP

10. 於聯營公司之投資 – 本集團

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Beginning of the year	年初	61,009	6,236
Share of profit/(loss) of associates	應佔聯營公司盈利/(虧損)	143	(1,255)
Acquisition of Guizhou Huangguoshu Jinye Technology Co Ltd. (‘Huangguoshu Jinye’)	收購貴州黃果樹金葉科技有限公司 (‘黃果樹金葉’)	–	25,464
Capital injection in Huangguoshu Jinye	注資黃果樹金葉	38,485	30,085
Dividends declared	宣派股息	(304)	(475)
Exchange differences	匯兌調整	2,212	954
End of the year	年終	101,545	61,009

The results, assets (including goodwill) and liabilities of the Group’s associates, which are all unlisted, as at 31 March 2012 are as follows:

於二零一二年三月三十一日，本集團之聯營公司（非上市公司）之業績、資產（包括商譽）和負債如下：

Name	Country of incorporation	Assets	Liabilities	Revenues	Net profit/ (loss) for the year 本年度淨盈利/(虧損)	% Interests indirectly held 間接所持權益百分比	Principal activities
名稱	註冊成立國家	資產	負債	收益	盈利/(虧損)	權益百分比	主要業務
Henan Jinrui Flavours Co. Ltd. (‘Henan Jinrui’) 河南金瑞香精香料有限公司 (‘河南金瑞’)	PRC 中國	RMB 人民幣 38,348,000	RMB 人民幣 16,120,000	RMB 人民幣 35,656,000	RMB 人民幣 1,563,000	25%	Production and sale of tobacco flavours and fragrances and fine chemicals products 生產及銷售煙用香精香料及精細化工產品
Huangguoshu Jinye 黃果樹金葉	PRC 中國	RMB 人民幣 185,726,000	RMB 人民幣 246,000	RMB 人民幣 –	RMB 人民幣 (684,000)	40%	Pre-operating 籌備開業中

(a) During the year ended 31 March 2012, the Group increased its investment in Huangguoshu Jinye amounting to HKD38,485,000 with intangible assets.

(a) 截至2012年3月31日止年度，本集團以無形資產增資黃果樹金葉約港幣38,485,000元。

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11. AVAILABLE FOR SALE FINANCIAL ASSETS – GROUP **11. 可供出售金融資產 – 本集團**

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Beginning of the year	年初	38,067	–
Acquisition of Guangdong Jinye Group included the following two investments:	收購廣東金葉集團包含的以下兩項投資：		
– Hunan Jinye Reconstituted Tobacco Leaves Limited Liability Company	– 於湖南金葉煙草薄片有限責任公司	–	11,624
– Shanghai Tobacco Group Taichuang Haiyan Reconstituted Tobacco Leaves Company Limited (“Shanghai Tobacco Taichuang”)	– 於上海煙草集團太倉海煙煙草薄片有限公司(「上煙太倉」)	–	24,969
Capital injection in Shanghai Tobacco Taichuang	注資上煙太倉	13,736	–
Net fair value change recorded in equity	公允淨值變動記入權益	12,466	755
Exchange differences	匯兌差額	1,662	719
End of the year	年終	65,931	38,067

Available-for-sale financial assets include:

可供出售金融資產包括：

		As at 31 March 於三月三十一日	
		2012 二零一二年	2011 二零一一年
Unlisted equity investments: at fair value	非上市權益投資：公允值	65,931	38,067

Available-for-sale financial assets are all denominated in RMB.
None of these financial assets is impaired.

可供出售金融資產以人民幣計值。沒有金融資產已減值。

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12. DEFERRED INCOME TAX ASSETS/LIABILITIES – GROUP

12. 遞延所得稅資產／負債 – 本集團

The movement in the deferred income tax is as follows:

遞延所得稅變動如下：

	Note	Deferred income tax assets		Deferred income tax liabilities		Total
		遞延所得稅資產	Unrealized profits arising from intra-group sales	Valuation surplus of assets and recognition of intangible assets	Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC	
At 1 April 2010						
Acquisition of Guangdong Jinye Group						
Recognized in the income statement	26					
Exchange differences						
At 31 March 2011						
Recognized in the income statement	26					
Exchange differences						
At 31 March 2012						

Deferred income tax assets are recognized for temporary differences arising from the unrealized profits from intra-group sales, and calculated under the liability method using the tax rate which are enacted or substantively enacted by the balance sheet date.

集團內公司間銷售所產生的集團內未變現盈利確認為遞延所得稅資產，其金額以負債法按結算日已生效或已實質生效的稅率計算暫時性差額確定。

Deferred income tax liabilities are arisen from the valuation surplus of property, plant and equipment, land use rights and intangible assets, and recognition of intangible assets as a result of acquisition of subsidiaries; and withholding income tax on dividends expected to be remitted abroad by group entities incorporated in the PRC.

遞延所得稅負債乃由於本公司收購或合併附屬公司所導致之物業、機器及設備，土地使用權和無形資產的評估盈餘及無形資產的確認而產生，及集團內於中國註冊成立的公司預期匯出境外的股息所產生之預提所得稅。

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12. DEFERRED INCOME TAX ASSETS/LIABILITIES – GROUP (continued)

Pursuant to the Corporate Income Tax Laws of the PRC approved by the National People's Congress on 16 March 2007, a 10% withholding tax is levied on dividends remitted from the PRC entities to overseas investors with effect from 1 January 2008. A lower withholding tax rate of 5% is applied to Hong Kong investors as there is a tax treaty arrangement between the PRC and Hong Kong. The directors of the Company estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies. Therefore, deferred income tax liabilities had been provided based on 5% of the estimated profits to be remitted to Hong Kong. The directors of the Company will review the funding requirements of the Group from time to time and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 31 March 2012, deferred income tax liabilities of HKD143,991,000 (31 March 2011: HKD91,493,000) have not been recognized for the withholding tax that would otherwise be payable on the unremitted profits of certain PRC subsidiaries.

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

12. 遞延所得稅資產／負債－本集團 (續)

根據全國人民代表大會於二零零七年三月十六日通過的中國企業所得稅法，由二零零八年一月一日起，中國國內企業向外商投資企業分派股息，需按10%之稅率徵收所得稅。基於中國及香港有特別稅務協定，故中國大陸企業向香港投資企業分派股息，可享有較優惠的稅率5%徵收。本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港的直接母公司。因此，遞延所得稅負債乃按預計匯出香港之盈利以5%的稅率計算。本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息政策。

二零一二年三月三十一日，本集團並未就若干中國大陸附屬公司之未匯出盈利須予支付的預提所得稅確認遞延所得稅負債港幣143,991,000元(二零一一年：港幣91,493,000元)。

遞延所得稅資產及負債的分析如下：

		As at 31 March 於三月三十一日	
		2012 二零一二年	2011 二零一一年
Deferred income tax assets:	遞延所得稅資產		
– to be recovered within 12 months	– 在十二個月內收回部份	44,436	42,800
Deferred income tax liabilities:	遞延所得稅負債		
– to crystallize after more than 12 months	– 在超過十二個月後收回部份	57,380	65,698
– to crystallize within 12 months	– 在十二個月內收回部份	15,408	37,132
		72,788	102,830

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13. INVENTORIES – GROUP

13. 存貨 – 本集團

		As at 31 March 於三月三十一日	
		2012 二零一二年	2011 二零一一年
At cost:	按成本：		
Raw materials	原材料	608,537	426,569
Work in progress	在製品	16,807	4,116
Finished goods	製成品	42,527	37,276
		667,871	467,961

The cost of inventories recognized as expense and included in cost of goods sold for the year ended 31 March 2012 amounted to approximately HKD873,580,000 (2011: HKD636,819,000).

截至二零一二年三月三十一日止年度之存貨成本確認為費用並計入銷售成本的金額約為港幣873,580,000元(二零一一年：港幣636,819,000元)。

14. TRADE AND OTHER RECEIVABLES

14. 貿易及其他應收款項

			As at 31 March 於三月三十一日			
			Group 本集團		Company 本公司	
	Note 附註	2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年	
Trade receivables	貿易應收款項	14(b)	635,047	653,504	-	-
Less: Provision for impairment of receivables	減：應收款項 減值撥備		(7,175)	(3,407)	-	-
Trade receivables – net	貿易應收款項 – 淨額		627,872	650,097	-	-
Notes receivable	應收票據		169,760	175,304	-	-
Prepayments and other receivables	預付款項及其他應收 款項	14(a)	110,640	192,139	480	473
Advances to staff	員工墊款		6,996	3,519	-	-
Others	其他		13,701	9,506	-	-
			928,969	1,030,565	480	473

(a) The Group's trade and other receivables balances (excluding prepayment of HKD20,210,000 (2011: HKD32,598,000)) are financial assets categorized under 'loans and receivables'. All trade and other receivables are either repayable within one year or on demand. Accordingly, the fair values of the trade and other receivables approximate to their carrying values. Receivable due from the former shareholder of Guangdong Jinye Group of HKD135,623,000 as at 31 March 2011 was settled during the year.

(a) 本集團之貿易及其他應收款(除預付賬款港幣20,210,000元(二零一一年：港幣32,598,000元)外)分類為「貸款和應收款項」。所有貿易及其他應收款項乃於一年內或於通知時清還。故貿易及其他應收款項賬面值與公允值相若。於二零一一年三月三十一日應收廣東金葉集團之前股東港幣135,623,000元已於年內付清。

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(除另有說明者外，所有金額均以港幣千元列示)

14. TRADE AND OTHER RECEIVABLES (continued)

- (b) The credit period generally granted to customers ranges from 0 to 180 days. The ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) from invoice dates as at the balance sheet dates is as follows:

		As at 31 March 於三月三十一日	
		Group 本集團	
		2012 二零一二年	2011 二零一一年
0 – 90 days	0至90日	566,547	592,568
91 – 180 days	91至180日	40,636	39,637
181 – 360 days	181至360日	10,078	10,863
Over 360 days	360日以上	17,786	10,436
		635,047	653,504

As at 31 March 2012, trade receivables of HKD627,872,000 (2011: HKD650,097,000) were fully performing.

After considering the credit period, trade receivables are assessed for impairment. As at 31 March 2012, trade receivables of HKD20,689,000 (2011: HKD17,892,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of the past due trade receivables is as follows:

		As at 31 March 於三月三十一日	
		Group 本集團	
		2012 二零一二年	2011 二零一一年
Past due up to 180 days	逾期至180日	10,078	10,863
Past due over 180 days	逾期超過180日	17,786	10,436
		27,864	21,299

14. 貿易及其他應收款項 (續)

- (b) 授予客戶的信貸期一般為0至180日。於結算日，貿易應收款項（包括關聯人士的貿易應收款項）根據發票日期的賬齡分析如下：

於二零一二年三月三十一日，貿易應收款港幣627,872,000元（二零一一年：港幣650,097,000元）已全數獲得履行。

信用期滿後，已對貿易應收款項進行減值評估。於二零一二年三月三十一日，貿易應收款項港幣20,689,000元（二零一一年：港幣17,892,000元）經已逾期但並無減值。此等款項涉及多個最近沒有拖欠還款記錄的獨立客戶。此等貿易應收款的逾期賬齡分析如下：

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(All amounts in HK dollar thousands unless otherwise stated)

14. TRADE AND OTHER RECEIVABLES (continued)

(b) (continued)

As at 31 March 2012, trade receivables of HKD7,175,000 (2011: HKD3,407,000) were impaired and fully provided. The individually impaired receivables mainly relate to customers which had ceased cooperation with the Group and were not in a position for repayment. These receivables are all aged over one year.

The carrying amounts of the Group's trade receivables (including amounts due from related parties which are trade in nature) are denominated in the following currencies:

		As at 31 March 於三月三十一日	
		Group 本集團	
		2012 二零一二年	2011 二零一一年
HKD	港幣	-	80
United States Dollar ('USD')	美元 (「美元」)	1,070	5,078
RMB	人民幣	633,977	648,346
		635,047	653,504

Movements of the provision for impairment of trade receivables were as follows:

		Year ended 31 March 截至三月三十一日止年度	
		Group 本集團	
		2012 二零一二年	2011 二零一一年
Beginning of the year	年初	3,407	2,215
Provision for impairment on trade receivables	貿易應收款減值撥備	3,859	1,192
Exchange differences	匯兌調整	(91)	-
End of the year	年終	7,175	3,407

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

14. 貿易及其他應收款項 (續)

(b) (續)

於二零一二年三月三十一日，貿易應收款港幣7,175,000元(二零一一年：港幣3,407,000元)經已減值及全數撥備。個別減值的應收款項主要來自與本集團終止合作關係及無還款能力的客戶。上述應收款項賬齡均超過一年。

本集團的貿易應收款的賬面值(包括關聯人士的貿易應收款項)以下列貨幣為單位：

		As at 31 March 於三月三十一日	
		Group 本集團	
		2012 二零一二年	2011 二零一一年
HKD	港幣	-	80
United States Dollar ('USD')	美元 (「美元」)	1,070	5,078
RMB	人民幣	633,977	648,346
		635,047	653,504

貿易應收款減值撥備的變動如下：

		Year ended 31 March 截至三月三十一日止年度	
		Group 本集團	
		2012 二零一二年	2011 二零一一年
Beginning of the year	年初	3,407	2,215
Provision for impairment on trade receivables	貿易應收款減值撥備	3,859	1,192
Exchange differences	匯兌調整	(91)	-
End of the year	年終	7,175	3,407

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

14. TRADE AND OTHER RECEIVABLES (continued)

(b) (continued)

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

14. 貿易及其他應收款項 (續)

(b) (續)

對已減值應收款撥備的設立和撥回已包括在綜合收益表中「行政費用」內。計入撥備賬戶中的數額一般會在預期無法收回額外現金時撇銷。

貿易及其他應收款項內的其他類別沒有包含已減值資產。

在報告日期，信貸風險的最高風險承擔為上述每類應收款項的賬面值。本集團不持有任何作為抵押的抵押品。

15. CASH AND BANK BALANCES – GROUP AND COMPANY

15. 銀行及庫存現金 – 本集團及本公司

		As at 31 March 於三月三十一日			
		Group 本集團		Company 本公司	
		2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年
Cash and cash equivalents	現金及現金等價物	2,286,577	1,676,410	11,908	13,489

Cash and bank balances are denominated in the following currencies:

銀行及庫存現金以下列外幣金額列示：

		As at 31 March 於三月三十一日			
		Group 本集團		Company 本公司	
		2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年
RMB	人民幣	2,173,855	1,643,471	-	-
HKD	港幣	90,586	25,454	11,908	13,489
USD	美元	19,530	4,213	-	-
Euro and others	歐元及其他	2,606	3,272	-	-
		2,286,577	1,676,410	11,908	13,489

As at 31 March 2012, the Group's and the Company's maximum exposure to credit risk of cash and cash equivalents is their carrying value.

於二零一二年三月三十一日，本集團及本公司面對的來自現金及現金等價物的最高信貸風險乃其賬面價值。

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16. SHARE CAPITAL – GROUP AND COMPANY

16. 股本 – 本集團及本公司

Ordinary shares of HKD0.10 each
每股面值港幣0.10元之普通股

		Note 附註	Number of shares 股份數目	HKD'000 港幣千元
Authorized:	法定：			
At 1 April 2010, 31 March 2011 and 31 March 2012	於二零一零年四月一日、 二零一一年三月三十一日及 二零一二年三月三十一日		5,000,000,000	500,000
Issued and fully paid:	已發行及繳足：			
At 1 April 2010	於二零一零年四月一日		3,128,820,961	312,882
Exercise of share options	行使購股權	17	21,230,000	2,123
At 31 March 2011	於二零一一年三月三十一日		3,150,050,961	315,005
At 1 April 2011	於二零一一年四月一日		3,150,050,961	315,005
Exercise of share options	行使購股權	17	9,800,000	980
At 31 March 2012	二零一二年三月三十一日		3,159,850,961	315,985

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17. SHARE OPTION SCHEME

On 10 October 2006 and 25 October 2006, the Group granted 97,200,000 and 30,400,000 share options with an exercise price of HKD3.09 per share and vesting periods of 0 to 3 years to employees and directors respectively. On 17 October 2007, the Group granted 13,900,000 and 3,600,000 share options with an exercise price of HKD6.65 per share and vesting periods of 0.5 to 3 years to employees and a director respectively. On 14 April 2008, the Group granted 10,400,000 share options to two directors with an exercise price of HKD6.39 per share and vesting periods of 0 to 3 years. The options have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash. The fair value of the share options was determined using the Black-Scholes valuation model. Share option compensation expense recognized in the consolidated income statement is shown in Note 23.

Movements in the number of share options outstanding during the year and their related weighted average exercise prices are as follows:

17. 購股權計劃

於二零零六年十月十日及二零零六年十月二十五日，本集團分別授出97,200,000及30,400,000股購股權，行使價為每股港幣3.09元及歸屬期為0至3年，予僱員及董事。及於二零零七年十月十七日，本集團分別授出13,900,000及3,600,000股購股權，行使價為每股港幣6.65元及歸屬期為半年至3年，予僱員及一名董事。及於二零零八年四月十四日，本集團授予兩名董事10,400,000股購股權，行使價為每股港幣6.39元及歸屬期為0至3年。合同規定購股權的期限為十年。本集團無法律義務或合同回購及以現金支付購股權。購股權的公允價值由Black-Scholes評估模型確認。在綜合收益表裏確認的購股權報酬費用列於附註23。

於年內，未行使的購股數目之變動及其相關之加權平均行使價列示如下：

		Year ended 31 March 截至三月三十一日止年度			
		2012 二零一二年		2011 二零一一年	
	Note 附註	Weighted average exercise price in HKD per share 加權平均 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數 以千計)	Weighted average exercise price in HKD per share 加權平均 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數 以千計)
Beginning of the year	年初	4.85	40,790	4.57	62,220
Exercised	已行使 16,17(a)	3.65	(9,800)	4.04	(21,230)
Forfeited	失效 17(b)	–	–	3.09	(200)
End of the year	年終	5.23	30,990	4.85	40,790

(a) The weighted average share price immediately before the share option exercised dates was HKD7.91 (2011: HKD10.13) per share.

(b) These represented share options forfeited due to resignation of employees.

(a) 緊接購股權行使日期之前的加權平均收市價為每股港幣7.91元(二零一一年：港幣10.13元)。

(b) 購股權失效是由於員工離職。

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17. SHARE OPTION SCHEME (continued)

Share options outstanding as at 31 March 2012 are analyzed as follows:

17. 購股權計劃 (續)

於二零一二年三月三十一日未行使購股權之分析如下：

Grantee	被授人	Exercise price in HKD per share 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數以千計)	Expiry date 失效日期
Directors	董事	3.09	4,000	24 October 2016 2016年10月24日
		6.65	2,600	16 October 2017 2017年10月16日
		6.39	10,400	13 April 2018 2018年4月13日
Employees	僱員	3.09	7,600	9 October 2016 2016年10月9日
		6.65	6,390	16 October 2017 2017年10月16日
At 31 March 2012	於二零一二年三月三十一日		30,990	

All (2011: 40,790,000) share options as at 31 March 2012 are currently exercisable.

於二零一二年三月三十一日，所有未行使的(2011年：40,790,000)購股權於現在可予行使。

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18. RESERVES

18. 儲備

		GROUP 本集團							
	Note	Contributed surplus	Merger reserve	Share premium	Capital reserve	Share-based compensation reserve 以股份為基礎的酬金儲備	Exchange reserve	Other reserves	Total
	附註	實繳盈餘	合併儲備	股份溢價	資本儲備	的酬金儲備	換算儲備	其他儲備	總計
At 1 April 2010	於二零一零年 四月一日	288,191	(617,160)	304,630	1,677	60,519	240,365	132,181	410,403
Fair value gains on available-for-sale financial assets	可供出售金融資產 公允值淨收益	-	-	-	-	-	-	755	755
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	9,966	9,966
Employee share option scheme	僱員購股權計劃								
- Value of employee services	23	-	-	-	-	4,123	-	-	4,123
- Exercise of share options	行使購股權	-	-	100,532	-	(16,905)	-	-	83,627
Exchange differences	匯兌調整	-	-	-	-	-	168,444	-	168,444
At 31 March 2011	於二零一一年 三月三十一日	288,191	(617,160)	405,162	1,677	47,737	408,809	142,902	677,318
At 1 April 2011	於二零一一年 四月一日	288,191	(617,160)	405,162	1,677	47,737	408,809	142,902	677,318
Fair value gains on available-for-sale financial assets	可供出售金融資產 公允值淨收益	-	-	-	-	-	-	12,466	12,466
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	1,940	1,940
Employee share option scheme	僱員購股權計劃								
- Value of employee services	23	-	-	-	-	75	-	-	75
- Exercise of share options	行使購股權	-	-	40,815	-	(5,995)	-	-	34,820
Exchange differences	匯兌調整	-	-	-	-	-	140,783	-	140,783
At 31 March 2012	於二零一二年 三月三十一日	288,191	(617,160)	445,977	1,677	41,817	549,592	157,308	867,402

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18. RESERVES (continued)

18. 儲備 (續)

		COMPANY 本公司				
	Note	Contributed surplus	Share premium	Capital reserve	Share-based compensation reserve	Total
	附註	實繳盈餘	股份溢價	資本儲備	以股份為基礎的酬金儲備	總計
At 1 April 2010	於二零一零年四月一日	288,191	304,630	1,677	60,519	655,017
Employee share option scheme	僱員購股權計劃					
- Value of employee services	- 僱員服務價值	23	-	-	4,123	4,123
- Exercise of share options	- 行使購股權	-	100,532	-	(16,905)	83,627
At 31 March 2011	於二零一一年三月三十一日	288,191	405,162	1,677	47,737	742,767
At 1 April 2011	於二零一一年四月一日	288,191	405,162	1,677	47,737	742,767
Employee share option scheme	僱員購股權計劃					
- Value of employee services	- 僱員服務價值	23	-	-	75	75
- Exercise of share options	- 行使購股權	-	40,815	-	(5,995)	34,820
At 31 March 2012	於二零一二年三月三十一日	288,191	445,977	1,677	41,817	777,662

19. RETAINED EARNINGS

19. 保留盈利

		Year ended 31 March 截至三月三十一日止年度			
		Group 本集團		Company 本公司	
		2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年
Beginning of the year	年初	4,048,327	3,066,819	1,602,727	1,192,947
Profit for the year	本年度盈利	1,750,419	1,604,400	822,325	1,022,706
Appropriations from net profit	自純利撥付	(1,940)	(9,966)	-	-
Final and special dividend for the year ended 31 March 2010	截至二零一零年三月三十一日止年度之末期及特別股息	-	(386,137)	-	(386,137)
Interim dividend for the six months ended 30 September 2010	截至二零一零年九月三十日止六個月之中期股息	-	(226,789)	-	(226,789)
Final dividend for the year ended 31 March 2011	截至二零一一年三月三十一日止年度之末期股息	(251,737)	-	(251,737)	-
Interim and special dividend for the six months ended 30 September 2011	截至二零一一年九月三十日止六個月之中期及特別股息	(410,149)	-	(410,149)	-
End of the year	年終	5,134,920	4,048,327	1,763,166	1,602,727

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19. RETAINED EARNINGS (continued)

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HKD822,325,000 (2011: HKD1,022,706,000).

19. 保留盈利 (續)

盈利歸屬於本公司權益持有人在司財務報表中處理的數額為港幣822,325,000元(2011：港幣1,022,706,000元)。

20. BORROWINGS

20. 貸款

		As at 31 March 於三月三十一日			
		Group 本集團		Company 本公司	
		2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年
	Note 附註				
Non-current – Secured bank loans	非流動 — 有抵押 (a)	–	3,562	–	–
Current – Unsecured bank loans	流動 — 無抵押 (b)	927,500	740,000	927,500	740,000
Total borrowings	總貸款	927,500	743,562	927,500	740,000

(a) The bank loan was secured by a pledge of land and buildings located in Yunnan Province owned by the subsidiary, Yunnan Huaxiangyuan. The loan was denominated in RMB and was repaid in December 2011. During the year, the average interest rate is 7.15% per annum.

(a) 有抵押銀行貸款乃由附屬公司雲南華源所持有的位於雲南省的土地及樓宇作為抵押。該貸款以人民幣為單位且已於二零一一年十二月清還。於年內，該貸款平均利息為每年7.15厘。

(b) The unsecured bank loans are denominated in HKD and are repayable within one year. During the year, the average interest rate is 2.13% per annum.

(b) 無抵押銀行貸款以港幣為單位，並需於一年內到期償還。於年內，該貸款平均利息為每年2.13厘。

The carrying amounts of the Group's borrowings approximate their fair values.

貸款的的賬面值與公允價值相近。

Interest expense on bank borrowings for the year ended 31 March 2012 amounted to HKD16,373,000 (2011: HKD13,734,000). No interest expense (2011: HKD2,215,000) was capitalized.

截至二零一二年三月三十一日止年度的銀行貸款利息開支為港幣16,373,000元(二零一一年：港幣13,734,000元)，當中於年內並無(二零一一年：港幣2,215,000元)利息費用資本化。

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21. TRADE AND OTHER PAYABLES

21. 貿易及其他應付款項

			As at 31 March 於三月三十一日			
			Group 本集團		Company 本公司	
		Note 附註	2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年
Trade payables	貿易應付款項	21(a)	359,310	303,913	-	-
Non-trade payables to related parties	非貿易應付關聯 人士款項	32(c)	123,985	123,985	-	-
Wages payable	應付工資		11,806	11,984	-	-
Other taxes payable	其他應付稅項		25,069	51,350	-	-
Accrued expenses	應計開支		12,303	8,995	6,700	2,275
Advances from customers	客戶預付款		5,333	4,122	-	-
Other payables	其他應付款項	21(c)	46,420	183,927	302	293
			584,226	688,276	7,002	2,568

Except for other taxes payable of HKD25,069,000 (2011: HKD51,350,000) and advances from customers of HKD5,333,000 (2011: HKD4,122,000), trade and other payables balances are financial liabilities categorized under 'financial liabilities measured at amortized cost'. The fair values of trade and other payables approximate their carrying values.

除其他應付稅款港幣25,069,000元(二零一一年：港幣51,350,000元)及客戶預付款港幣5,333,000元(二零一一年：港幣4,122,000元)外，貿易及其他應付款被分類為「按攤銷成本計量的金融負債」。貿易及其他應付款項的公允價值與其賬面值相若。

(a) The ageing analysis of the trade payables (including amounts due to related parties) as at the closing dates are as follows:

(a) 於結算日貿易應付款項(包括關聯人士的貿易應付款項)的賬齡分析如下：

			As at 31 March 於三月三十一日	
			Group 本集團	
			2012 二零一二年	2011 二零一一年
0 – 90 days	0至90日		285,947	211,891
91 – 180 days	91至180日		43,625	62,177
181 – 360 days	181至360日		7,831	7,664
Over 360 days	360日以上		21,907	22,181
			359,310	303,913

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21. TRADE AND OTHER PAYABLES (continued)

- (b) The carrying amounts of the Group's trade payables (including amounts due to related parties which are trade in nature) are denominated in the following currencies:

21. 貿易及其他應付款項 (續)

- (b) 本集團的貿易應付款(包括關聯人士的貿易應付款項)的賬面值以下列貨幣為單位：

		As at 31 March 於三月三十一日	
		Group 本集團	
		2012 二零一二年	2011 二零一一年
HKD	港幣	1,377	1,741
EUR and others	歐元及其他	11,600	5,187
USD	美元	16,301	14,462
RMB	人民幣	330,032	282,523
		359,310	303,913

- (c) Payable due to the former shareholder of Guangdong Jinye Group (2011: HKD140,530,000) was settled during the year.

- (c) 應付款予廣東金葉集團之前股東已於年內結清(二零一一年：港幣140,530,000元)。

22. OTHER INCOME

22. 其他收益

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Government grants	政府補貼	139,910	59,901
Exchange gain – net	匯兌收益 – 淨額	62,777	56,150
Others	其他	55,864	6,624
		258,551	122,675

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23. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analyzed as follows:

23. 按性質分類的開支

費用包括銷售成本、銷售及市場推廣開支及行政費用，分析如下：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2012 二零一二年	2011 二零一一年
Depreciation, excluding amounts included in research and development	折舊（不包括計入研究及發展的金額）	6	51,433	35,540
Amortization	攤銷	7,8	48,876	36,001
Changes in inventories of finished goods and work in progress	製成品及在製品 存貨變動		(17,942)	7,324
Raw materials and consumables used	已用原材料及消耗品		891,522	629,495
Provision for impairment on trade receivables	貿易應收款之減值撥備	14(b)	3,859	1,192
Lease rentals	租金		12,143	10,669
Auditor's remuneration	核數師酬金		10,371	6,728
Travelling expenses	差旅開支		33,837	22,046
Entertainment expenses	娛樂開支		25,763	17,183
Employee benefit expenses, excluding share option compensation expenses and amounts included in research and development	僱員及福利開支（不包括購股權報酬費用及計入研究發展的金額）	24	133,268	103,923
Share option compensation expenses	購股權報酬費用	18,24	75	4,123
Research and development	研究及發展			
– Employee benefit expenses	– 僱員及福利開支	24	58,865	41,036
– Depreciation	– 折舊	6	9,835	6,880
– Others	– 其他		117,682	73,626
Delivery expenses	運輸開支		32,116	23,552
Utilities	公共設施開支		36,759	21,687
Motor vehicle expenses	汽車費用開支		14,969	9,809
Others	其他		42,373	52,328
Total of cost of goods sold, selling and marketing expenses and administrative expenses	總銷售成本、銷售及市場推廣開支和行政費用		1,505,804	1,103,142

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24. EMPLOYMENT BENEFIT EXPENSES

24. 僱員福利開支

		Year ended 31 March 截至三月三十一日止年度	
		Note 附註	2011 二零一一年
		2012 二零一二年	
Wages, salaries and bonus	工資、薪酬及獎金		119,160
Pension costs – defined contribution plans	退休金 – 定額供款計劃	24(a)	15,400
Share options granted to directors and employees	授予董事及僱員之購股權	23,30	4,123
Others	其他		10,399
		192,208	149,082

(a) Retirement scheme benefit

The Group operates a MPF Scheme for all the eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HKD1,000 per employee and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of each employee's monthly salaries up to a maximum of HKD1,000 (the 'mandatory contributions'). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65 years old, death or total incapacity.

The Group makes defined contribution to retirement schemes managed by the local governments in the Mainland China. It is the local governments' responsibility to pay the retirement benefits to those staff who retire.

Furthermore, the Group makes defined contribution at certain percentage of monthly salary to retirement schemes managed by the insurance company in accordance with German regulation and rules. It is the insurance company's responsibility to pay the retirement benefits to those staff who retire. No pension obligation is required under the Botswana laws and regulations.

(a) 退休金計劃福利

本集團為香港所有合資格僱員設立強積金計劃。強積金計劃之資產與本集團所持者獨立分開。

根據強積金計劃，每名僱員須按月薪5%（最高供款額為港幣1,000元）作出供款，並可選擇作出額外供款。僱主亦須按每名僱員月薪5%（最高供款額為港幣1,000元）作出供款（「強制供款」）。僱員可於六十五歲退休、身故或完全喪失工作能力時收取僱主作出之全部強制供款。

此外，本集團根據合資格員工的基本薪金若干百分比向中國地方政府所管理的退休金計劃作出定額供款。地方政府責任向該等退休僱員支付退休金。

另本集團亦根據德國的相關法律和法規向合資格員工按月薪的若干百分比向有關保險公司作出供款。保險公司有責任向該等退休僱員支付退休金。博茨瓦納的相關法律和法規並無要求需向員工支付退休金的責任。

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24. EMPLOYMENT BENEFIT EXPENSES (continued)

24. 僱員福利開支(續)

(b) Directors' emoluments

The remuneration of each director for the year ended 31 March 2012 is set out below:

(b) 董事酬金

各董事於截至二零一二年三月三十一日止年度之酬金如下：

Name of director 董事姓名	2012 二零一二年					2011 二零一一年				
	Fees 袍金	Salaries 薪金	Employer's contribution to pension scheme 僱主就退休計劃供款	Share options granted to directors 授予董事之購股權	Total 總計	Fees 袍金	Salaries 薪金	Employer's contribution to pension scheme 僱主就退休計劃供款	Share options granted to directors 授予董事之購股權	Total 總計
<i>Executive director:</i> Ms. Chu Lam Yiu										
執行董事： 朱林瑤女士	-	-	-	-	-	-	-	-	-	-
Mr. Lau Chi Tak	-	1,500	12	50	1,562	-	1,500	12	1,489	3,001
劉志德先生	-	1,500	12	50	1,562	-	1,500	12	1,489	3,001
Mr. Poon Chiu Kwok	-	1,319	195	-	1,514	-	1,319	195	-	1,514
潘昭國先生	-	1,319	195	-	1,514	-	1,319	195	-	1,514
Mr. Wang Guang Yu	-	546	62	-	608	-	379	55	-	434
王光雨先生	-	546	62	-	608	-	379	55	-	434
Mr. Xia Li Qun	-	637	33	-	670	-	453	26	-	479
夏利群先生	-	637	33	-	670	-	453	26	-	479
Mr. Xiong Qing	-	1,430	12	25	1,467	-	1,430	12	1,116	2,558
熊卿先生	-	1,430	12	25	1,467	-	1,430	12	1,116	2,558
<i>Independent non-executive directors:</i> Dr. Jin Lizuo (appointed on 19 August 2011)										
獨立非執行董事： 金立佐先生(於二零一一年八月十九日獲委任)	111	-	-	-	111	-	-	-	-	-
Mr. Lee Luk Shiu	180	-	-	-	180	180	-	-	-	180
李祿兆先生	180	-	-	-	180	180	-	-	-	180
Ms. Ma Yun Yan	180	-	-	-	180	180	-	-	-	180
麻雲燕女士	180	-	-	-	180	180	-	-	-	180
Mr. Mak Kin Kwong (retired upon expiry of term on 5 August 2011)										
麥建光先生(於二零一一年八月五日任期屆滿退任)	62	-	-	-	62	180	-	-	-	180
					6,354					8,526

No directors waived any emoluments during the years ended 31 March 2012 and 2011.

截至二零一二年及二零一一年三月三十一日止年度，無董事放棄任何酬金。

During the years ended 31 March 2012 and 2011, no emoluments had been paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

截至二零一二年及二零一一年三月三十一日止年度，本集團亦無向董事支付酬金作為加入本集團的獎勵或作為離職補償。

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24. EMPLOYMENT BENEFIT EXPENSES (continued)

24. 僱員福利開支 (續)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 3 (2011: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments paid and payable to the remaining 2 (2011: 2) individuals during the year are as follows:

(c) 五名最高薪酬人士

年內，在本集團之五名最高薪酬人士包括三位(二零一一年：三位)為董事，而彼等之酬金詳情已載於上文。本年度支付予其餘兩名人士(二零一一年：兩名)之酬金如下：

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Basic salaries and allowances	基本薪金及津貼	6,354	4,751
Contributions to the retirement scheme	退休福利計劃供款	104	110
Share options granted	授予購股權	–	218
		6,458	5,079

The emoluments fell within the following bands:

彼等之酬金在以下範圍：

		Number of employees 僱員人數	
		2012 二零一二年	2011 二零一一年
Emolument bands	酬金範圍		
HKD1,000,001- HKD1,500,000	港幣1,000,001至1,500,000元	–	1
HKD1,500,001- HKD2,000,000	港幣1,500,001至2,000,000元	1	–
HKD3,500,001- HKD4,000,000	港幣3,500,001至4,000,000元	–	1
HKD4,500,001- HKD5,000,000	港幣4,500,001至5,000,000元	1	–

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綜合財務報表附註

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25. FINANCE INCOME AND FINANCE COSTS

25. 財務收入及融資成本

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
	Note 附註		
Financial income:	財務收入		
Interest income on bank deposits	銀行存款利息收入	33,168	24,692
Financial cost:	融資成本		
Interest expenses – bank borrowings	利息費用 – 銀行貸款	(16,373)	(13,734)
Bank guarantee charge on borrowings	銀行保證費用 – 銀行借貸	–	(2,510)
Less: amounts capitalized on qualifying assets	減：合資格資產之資本化利息	–	2,215
	30	(16,373)	(14,029)
Finance income – net	財務收入 – 淨額	16,795	10,663

26. INCOME TAX EXPENSE

26. 所得稅

The amount of taxation charged to the consolidated income statements represented:

計入綜合收益表之稅項金額列示如下：

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
	Note 附註		
Current income tax	即期稅項		
– Hong Kong profits tax	– 香港所得稅	12,553	13,364
– PRC corporate income tax	– 中國企業所得稅	332,853	252,306
– Germany company income tax	– 德國企業所得稅	87	–
– Botswana company income tax	– 博茨瓦納企業所得稅	774	426
Deferred income tax assets	遞延所得稅資產	(25)	10,496
Deferred income tax liabilities	遞延所得稅負債	(31,992)	(27,336)
		314,250	249,256

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year.

(a) 香港所得稅按本年度估計應課稅盈利以稅率16.5% (二零一一年：16.5%)撥備。

(b) PRC corporate income tax has been calculated on the estimated assessable profit for the year at the tax rates applicable to respective companies of the Group.

(b) 中國企業所得稅撥備按本集團在中國大陸企業於本年度的盈利以其適用的稅率而定。

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26. INCOME TAX EXPENSE (continued)

- (c) The income tax rates enacted or substantively enacted to the major subsidiaries of the Group incorporated in the PRC were as follows:

26. 所得稅(續)

- (c) 下列為本集團於中國大陸註冊之主要企業的所得稅適用稅率明細：

	Note	April to December 2010 二零一零年 四月至十二月	January to December 2011 二零一一年 一月至十二月	January to March 2012 二零一二年 一月至三月
	附註			
Feijia Chuangye Additive (Shenzhen) Limited	(ii), (iii)	11%	12%	12.5%
Guangdong Jinke Reconstituted Tobacco Leaves Company Limited	(i), (v)	15%	15%	25%
Guangdong Jinye	(i), (v)	15%	15%	25%
Guangdong Zhaoqing Fragrances Limited	(v)	15%	15%	15%
Guangzhou Huabao Flavour & Fragrances Company Limited	(i)	25%	25%	25%
Hua Fang Tobacco Flavors Limited	(i)	25%	25%	25%
Huabao Food Flavours & Fragrances (Shanghai) Company Limited ('Huabao Shanghai')	(v)	15%	15%	15%
Huabao Xianghua Keji Fazhan (Shanghai) Company Limited	(i)	25%	25%	25%
Huashun Flavours (Shanghai) Company Limited ('Shanghai Huashun')	(i), (iii)	12.5%	12.5%	25%
Owada Flavour Technology (Guangzhou) Limited	(v)	15%	15%	15%
Qingdao Huabao Flavors & Fragrances Company Limited	(iii)	12.5%	12.5%	12.5%
Qingdao Qingda	(i)	25%	25%	25%
Shanghai H&K Flavours & Fragrances Company Limited	(v)	15%	15%	15%
Shanghai Yinghua Flavours & Fragrances Limited ('Shanghai Yinghua')	(i), (iii)	12.5%	12.5%	25%
Shanghai Zhezhan Trading Limited	(i)	25%	25%	25%
Shantou Tsing Hua Biochemical Engineering Company Limited ('Shantou Tsinghua')	(i), (v)	15%	25%	25%
Shenzhen Dongjiang Chuangzhan Trading Limited	(ii)	22%	24%	25%
Taicang Wenhua Enterprise Company Limited ('Taicang Wenhua')	(i), (iii)	12.5%	12.5%	25%
Wuxi Fuhua Flavour & Fragrance Company Limited	(i)	25%	25%	25%
Wuxi Hua Hai Flavour Company Limited	(iii)	12.5%	12.5%	12.5%
Wuxi Huaxin Flavour & Fragrance Company Limited ('Wuxi Huaxin')	(i), (iii)	12.5%	12.5%	25%
Wuxi Jiahua Flavour & Fragrance Company Limited	(i)	25%	25%	25%
Xiamen Amber Fragrances Co Ltd	(v)	15%	15%	15%
Yongzhou Shanxiang	(i)	N/A	25%	25%
Yunnan Huaxiangyuan	(i)	25%	25%	25%
Yunnan Tianhong Flavor & Fragrance Company Limited	(iv)	15%	15%	15%
Ying Tan Huabao Flavours & Fragrances Co., Ltd.	(i)	N/A	25%	25%

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26. INCOME TAX EXPENSE (continued)

(c) (continued)
The income tax rates are derived from various tax policies.

- (i) The Corporate Income Tax Law of the PRC stipulates the applicable income tax rate at 25% for domestic enterprises in the PRC.
- (ii) PRC companies established before 16 March 2007 are entitled to the transitional rules announced by the State Council Circular [2007] No. 39 which stipulated that from 1 January 2008, the existing tax rate of 15% applied to some enterprises shall be increased to 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.
- (iii) The 'two-year exemption and three-year half rate' preferential tax policy is applied. For enterprises that do not benefit from such preferential policies due to their loss making status, the time for which such policy to apply shall commence from 1 January 2008. The preferential tax policy for Shanghai Huashun, Shanghai Yinghua, Taicang Wenhua and Wuxi Huaxin expired at the end of 2011.
- (iv) Encouraged enterprises of western regions can continue to enjoy tax rate of 15% until 2022.
- (v) The CIT Law also stipulated that the Corporate Income Tax shall be levied at the reduced rate of 15% for High/New Tech Enterprises that are specifically supported by the State.

- (d) Germany company income tax has been provided at the rate of 15% (2011: 15%) on the estimated assessable profit for the year.
- (e) Botswana company income tax has been provided at the rate of 15% (2011: 15%) on the estimated assessable profit for the year.
- (f) No provision for income tax in other jurisdictions has been made as the Group has no assessable profit in those jurisdictions during the year.

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

26. 所得稅 (續)

(c) (續)
不同的所得稅稅率來自不同的政策。

- (i) 企業所得稅法規定中國國內企業的適用所得稅稅率為25%。
- (ii) 於二零零七年三月十六日之前成立的中國大陸企業按國務院頒佈之過渡條款[2007]第39號指出，由二零零八年一月一日，部份企業應用現有的15%稅率將增加至2008年的18%、2009年的20%、2010年的22%、2011年的24%及2012年的25%。
- (iii) 該「兩免三減半」的優惠政策正在應用。企業因未有盈利而未能受益於此優惠政策的，將由二零零八年一月一日開始應用此政策。華順上海、上海英華、太倉文華及無錫華馨的優惠政策已於2011年到期。
- (iv) 於西部區域受鼓勵的企業可繼續享有15%的稅率直至2022年。
- (v) 企業所得稅法規定企業所得稅將對於受國家支持的高新技術企業適用15%的稅率。

- (d) 德國企業所得稅按本年度估計應課稅盈利以稅率15% (二零一一年：15%) 撥備。
- (e) 博茨瓦納企業所得稅按本年度估計應課稅盈利以稅率15% (二零一一年：15%) 撥備。
- (f) 本集團於有關年度在其他司法權區並無取得應課所得稅收入，故無為其他司法權區的所得稅作出撥備。

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26. INCOME TAX EXPENSE (continued)

- (g) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the standard tax rates before tax holiday applicable to the respective companies of the Group as follows:

26. 所得稅(續)

- (g) 本集團就除所得稅前盈利的稅項，與本集團旗下相關公司所在地在免稅期前適用稅率釐定的理論稅額有所不同，載列如下：

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Profit before income tax	除稅前盈利	2,080,989	1,881,114
(Less)/Add: Share of results of associates	(減)/加：應佔聯營公司業績	(143)	1,255
		2,080,846	1,882,369
Tax calculated at standard tax rate	按本集團旗下相關公司適用稅率計算的稅項	521,761	443,048
Effect of tax holiday	免稅期影響	(193,549)	(162,739)
Tax impact of expenses not deductible for tax purposes	不可扣稅開支之稅務影響	2,211	426
Withholding tax on the earnings anticipated to be remitted by subsidiaries	附屬公司預期匯出的股息所產生之預提所得稅	(22,603)	(21,272)
Tax losses for which no deferred income tax assets were recognized	並無確認遞延所得稅資產的稅務虧損	6,430	4,273
Tax impact on liquidation of a subsidiary	清算一間附屬公司之稅務影響	-	(14,480)
Income tax expense	所得稅	314,250	249,256

Due to the fact that the directors are not certain on whether future taxable profit would be available in certain subsidiaries, the Group did not recognize deferred income tax assets of HKD18,995,000 (2011: HKD12,565,000) in respect of tax losses of such subsidiaries amounting to HKD85,588,000 (2011: HKD55,342,000). Losses of HKD2,170,000, HKD12,577,000, HKD6,077,000, HKD15,255,000 and HKD22,935,000 will expire on 31 March 2013, 31 March 2014, 31 March 2015, 31 March 2016 and 31 March 2017 respectively, and losses of HKD26,574,000 do not have an expiry date.

因為董事無法確定於未來是否有足夠應課稅盈利彌補稅損，本集團並沒有確認部份附屬公司之可抵扣未來虧損港幣85,588,000元（二零一一年：港幣55,342,000元）的遞延所得稅資產約港幣18,995,000元（二零一一年：港幣12,565,000元）。未來可抵扣虧損金額港幣2,170,000元，港幣12,577,000元，港幣6,077,000元，港幣15,255,000元及港幣22,935,000元將分別二零一三年三月三十一日，二零一四年三月三十一日，二零一五年三月三十一日，二零一六年三月三十一日及二零一七年三月三十一日失效，港幣26,574,000元的可抵扣虧損沒有到期日。

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27. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Profit attributable to equity holders of the Company	本公司股權持有人應佔盈利	1,750,419	1,604,400
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數(千計)	3,155,203	3,145,299
Basic earnings per share (HK cents per share)	每股基本盈利(每股港仙)	55.48	51.01

(b) Diluted

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding, assuming that all dilutive potential ordinary shares have been converted. For the year ended 31 March 2012, the Company has one type of dilutive potential ordinary shares, i.e. share options.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

27. 每股盈利

(a) 基本

每股基本盈利乃根據本年度本公司權益持有人應佔盈利，除以年內已發行普通股的加權平均數目計算。

(b) 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被轉換後，根據已發行普通股的加權平均股數計算。截至二零一二年三月三十一日止年度，本公司有一類可攤薄的潛在普通股(購股權)。

至於購股權，根據未行使購股權所附的認股權的貨幣價值，釐定按公平值(釐定為本公司股份的平均年度市價)可購入的股份數目。按以上方式計算的股份數目，與假設購股權行使而應已發行的股份數目作出比較。

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27. EARNINGS PER SHARE (continued)

(b) Diluted (continued)

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Profit attributable to equity holders of the Company	本公司股權持有人應佔盈利	1,750,419	1,604,400
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數 (千計)	3,155,203	3,145,299
Adjustments for: – exercise of share options ('000)	調整： – 行使購股權 (千計)	9,587	26,085
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數 (千計)	3,164,790	3,171,384
Diluted earnings per share (HK cents per share)	每股攤薄盈利 (每股港仙)	55.31	50.59

27. 每股盈利 (續)

(b) 攤薄 (續)

28. DIVIDENDS

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Interim dividend paid of HK7.80 cents (2011: HK7.20 cents) per share	已付每股中期股息7.80港仙 (二零一一年：7.20港仙)	246,469	226,789
Proposed final dividend of HK8.88 cents (2011: HK7.98 cents) per share	擬派每股末期股息8.88港仙 (二零一一年：7.98港仙)	280,595	251,374
		527,064	478,163
Special dividend paid of HK5.18 cents (2011: nil) per share	已付每股特別股息5.18港仙 (二零一一年：無)	163,680	–
		690,744	478,163

28. 股息

For the year ended 31 March 2012
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28. DIVIDENDS (continued)

During the year ended 31 March 2012, an interim dividend of HKD246,469,000 (HK7.80 cents per share) (2011: HKD7.20 cents per share) and a special dividend of HKD163,680,000 (HK5.18 cents per share) (2011: nil) have been paid by the Company. A final dividend of HK8.88 cents per share (2011: HK7.98 cents per share), HKD280,595,000 in aggregate (2011: HKD251,374,000), are proposed at the meeting of the Board held on 20 June 2012 which is subject to the shareholders' approval at the forthcoming annual general meeting. These consolidated financial statements do not reflect these proposed dividends. The aggregate amounts of the dividends paid and proposed during 2012 and 2011 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

29. BUSINESS COMBINATIONS

(a) Acquisition of Yunnan Zhengbang

On 25 June 2011, Huabao Shanghai, a wholly owned subsidiary of the Company, entered into an agreement with independent third parties to acquire 100% equity interests in Yunnan Zhengbang, a company incorporated in the PRC at a cash consideration of approximately RMB5,760,000 (equivalent to HKD6,926,000).

Yunnan Zhengbang is principally engaged in the research and development, consulting and sale of new material for cigarettes in the PRC. The acquisition was completed on 1 July 2011 and Yunnan Zhengbang became a subsidiary of the Group.

The acquired business contributed revenue of HKD18,000 and net loss after tax of HKD499,000 to the Group for the period from date of acquisition to 31 March 2012.

If the acquisition had occurred on 1 April 2011, the consolidated revenue would have been increased by approximately HKD1,005,000 and the consolidated net profit after tax would have decreased by approximately HKD835,000 and hence the consolidated income statement for the year ended 31 March 2012 would show the consolidated revenue of HKD3,312,309,000 and consolidated net profit after tax of HKD1,765,904,000.

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28. 股息 (續)

於截至二零一二年三月三十一日止年度內，本公司已支付的中期股息為港幣246,469,000元(每股港幣7.80仙)(二零一一年：每股港幣7.20仙)及特別股息為港幣163,680,000元(每股港幣5.18仙)(二零一一年：無)。而擬派發的末期股息為每股港幣8.88仙(二零一一年：每股港幣7.98仙)，共約港幣280,595,000元(二零一一年：港幣251,374,000元)，在二零一二年六月二十日舉行的董事局會議建議派發，但需於臨近舉行的股東週年大會上獲股東批准。此綜合財務報表並未反映此建議股息。根據香港《公司條例》，二零一二年及二零一一年已派發及擬派發的股息總額已在綜合收益表中披露。

29. 業務合併

(a) 收購雲南正邦

於二零一一年六月二十五日，本公司之全資附屬公司，華寶上海，與獨立第三方簽署協議，以現金收購代價約人民幣5,760,000元(相等於港幣6,926,000元)收購一間於中國成立的公司，雲南正邦的100%權益。

雲南正邦主要在中國從事研發、諮詢及銷售捲煙新材料。該收購已於二零一一年七月一日完成而雲南正邦已成為本集團之附屬公司。

該業務自收購日至二零一二年三月三十一日止，已為本集團帶來約港幣18,000元的銷售收入及約港幣499,000元的除稅後虧損。

如該收購於二零一一年四月一日發生，本集團之綜合銷售收入將增加約港幣1,005,000元和綜合稅後盈利將減少約港幣835,000元，而在截至二零一二年三月三十一日止年度之綜合收益表亦將會顯示綜合銷售收入約港幣3,312,309,000元和綜合稅後盈利約港幣1,765,904,000元。

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29. BUSINESS COMBINATIONS (continued)

29. 業務合併 (續)

(a) Acquisition of Yunnan Zhengbang (continued)

(a) 收購雲南正邦 (續)

Details of net assets acquired and goodwill are as follows:

收購產生之淨資產及商譽詳情如下：

		Total 合計
Purchase consideration	收購代價	6,926
Fair value of identifiable net assets acquired – shown below	收購可辨認淨資產之公允價值 – 詳列下文	(1,145)
Goodwill	商譽	5,781

None of the goodwill recognized is expected to be deductible for income tax purpose.

已確認的商譽預期不可扣減稅項。

The fair value of assets and liabilities as at the acquisition date arising from the acquisition are as follows:

於收購日，因收購而產生之資產及負債的公允價值如下：

		Fair Value 公允價值
Net assets acquired	收購之資產淨值	
Long-term deferred expenses	長期待攤費用	4
Property, plant and equipment	物業、機器及設備	224
Inventories	存貨	195
Trade and other receivable	貿易及其他應收賬款	336
Cash and cash equivalents	現金及現金等價物	853
Trade and other payables	貿易及其他應付賬款	(432)
Tax payable	應付稅項	(35)
Net assets acquired	收購資產淨值	1,145
Outflow of cash to acquire business, net of cash acquired	收購業務之現金流出 (扣除收購之淨現金)	
Cash consideration	以現金支付收購代價	6,926
Cash and cash equivalents in subsidiary acquired	收購附屬公司內的現金及現金等價物	(853)
Net cash outflow on acquisition	收購的淨現金流出	6,073
Amount payable to vendor at year end date	於結算日應付出售人款項	(240)
		5,833

The gross contractual amount for trade receivables approximates its fair value.

貿易應收款項總合約額與公允價值相若。

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29. BUSINESS COMBINATIONS (continued)

(b) Acquisition of business

Yongzhou Shanxiang, a subsidiary of the Company, was newly set up in March 2011. In April 2011, it entered into agreements with Hunan Xiangnong Shanxiang Grease Flavor Co., Ltd. to acquire a group of assets which consisted of trademarks, property, plant and equipment and inventories, at a consideration of approximately HKD33,786,000. The directors consider these acquisitions of assets constitute a business combination.

The fair value of assets as at the acquisition date is as follows:

29. 業務合併 (續)

(b) 收購業務

於二零一一年三月，本公司新成立一間附屬公司，永州山香。於二零一一年四月，永州山香與湖南湘農山香油脂香料有限公司簽署協議，以代價約為港幣33,786,000元向其收購包括商標、物業、機器及設備和存貨。董事認為該等收購的資產構成一項業務收購。

於收購日，該資產的公允價值如下：

		Fair Value 公允價值
Net assets required	收購之資產淨值	
Trademarks	商標	1,358
Property, plant and equipment	物業、機器及設備	3,449
Inventories	存貨	28,979
<hr/>		
Net assets acquired	收購之資產淨值	33,786
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Total consideration, satisfied by cash	總現金代價	33,786
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30. CASH GENERATED FROM OPERATIONS

30. 經營活動產生的現金

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2012 二零一二年	2011 二零一一年
Profit before income tax	除稅前盈利		2,080,989	1,881,114
Adjustments for:	調整：			
- Depreciation	- 折舊	6	61,268	42,420
- Amortization	- 攤銷	7,8	48,876	36,001
- Interest expense	- 利息費用	25	16,373	14,029
- Interest income	- 利息收入	25	(33,168)	(24,692)
- Investment income	- 投資收入		-	(2,319)
- Share of (profit)/loss of associates	- 應佔聯營公司 (盈利)/虧損	10	(143)	1,255
- Provision for impairment on trade receivables	- 貿易應收款項減值撥備	14(b),23	3,859	1,192
- (Gain)/Loss on disposal of property, plant and equipment	- 出售物業、機器及 設備 (盈利)/虧損		(869)	96
- Gain on bargain purchase	- 廉價購買收益		-	(5)
- Share option compensation expenses	- 購股權報酬費用	24	75	4,123
- Exchange gain-net	- 匯兌收益 - 淨額	22	(62,777)	(56,150)
Changes in working capital:	營運資金變動：			
- Inventories	- 存貨		(138,357)	(157,258)
- Trade and other receivables	- 貿易及其他應收款項		167,398	(224,258)
- Trade and other payables	- 貿易及其他應付款項		(252,575)	130,311
Net cash generated from operations	經營業務所得現金淨額		1,890,949	1,645,859

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

於綜合現金流量表內，出售物業、機器及設備之收入包括：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2012 二零一二年	2011 二零一一年
Net book amount	賬面淨值	6	12,064	971
Gain/(Loss) on disposal of property, plant and equipment	出售物業、機器及 設備盈利/(虧損)		869	(96)
Proceeds from disposal of property, plant and equipment	出售物業、機器及 設備的所得款		12,933	875

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31. COMMITMENTS – GROUP

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

		As at 31 March 於三月三十一日	
		2012 二零一二年	2011 二零一一年
Contracted but not provided for:	已簽約但未撥備：		
Property, plant and equipment	物業、機器及設備	250,383	74,716
Investment in an associate	於聯營公司之投資	135,203	–
		385,586	74,716

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases at the closing date are as follows:

		As at 31 March 於三月三十一日	
		2012 二零一二年	2011 二零一一年
Land and buildings:	土地及樓宇：		
Not later than 1 year	不超過1年	9,959	8,178
Later than 1 year and not later than 5 years	超過1年但不超過5年	5,493	4,828
		15,452	13,006

31. 承擔 – 本集團

(a) 資本承擔

於結算日已簽約但仍未產生的資本開支如下：

(b) 營運租賃承擔

於結算日根據不可撤銷營運租賃，未來最低租賃付款總額如下：

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32. RELATED PARTY TRANSACTIONS

32. 關聯人士交易

(a) Name and relationship with related parties

Name

名稱

Ms. Chu
朱女士
Owada International Flavours & Fragrances
(Guangzhou) Limited ('Owada International')
澳華達國際香料(廣州)有限公司(「澳華達國際」)
Henan Jinrui
河南金瑞

(a) 關聯人士名稱與關係

Relationship

關係

The single largest shareholder of the Company
本公司的第一大股東
A company controlled by Ms. Chu
受朱女士控制
An associate indirectly held by the Company
本公司間接持有的聯營公司

(b) Transactions with related parties

The Group has entered into the following significant transactions with related parties:

(b) 與關聯人士的交易

本集團與關聯人士進行下列重大交易：

		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Sales of goods, net of value-added tax, to:	銷售貨品，除增值稅後，予：		
– Henan Jinrui	– 河南金瑞	1,140	367

The above transactions were conducted at terms as agreed with the related parties.

上述交易依據與關聯方所達成的條款進行。

For the year ended 31 March 2012
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截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

32. RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

Balances due from related parties: 應收關聯人士結餘：

Included in trade and other receivables: 計入貿易及其他應收款項：

– Henan Jinrui 一 河南金瑞

– trade receivables 一 計入貿易應收款項

– others (dividend receivable) 一 計入其他(應收股息)

3,911 3,089

Balances due to related parties: 應付關聯人士結餘：

Included in trade payables 計入貿易應付款項

– Owada International 一 澳華達國際

Included in non-trade payables 計入非貿易應付款項

– Ms. Chu 一 朱女士

21 **123,985** 123,985

As at 31 March 2012, all the balances with related parties were unsecured, interest-free and repayable on demand.

於二零一二年三月三十一日，所有關聯人士結餘均為無抵押、免息及須於通知時清還。

32. 關聯人士交易(續)

(c) 關聯人士結餘

As at 31 March
於三月三十一日

Note 2012 2011
附註 二零一二年 二零一一年

		2012	2011
		二零一二年	二零一一年
Balances due from related parties:	應收關聯人士結餘：		
Included in trade and other receivables:	計入貿易及其他應收款項：		
– Henan Jinrui	一 河南金瑞		
– trade receivables	一 計入貿易應收款項	1,882	1,394
– others (dividend receivable)	一 計入其他(應收股息)	2,029	1,695
		3,911	3,089
Balances due to related parties:	應付關聯人士結餘：		
Included in trade payables	計入貿易應付款項		
– Owada International	一 澳華達國際	14,867	14,308
Included in non-trade payables	計入非貿易應付款項		
– Ms. Chu	一 朱女士	21	123,985
		123,985	123,985

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

33. INTEREST IN JOINTLY CONTROLLED ENTITY

The Group has a 49% interest in a jointly controlled entity, Yunnan Qing Tian Xiang Keji Fazhan Co. Ltd., which was established on 24 November 2009 and is principally engaged in the manufacture and sale of flavours and fragrances in the PRC. The following amounts represent the Group's 49% share of the assets and liabilities, and sales and results of the jointly controlled entity. They are included in the consolidated statement of financial position and income statement.

33. 共同控制實體

本集團於共同控制實體雲南清甜香科技發展有限公司中持有49%權益，該企業在二零零九年十一月二十四日成立及主要在中國從事生產及銷售香精香料產品。以下金額為本集團在該共同控制實體的資產和負債，以及銷售和業績中應佔的49%份額，並已列入綜合財務狀況表和收益表內：

		As at 31 March 於三月三十一日	
		2012 二零一二年	2011 二零一一年
Assets:	資產：		
Non-current assets	非流動資產	454	218
Current assets	流動資產	12,589	6,172
		13,043	6,390
Liabilities:	負債：		
Current liabilities	流動負債	6,626	40
Net assets	淨資產	6,417	6,350
		Year ended 31 March 截至三月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Income	收益	26,118	4,329
Expenses	費用	(25,911)	(2,623)
Profit before income tax	除稅前盈利	207	1,706

There are no contingent liabilities relating to the Group's interest in the jointly controlled entity, and the jointly controlled entity has no contingent liabilities itself.

本集團在該共同控制實體的權益並無涉及任何或有負債，而該共同控制實體本身亦無或有負債。

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

34. 主要附屬公司之詳情

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及 法定主體類別	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股本權益		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
Aromascape Development Centre GmbH	Germany, Limited liability company 德國，有限責任公司	EUR25,000 歐元25,000	–	100	Research and development of flavours & fragrances in Germany 研發香精香料，德國
Central Link Inc. Limited ^{C1, X1} 中昇興業有限公司 ^{C1, X1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD1 港幣1元	–	100	Investment holding, trading of fine chemicals in Hong Kong 投資控股、精細化工產品 貿易，香港
Chemactive Investments Limited ^{C1}	British Virgin Islands, Limited liability company 英屬處女島，有限責任公司	USD2 美元2	100	–	Investment holding in Hong Kong 投資控股，香港
Feijia Chuangye Additive (Shenzhen) Limited ^{X1} 飛嘉創業添加劑(深圳) 有限公司 ^{X1}	PRC*, Limited liability company 中國*，有限責任公司	HKD1,000,000 港幣1,000,000	–	100	Production, technical research & development, distribution, import & export of flavours & fragrances & related business in PRC 香精香料的生產、技術開發、 批發、進出口及相關配套 業務，中國
F&G (Botswana) (Proprietary) Limited	Republic of Botswana, Limited liability company 博茨瓦納共和國， 有限責任公司	BWP100 普拉100元	–	100	Production and sales of natural extracts in Botswana 生產和銷售天然提取物，博茨 瓦納共和國
Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd. 廣東省金科再造煙葉有限公司	PRC*, Limited liability company 中國*，有限責任公司	RMB40,000,000 人民幣40,000,000元	–	55.375	Manufacture & sale of reconstituted tobacco leaves in PRC 生產及銷售煙草薄片，中國

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(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued) **34. 主要附屬公司之詳情 (續)**

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及 法定主體類別	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股本權益		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Co., Ltd. 廣東省金葉煙草薄片技術開發 有限公司	PRC*, Limited liability company 中國*, 有限責任公司	RMB100,000,000 人民幣100,000,000元	-	100	Research & development, manufacture and sale of reconstituted tobacco leaves in PRC 研發、生產及銷售煙草薄片， 中國
Guangdong Zhaoqing Fragrances Limited 廣東省肇慶香料廠有限公司	PRC*, Limited liability company 中國*, 有限責任公司	RMB11,000,000 人民幣11,000,000元	-	100	Manufacturing & sales of food flavours & fragrances in PRC 生產及銷售香精香料，中國
Guangzhou Hanfo Food Culture Company Limited ^{X1} 廣州漢方飲食文化有限公司 ^{X1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB2,000,000 人民幣2,000,000元	-	100	Research, development, manufacturing & sales of flavours & fragrances in PRC 研發、生產及銷售香料，中國
Guangzhou Huabao Flavour & Fragrances Company Limited ^{X1} 廣州華寶香精香料有限公司 ^{X1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB10,000,000 人民幣10,000,000元	-	100	Research, development, manufacturing & sales of flavours & fragrances in PRC 研發、生產及銷售香精香料， 中國
Hua Fang Tobacco Flavors Limited ^{C1, W1} 華芳煙用香料有限公司 ^{C1, W1}	PRC*, Limited liability company 中國*, 有限責任公司	USD4,000,000 美元4,000,000	-	51	Manufacturing & sales of tobacco flavours & fragrances in PRC 生產及銷售煙用香精香料， 中國
Huabao Flavours & Fragrances (HK) Limited ^{C1} 華寶香精香料(香港)有限公司 ^{C1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD3,000,000 港幣3,000,000元	-	100	Research, development, manufacturing & sales of flavours & fragrances in Hong Kong 研發、生產及銷售香精香料， 香港

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

34. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及 法定主體類別	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股本權益		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
Huabao Food Flavours & Fragrances (Shanghai) Company Limited ^{W1, X1, X2} 華寶食用香精香料(上海) 有限公司 ^{W1, X1, X2}	PRC*, Limited liability company 中國*, 有限責任公司	USD10,000,000 美元10,000,000	–	100	Manufacturing & sales of tobacco flavours & fragrances in PRC 生產及銷售煙用香精香料， 中國
Huabao Industrial & Trading Development (HK) Limited ^{C1, X1} 華寶工貿發展(香港) 有限公司 ^{C1, X1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD10,000 港幣10,000元	–	100	Investment holding, trading of fine chemicals in Hong Kong 投資控股、精細化工產品 貿易，香港
Huabao Xianghua Keji Fazhan (Shanghai) Company Limited ^{C1, W1, W2, X1} 華寶香化科技發展(上海) 有限公司 ^{C1, W1, W2, X1}	PRC*, Limited liability company 中國*, 有限責任公司	USD2,100,000 美元2,100,000	–	100	Research and development of flavours & fragrances in PRC 研發香精香料，中國
Huashun Flavour (Shanghai) Limited ^{W1, W2, X1} 華順香料(上海) 有限公司 ^{W1, W2, X1}	PRC*, Limited liability company 中國*, 有限責任公司	USD1,000,000 美元1,000,000	–	100	Manufacture and sale of fine chemicals in PRC 精細化工產品研發、生產及 銷售，中國
Owada Flavour Technology (Guangzhou) Limited ^{X1, X2} 澳華達香料科技(廣州) 有限公司 ^{X1, X2}	PRC*, Limited liability company 中國*, 有限責任公司	HKD60,000,000 港幣60,000,000	–	100	Research, development, production and sale of tobacco flavours & fragrances in PRC 研發、生產、加工及銷售各類 合成香料及香精產品，中國
Power Success International Development Limited ^{C1, X1} 力昇國際發展有限公司 ^{C1, X1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD1 港幣1元	–	100	Investment holding, trading of fine chemicals in Hong Kong 投資控股，精細化工產品 貿易，香港
Qingdao Huabao Flavors & Fragrances Co., Ltd. ^{C1, W1} 青島華寶香精香料有限公司 ^{C1, W1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB3,673,500 人民幣3,673,500元	–	70	Manufacture and sale of flavors & fragrances in PRC 生產及銷售香精香料，中國

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued) **34. 主要附屬公司之詳情 (續)**

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及 法定主體類別	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股本權益		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
Qingdao Qingda Product Co., Inc. ^{X1} 青島青大物產股份有限公司 ^{X1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB41,640,000 人民幣41,640,000元	–	75	Manufacturing & sales of natural extracts in PRC 生產及銷售天然提取物，中國
Shanghai H&K Flavours & Fragrances Company Limited ^{L1, L2, W1, X1} 上海華寶孔雀香精香料有限公司 ^{L1, L2, W1, X1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB100,000,000 人民幣100,000,000元	–	100	Manufacturing & sales of food flavours & fragrances in PRC 生產及銷售食品香精香料，中國
Shanghai Yinghua Flavours & Fragrances Limited 上海英華香精香料有限公司	PRC*, Limited liability company 中國*, 有限責任公司	HKD1,000,000 港幣1,000,000元	–	100	Sales of tobacco flavours & fragrances in PRC 銷售煙用香精香料，中國
Sino Top Trading Limited ^{C1} 華置貿易有限公司 ^{C1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD100 港幣100元	–	100	Trading of fine chemicals in Hong Kong 精細化工產品貿易，香港
Smart Sino International Limited ^{C1, X1} 華烽國際有限公司 ^{C1, X1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD10,000 港幣10,000元	–	100	Investment holding, trading of fine chemicals in Hong Kong 投資控股，精細化工產品貿易，香港
Tai Cang Wen Hua Enterprise Company Limited ^{W1, X1, X2} 太倉文華實業有限公司 ^{W1, X1, X2}	PRC*, Limited liability company 中國*, 有限責任公司	USD1,200,000 美元1,200,000	–	100	Production and sale of tobacco flavours & fragrances in PRC 生產及銷售香精香料，中國
Wisdom Bright International Investment Limited ^{C1, X1} 智輝國際投資有限公司 ^{C1, X1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD1 港幣1元	–	100	Investment holding, trading of fine chemicals in Hong Kong 投資控股，精細化工產品貿易，香港
Wuxi Fuhua Flavour & Fragrance Company Limited ^{W1, W2, X1} 無錫福華香精香料有限公司 ^{W1, W2, X1}	PRC*, Limited liability company 中國*, 有限責任公司	USD7,000,000 美元7,000,000	–	100	Production and sale of tobacco flavours & fragrances in PRC 生產及銷售煙用香精香料，中國

For the year ended 31 March 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年三月三十一日止年度
(除另有說明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued) **34. 主要附屬公司之詳情 (續)**

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及 法定主體類別	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股本權益		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
Wuxi Hua Hai Flavour Company Limited ^{W1, W2, X1} 無錫華海香料有限公司 ^{W1, W2, X1}	PRC*, Limited liability company 中國*, 有限責任公司	USD650,000 美元650,000	–	100	Production and sale of tobacco flavours & fragrances in PRC 生產及銷售香精香料，中國
Wuxi Hua Xin Flavour & Fragrance Company Limited ^{W1, X1, X2} 無錫華馨香精香料有限公司 ^{W1, X1, X2}	PRC*, Limited liability company 中國*, 有限責任公司	USD1,000,000 美元1,000,000	–	100	Production and sale of tobacco flavours & fragrances in PRC 生產及銷售煙用香精香料， 中國
Wuxi Jiahua Flavour & Fragrance Company Limited ^{W1, W2, X1} 無錫嘉華香精香料有限公司 ^{W1, W2, X1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB60,000,000 人民幣60,000,000元	–	100	Production and sale of tobacco flavours & fragrances in PRC 生產及銷售煙用香精香料， 中國
Xiamen Amber Fragrances Co., Ltd. 廈門琥珀香料有限公司	PRC*, Limited liability company 中國*, 有限責任公司	RMB20,000,000 人民幣20,000,000元	–	51	Research, development, distribution and retail of fragrances in PRC 研發、生產、批發及零售日用 化工產品，中國
Ying Tan Huabao Flavours & Fragrances Co., Ltd. ^{W1, X1, X2} 鷹潭華寶香精香料有限公司 ^{W1, X1, X2}	PRC*, Limited liability company 中國*, 有限責任公司	RMB64,000,000 人民幣64,000,000元	–	100	Production and sale of tobacco flavours & fragrances in PRC 生產及銷售香精香料，中國
Yongzhou Shan Xiang Flavour Co., Ltd. 永州山香香料有限公司	PRC*, Limited liability company 中國*, 有限責任公司	RMB35,000,000 人民幣35,000,000元	–	67.14	Investment holding in PRC 投資控股，中國
Yunnan Aroma Source Manufacturing Co., Ltd. ^{X1, X2} 雲南華香源香料有限公司 ^{X1, X2}	PRC*, Limited liability company 中國*, 有限責任公司	RMB5,000,000 人民幣5,000,000元	–	60	Manufacture and sale of flavours and fragrances in PRC 生產及銷售香精香料，中國
Yunnan Tianhong Flavor & Fragrance Company Limited ^{C1, C2} 雲南天宏香精香料有限公司 ^{C1, C2}	PRC*, Limited liability company 中國*, 有限責任公司	USD2,250,000 美元2,250,000	–	60	Production and sale of tobacco flavours & fragrances in PRC 生產及銷售香精香料，中國

* All entities incorporated in PRC are identified as 'limited liability company'.

* 所有於中國註冊成立的公司皆為有限責任公司。

Five Year Financial Summary

五年財務摘要

RESULTS

業績

		Year ended 31 March 截至三月三十一日止年度				
		2008 二零零八年 HKD'000 港幣千元	2009 二零零九年 HKD'000 港幣千元	2010 二零一零年 HKD'000 港幣千元	2011 二零一一年 HKD'000 港幣千元	2012 二零一二年 HKD'000 港幣千元
Turnover	營業額	1,419,137	1,938,443	2,366,403	2,852,173	3,311,304
Gross profit	毛利	1,063,148	1,462,515	1,786,835	2,120,459	2,335,996
Profit before income tax	除稅前盈利	904,000	1,207,346	1,531,649	1,881,114	2,080,989
Income tax expenses	稅項	(34,384)	(82,157)	(162,236)	(249,256)	(314,250)
Profit for the year	本年度盈利	869,616	1,125,189	1,369,413	1,631,858	1,766,739

ASSETS AND LIABILITIES

資產及負債

		As at 31 March 於三月三十一日				
		2008 二零零八年 HKD'000 港幣千元	2009 二零零九年 HKD'000 港幣千元	2010 二零一零年 HKD'000 港幣千元	2011 二零一一年 HKD'000 港幣千元	2012 二零一二年 HKD'000 港幣千元
Total assets	總資產	2,477,381	3,765,656	4,833,858	6,927,840	8,351,919
Total liabilities	總負債	(455,404)	(836,050)	(915,651)	(1,631,977)	(1,701,670)
Shareholders' funds	淨資產	2,021,977	2,929,606	3,918,207	5,295,863	6,650,249

Other Financial Information

其他財務數據

		2008 二零零八年	2009 二零零九年	2010 二零一零年	2011 二零一一年	2012 二零一二年
Earnings per share, basic (HK cents)	每股盈利，基本 (港仙)	28.13	36.08	43.15	51.01	55.48
Earnings per share, diluted (HK cents)	每股盈利，攤薄 (港仙)	27.65	35.62	42.58	50.59	55.31
Aggregated dividend per share (HK cents)	每股全年累計股息 (港仙)	8.3	10.8	12.78	15.18	16.68
Aggregated special dividend per share (HK cents)	每股累計特別股息 (港仙)	Nil無	3.0	8.3	Nil無	5.18
Fiscal year-end share prices (HKD)	財務年度終結日股價 (港元)	6.40	6.38	9.33	11.96	5.05
EBIT ratio	EBIT率	62.7%	61.7%	64.1%	65.6%	62.3%
EBITDA ratio	EBITDA率	67.3%	66.1%	67.1%	68.5%	65.7%
ROE	ROE	56.9%	46.3%	40.3%	36.3%	30.8%

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AGM	Annual general meeting	股東週年大會	股東週年大會
Xiamen Amber	Xiamen Amber Perfumery Co., Ltd	廈門琥珀	廈門琥珀香料有限公司
Aromascape R&D Centre	Aromascape Development Centre GmbH	Aromascape 研發中心	Aromascape Development Centre GmbH
Board	Board of the Company	董事會	本公司的董事會
Bye-laws	Bye-laws of the Company	公司細則	本公司之公司細則
CAFFCI	China Association of Fragrance Flavour and Cosmetic Industry	中國香化協會	中國香料香精化妝品工業協會
CAGR	Compound annual growth rate	CAGR	複合年增長率
CEO	Chief Executive Officer	CEO	總裁
CFO	Chief Financial Officer	CFO	財務總監
CG Code	Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited	企業管治守則	香港聯合交易所有限公司證券上市規則附錄14所列的企業管治守則
CG Report	Corporate Governance Report as set out on pages 56 to 71 of this annual report	企業管治報告	在本年報第56頁至第71頁內的企業管治報告
China or Mainland	Mainland of the PRC	中國或內地	中華人民共和國境內
China Tobacco Guangdong	China Tobacco Guangdong Industrial Co., Ltd.	廣東中煙	廣東中煙工業有限責任公司
China Tobacco Guangxi	China Tobacco Guangxi Industrial Co., Ltd.	廣西中煙	廣西中煙工業有限責任公司
Company or Huabao	Huabao International Holdings Limited	本公司或華寶	華寶國際控股有限公司
China Tobacco Anhui	China Tobacco Anhui Reconstituted Tobacco Leaves Technology Limited	安徽中煙	安徽中煙再造煙葉科技有限公司
Director(s)	Director(s) of the Company	董事	本公司董事
EPS	Earnings per share	EPS	每股盈利
F&G	F&G (Botswana) (Proprietary) Limited	F&G	F&G (Botswana) (Proprietary) Limited
FCCA	Fellow member of Association of Chartered Certified Accountants	FCCA	英國特許公認會計師公會資深會員
FCIS	Fellow member of The Institute of Chartered Secretaries and Administrators	FCIS	英國特許秘書及行政人員公會資深會員
FCPA	Fellow member of Hong Kong Institute of Certified Public Accountants	FCPA	資深會計師
FCS	Fellow member of The Hong Kong Institute of Chartered Secretaries	FCS	香港特許秘書公會資深會員
Fejia Chuangye	Fejia Chuangye Additive (Shenzhen) Limited	飛嘉創業	飛嘉創業添加劑(深圳)有限公司
Huabao Bio. Tech.	Shanghai Huabao Biological Technology Co. Ltd.	華寶生物科技	上海華寶生物科技有限公司
Group or Huabao Group	the Company and its subsidiaries	本集團或華寶集團	本公司及其附屬公司

Guangdong Jinke	Guangdong Jinke Reconstitute Tobacco Leaves Company Limited	廣東金科	廣東金科再造煙葉有限公司
Guangdong Jinye	Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited	廣東金葉	廣東省金葉煙草薄片技術有限公司
Guangdong Jinye Group	Guangdong Jinye and its subsidiaries and affiliated companies	廣東金葉集團	廣東金葉及其附屬公司及聯營公司
Guangdong Zhaoqing	Guangdong Zhaoqing Fragrances Limited	廣東肇慶	廣東省肇慶香料廠有限公司
Guangzhou Huabao	Guangzhou Huabao Flavours & Fragrances Co Ltd.	廣州華寶	廣州華寶香精香料有限公司
Guangzhou Huafang	Hua Fang Tobacco Flavors Ltd.	廣州華芳	華芳煙用香料有限公司
HKAS	Hong Kong Accounting Standards	香港會計準則	香港會計準則
HKD	Hong Kong dollars	HKD	港幣
HKFRS	Hong Kong Financial Reporting Standards	香港財務報告準則	香港財務報告準則
HKICPA	Hong Kong Institute of Certified Public Accountants	HKICPA	香港會計師公會
HK(IFRIC)-Int	Hong Kong (IFRIC) Interpretations	香港 (國際報告詮釋委員會) 詮釋	香港 (國際報告詮釋委員會) 詮釋
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China	香港	中華人民共和國香港特別行政區
Hongta Tobacco Group	Hongta Tobacco (Group) Limited Liability Company	紅塔煙草集團	紅塔煙草 (集團) 有限公司
Huabao Hong Kong	Huabao Flavours & Fragrances (HK) Ltd.	華寶香港	華寶香精香料 (香港) 有限公司
Huabao Keji	Huabao Xianghua Keji Fazhan (Shanghai) Co. Ltd.	華寶科技	華寶香化科技發展 (上海) 有限公司
Huabao Kongque	Shanghai H&K Flavours & Fragrances Co Ltd.	華寶孔雀	上海華寶孔雀香精香料有限公司
Huabao Shanghai	Huabao Food Flavours & Fragrances (Shanghai) Co Ltd.	華寶上海	華寶食用香精香料 (上海) 有限公司
Huashun Shanghai INED(s)	Huashun Flavour (Shanghai) Limited Independent Non-executive Director(s) of the Company	華順上海 獨立非執行董事	華順香料 (上海) 有限公司 本公司之獨立非執行董事
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited	上市規則	香港聯合交易所有限公司證券上市規則
M&A(s)	Merger and acquisition	併購	兼併與收購
mg	milligram	mg	毫克
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers	標準守則	上市發行人董事進行證券交易的標準守則
Owada	Owada Flavours Technology (Guangzhou) Limited	澳華達	澳華達香精香料 (廣州) 有限公司
PRC	The People's Republic of China	中國	中華人民共和國
Qingdao Huabao	Qingdao Huabao Flavours & Fragrances Co Ltd.	青島華寶	青島華寶香精香料有限公司

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Qingdao Qingda RMB	Qingdao Qingda Product Co., Inc. Renminbi	青島青大人民幣	青島青大物產股份有限公司人民幣·中國法定貨幣
R&D	Research and development	研發	研究及發展
Scheme Mandate Limit	The maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company	計劃授權限額	與根據購股權計劃及任何其他本公司購權股計劃不能授出之購股權有關之股份數目上限
SFC	Securities and Futures Commission	證監會	證券及期貨事務監察委員會
SFO	Securities and Futures Ordinance of the Laws of HKSAR	證券及期貨條例	證券及期貨條例
SGM	Special general meeting	股東特別大會	股東特別大會
Shanghai Yinghua	Shanghai Yinghua Flavours & Fragrances Ltd.	上海英華	上海英華香精香料有限公司
Shareholder(s)	Shareholder(s) of the Company	股東	本公司之股東
Share(s)	Ordinary share(s) of HKD0.10 each of the Company	普通股	本公司股本中每股面值港幣0.10元的普通股
STMA	State Tobacco Monopoly Administration	國家煙草專賣局	國家煙草專賣局
Stock Exchange	The Stock Exchange of Hong Kong Limited	聯交所	香港聯合交易所有限公司
Taicang Wenhua USD	Tai Cang Wen Hua Enterprises Co Ltd. US dollars	太倉文華美元	太倉文華實業有限公司美元
Wuxi Fuhua	Wuxi Fuhua Flavour & Fragrance Co Ltd.	無錫福華	無錫福華香精香料有限公司
Wuxi Huahai	Wuxi Hua Hai Flavour Co Ltd.	無錫華海	無錫華海香精香料有限公司
Wuxi Huaxin	Wuxi Hua Xin Flavour & Fragrance Co Ltd.	無錫華馨	無錫華馨香精香料有限公司
Wuxi Jiahua	Wuxi Jiahua Flavour & Fragrance Co Ltd.	無錫嘉華	無錫嘉華香精香料有限公司
Yingtian Huabao	Ying Tan Huabao Flavours & Fragrances Co., Ltd.	鷹潭華寶	鷹潭華寶香精香料有限公司
Yongzhou Shanxiang	Yongzhou Shan Xiang Flavour Co., Ltd	永州山香	永州山香香料有限公司
Yunnan Huaxiangyuan	Yunnan Aroma Source Manufacturing Co., Ltd.	雲南華香源	雲南華香源香料有限公司
Yunnan Tianhong	Yunnan Tianhong Flavour & Fragrance Co Ltd.	雲南天宏	雲南天宏香精香料有限公司

