



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

2014-2015 Interim Report 中期報告

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. CHU Lam Yiu (*Chairwoman & CEO*)
Mr. XIA Li Qun (*President & CFO*)
Mr. POON Chiu Kwok (*Company Secretary*)
Mr. WANG Guang Yu

Non-executive Director

Mr. LAM Ka Yu

Independent Non-executive Directors

Dr. DING Ningning
Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. WU Chi Keung

AUDIT COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Dr. DING Ningning
Ms. MA Yun Yan
Mr. WU Chi Keung

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Ms. CHU Lam Yiu (*Chairwoman*)
Dr. DING Ningning
Mr. LEE Luk Shiu

QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCCA, FCCA*

COMPANY SECRETARY

Mr. POON Chiu Kwok *FCS, FCS*

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISOR

Herbert Smith Freehills

公司資料

董事會

執行董事

朱林瑤女士 (*主席兼首席執行官*)
夏利群先生 (*總裁兼財務總監*)
潘昭國先生 (*公司秘書*)
王光雨先生

非執行董事

林嘉宇先生

獨立非執行董事

丁寧寧博士
李祿兆先生
麻雲燕女士
胡志強先生

審核委員會

李祿兆先生 (*主席*)
丁寧寧博士
麻雲燕女士
胡志強先生

薪酬委員會

李祿兆先生 (*主席*)
麻雲燕女士
胡志強先生
夏利群先生

提名委員會

朱林瑤女士 (*主席*)
丁寧寧博士
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 *FCS, FCS*

核數師

羅兵咸永道會計師事務所

法律顧問

史密夫斐爾律師事務所

Corporate Information (cont'd)

PRINCIPAL BANKERS

Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3008
30th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
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>

公司資料 (續)

主要往來銀行

恒生銀行有限公司
中國工商銀行股份有限公司
招商銀行股份有限公司
中國民生銀行股份有限公司

總部及香港主要營業地點

香港
灣仔
港灣道18號
中環廣場30樓
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

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心22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

- Sales increased by approximately 10.8% to HKD2,151,137,000
- Operating profit increased by approximately 13.2% to HKD1,180,574,000
- Profit attributable to the equity holders of the Company increased by approximately 10.2% to HKD984,013,000
- Basic earnings per share increased by approximately 10.1% to HK31.72 cents
- Proposed an interim dividend of HK9.52 cents per share and a special dividend of HK22.20 cents per share, representing a dividend payout ratio of 100%

RESULTS HIGHLIGHTS

- Gross profit margin increased by 0.7 percentage point over the corresponding period last year to 69.3%; operating profit margin increased by 1.2 percentage points over the corresponding period last year to 54.9%, operating efficiency further improved
- Flavours business has realized relatively speedy growth while benefitting from the further improvement in product structure of China's tobacco industry, realizing results from the Group's "Big Customers, Big Brands" strategy implemented in the food and beverage business, and recovery in the demand of overseas business. Sales revenue of the business reached HKD1,584,179,000, representing an increase of approximately 11.2% over the corresponding period last year
- New materials business has achieved a breakthrough in its development with sales revenue reaching HKD43,868,000, which is set to become another driver in the Group's future growth
- Net cash generated from operating activities increased by approximately 30.5% to HKD1,109,323,000
- Financial position remains strong, with cash and bank balances[#] increased by approximately 30.1% to HKD4,137,920,000 as compared with 31 March 2014; net cash⁺ reached HKD3,607,777,000, representing an increase of approximately 36.1% as compared with 31 March 2014

財務摘要

- 營業額增加約10.8%至港幣2,151,137,000元
- 營運盈利增加約13.2%至港幣1,180,574,000元
- 本公司權益持有人應佔盈利增加約10.2%至港幣984,013,000元
- 每股基本盈利增加約10.1%至港幣31.72仙
- 建議中期股息為每股港幣9.52仙，另加派特別股息每股港幣22.20仙，股息分派率達100%

業績亮點

- 毛利率比去年同期提升0.7個百分點至69.3%；營運盈利率則比去年同期提升1.2個百分點至54.9%，營運效率進一步提高
- 受惠於中國煙草行業產品結構的進一步提升、本集團在食品及飲料業務中所推行的「大客戶、大品牌」策略的逐漸成功、以及國際市場需求的復甦，食用香精香料業務實現了相對快速的增長，板塊銷售收入達港幣1,584,179,000元，較去年同期提高約11.2%
- 新材料板塊的發展取得了突破性的進步，今年上半年實現銷售收入達港幣43,868,000元，成為本集團未來增長的又一新動力
- 營運活動所產生之淨現金增加約30.5%至港幣1,109,323,000元
- 財務狀況保持穩健，銀行及庫存現金[#]比二零一四年三月三十一日增加約30.1%至港幣4,137,920,000元；淨現金⁺達港幣3,607,777,000元，較二零一四年三月三十一日增加約36.1%

Financial Highlights (cont'd)

財務摘要 (續)

TABLE OF FINANCIAL HIGHLIGHTS

財務摘要表

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月		Change in percentage 百分比變動
		2014 二零一四年 HK\$'000 港幣千元	2013 二零一三年 HK\$'000 港幣千元	
Sales	營業額	2,151,137	1,941,939	+10.8%
Operating profit	營運盈利	1,180,574	1,042,925	+13.2%
Gross profit margin	毛利率	69.3%	68.6%	
EBITDA margin [#]	EBITDA率 [#]	59.4%	58.6%	
EBIT margin	EBIT率	54.9%	53.7%	
Profit before income tax	除稅前盈利	1,204,424	1,058,417	+13.8%
Profit attributable to the equity holders of the Company	本公司權益持有人應佔盈利	984,013	893,188	+10.2%
Net cash generated from operating activities	營運活動產生之淨現金	1,109,323	849,872	+30.5%
		HK cents 港仙	HK cents 港仙	
Earnings per share	每股盈利			
– Basic	– 基本	31.72	28.80	+10.1%
– Diluted	– 攤薄	31.68	28.79	+10.0%
Interim dividend per share	每股中期股息	9.52	8.68	+9.7%
Special dividend per share	每股特別股息	22.20	2.88	+670.8%
Dividend payout ratio	股息分派率	100%	40%	

"Cash and bank balances" equals to "Short-term time deposits" plus "Cash and cash equivalents".

「銀行及庫存現金」等於「短期定期存款」加「現金及現金等價物」。

+ "Net cash" equals to "Short-term time deposits" plus "Cash and cash equivalents" minus "Borrowings".

+ 「淨現金」等於「短期定期存款」加「現金及現金等價物」減「貸款」。

≠ "EBITDA margin" equals to "Earnings before taxes, interest, depreciation, and amortization" divided by "Sales".

≠ 「EBITDA率」等於「除稅、利息、折舊及攤銷前的盈利」除以「營業額」。

Management Discussion and Analysis

INDUSTRY PROFILES

Tobacco industry

According to the data released by the STMA, total production volume of cigarette in the first half of 2014 amounted to approximately 25.9 million cases, representing an increase of approximately 0.2% over the corresponding period last year; sales volume of cigarette exceeded 26.6 million cases, which was consistent with the corresponding period last year. The trend of improvement in product structure remained obvious in the industry, the average wholesale price of cigarette per case reached RMB27,000, representing an increase of RMB2,000 and a growth of approximately 8.0%, which was 0.4 percentage point higher than that of the corresponding period last year. Continuous and significant improvement in product structure throughout the industry brought a rapid increase in sales revenue. Sales revenue of the industry reached approximately RMB728 billion, representing an increase of approximately RMB53 billion or approximately 7.8% over the corresponding period last year. The tobacco industry contributed industrial and commercial profit tax of approximately RMB579 billion in the first half of 2014, representing an increase of approximately RMB49 billion or approximately 9.2% over the corresponding period last year.

The market has shown rapid growth in premium cigarette for the first half of 2014. Sales volume of Class I cigarette was approximately 5.6 million cases, representing an increase of approximately 16.3% over the corresponding period last year; sales volume of Class II cigarette was approximately 2.8 million cases, representing an increase of approximately 17.2% over the corresponding period last year. Sales volume of Class I & II cigarettes accounted for 31.3% of total sales volume, representing an increase of 4.5 percentage points over the corresponding period last year. Sales revenue of Class I & II cigarettes reached RMB443 billion, representing an increase of 16.1% over the corresponding period last year, and accounted for approximately 60.9% of the total industry revenue, representing an increase of 4.3 percentage points over the corresponding period last year. Given the overall industry sales volume growth has been slowing down during the past few years, it is clear that the industry revenue and the profitability have been boosted more and more by the improvement in product structure, which has remained over 80% contribution rate to the sales revenue growth. Especially for the first half of 2014, despite the sluggish sales volume growth of cigarette, improvement in product structure contributed over 100% to the industry sales revenue growth for three successive months, or 99.9% in average to the industry sales revenue growth for the first six months of 2014. (Source: China Tobacco)

管理層討論及分析

行業概況

煙草行業

根據國煙局發佈的資料顯示，二零一四年上半年全國捲煙產量約2,590萬箱，同比增長約0.2%；銷量超過2,660萬箱，同比基本持平。行業內產品結構提升的趨勢仍然明顯，全國單箱批發均價達到人民幣27,000元，同比增加人民幣2,000元，增長約8.0%，增幅同比提高0.4個百分點。行業產品結構的持續提升也帶動了銷售收入的快速提升，上半年全行業實現銷售收入接近人民幣7,280億元，同比增加約人民幣530億元，增長達到約7.8%。工商利稅方面，上半年全行業實現總額約人民幣5,790億元，同比增加約人民幣490億元，增長約9.2%。

二零一四年上半年的市場呈現出高端捲煙增長較快的勢頭，一類捲煙銷量接近560萬箱，同比增長約16.3%；二類捲煙銷量接近280萬箱，同比增長約17.2%。一、二類捲煙銷量比重合計達到31.3%，同比提升4.5個百分點。銷售收入方面，一、二類捲煙實現銷售收入人民幣4,430億元，同比增長16.1%；佔捲煙銷售總收入約60.9%，同比提高4.3個百分點。毫無疑問，近幾年隨著捲煙整體銷量增長放緩，捲煙產品結構提升對銷售收入和行業效益的拉動作用不斷增強，結構提升對銷售收入的貢獻度基本保持在80%以上。尤其是今年上半年，在銷量增長乏力的情況下，結構提升對銷售收入的貢獻率連續三個月超過100%，使得上半年結構提升的總體貢獻率達到99.9%。（以上資料來源：《中國煙草》）

Management Discussion and Analysis (cont'd)

Food and beverage industry

During the first half of 2014, while the Gross Domestic Product of the second quarter has recorded slightly higher growth compared to that of the first quarter, consumers remained conservative as the economic prospects for the second half of the year remain complex and uncertain. According to the data released by Nielsen, growth in sub-industries of the food and beverage industry had largely slowed down or declined. The entire food and beverage consumer market remained relatively weak. Meanwhile, the Chinese government's policies to promote frugality, reject extravagance and limit government spending on business accounts also brought substantial impact on the beverage and catering industry, particularly high-end catering businesses. In addition, the food additives industry, being considered as an upstream to the food industry, was considerably affected due to the decrease in the demand from downstream and incidents relating to food safety in recent years.

In terms of food safety, non-compliance incidents relating to food safety in recent years have caused substantial impact on food flavours and food additives industries. These non-compliance incidents not only manifested a mixed development in the existing food industry, how the Chinese government strictly control food safety will remain to be a foremost concern among consumers. Currently, the entire food additives industry has shown its commitment in working with relevant regulatory bodies to improve food safety. For example, food production operators shall strictly comply with the requirements specified in the food production licence and shall not run their businesses beyond the specified scope; food production operators shall strictly execute the "Standards for Uses of Food Additives" GB2760-2011 and shall not use food additives excessively or beyond the specified scope; food production operators shall strictly execute the "Food Safety Law of the PRC" to ensure quality management of raw materials and products and shall not use expired raw materials for production and expired products for sale; food production operators shall also strengthen risk management of raw materials and suppliers and control over high-risk raw materials so as to achieve strict control over the entire process of food additive enterprises from production to application in accordance with relevant laws and regulations.

管理層討論及分析 (續)

食品飲料行業

二零一四年上半年，雖然中國第二季度GDP經濟增長速度比第一季度略高，但面對複雜、不明朗的下半年經濟前景，消費者意願仍趨於保守。根據尼爾森的資料顯示，食品飲料各子行業普遍出現增速放緩甚至下滑的情況。食品飲料消費市場總體依然呈現相對疲軟的勢態。與此同時，政府近年來厲行節儉、反對浪費，限制三公消費等政策，更是給餐飲業，尤其是高檔餐飲業帶來了巨大的影響。而作為食品行業的上游食品添加劑行業而言，受累於下游需求減緩及近期食品安全事故頻發的影響，也是受到不小的衝擊。

在食品安全方面，國內外近年陸續爆發了食品安全違法事件，這對食品調料及食品添加劑市場帶來了重大的影響。這些違法事件不單反映了目前食品行業發展狀況仍良莠不齊，國家如何嚴格管控食品安全也是當前消費者關心的問題。目前食品添加劑行業都積極配合國家有關監管部門做好食品安全的相關工作。例如，嚴格按照食品生產許可證規定的範圍生產，杜絕超範圍生產；嚴格執行GB2760-2011《食品添加劑使用標準》，禁止超範圍或超量使用食品添加劑；嚴格按照《中華人民共和國食品安全法》生產，做好原材料及成品的保質期管理，堅決杜絕過期原材料和成品投入生產或市場；及加強原材料及供應商的風險管理，對高風險原材料加強監管，務求食品添加劑企業從生產到使用的每一個過程都進行嚴格管控及按照相關法律法規操作。

Management Discussion and Analysis (cont'd)

Fragrances industry

During the first half of 2014, the growth rate of foreign-owned enterprises in the fragrances industry declined with sluggish performance; meanwhile, local enterprises in the fragrances industry had stepped up their developments which resulted in fierce competition and set the trend of industry consolidation. In terms of product categories, there has already been a change in the sanitizing market that saw traditional mosquito repellents being gradually replaced by liquid mosquito repellents, which are clean and user-friendly. Meanwhile, odourless liquid mosquito repellents that are free of fragrances have been attracting more and more customers. As such, business volume for enterprises in the traditional mosquito repellent market will decline in the future. On the other hand, sales volume of liquid laundry detergent, which is a trendy product in China in recent years, continued to grow rapidly. While traditional washing powder does have competitive advantage in terms of price, more and more consumers are going for liquid laundry detergent that has higher price-to-value ratio and added value with a reasonable price in the midst of a fiercely competitive landscape. With the increasing scale in the market, liquid laundry detergent is expected to be an area in which both domestic and overseas enterprises will compete.

In terms of raw materials, due to factors such as decrease in production volume, increase in production cost and adjustment in production capacity, the prices for domestic and imported raw materials such as natural oil have been on an upward trend.

Low tar cigarette and RTL industry

During the first half of 2014, domestic sales volume of low tar cigarette (8 mg or below per stick) was 3.819 million cases, representing an increase of approximately 0.139 million cases or 3.8% over the corresponding period last year, while the growth has slowed down. Sales volume of low tar cigarettes with 6 mg or below per stick was 0.447 million cases, representing an increase of approximately 68,000 cases over the corresponding period last year or 17.9% (the growth rate in the corresponding period of 2013 was approximately 240%). Following a rapid development in the past few years, the market of low tar cigarette has entered into a stage of saturation.

Among various low tar cigarette products, slim cigarette (a type of cigarette with a stick that is less than 17.0 ± 1.0 mm in circumference) maintained a rapid growth momentum. During the first half of 2014, domestic sales volume of slim cigarette was 0.119 million cases, representing an increase of 53,000 cases or 79.9% over the corresponding period last year. Slim cigarette, which was previously labeled as "cigarette for ladies", has been attracting more and more cigarette consumers and has recorded a rapid growth momentum. Despite the sluggish sales volume growth of regular-size low tar cigarette in the market, slim cigarette maintained a rapid growth momentum with its unique product features (i.e. with less tobacco leaves per stick than that of regular-size cigarette). As such, slim cigarette is expected to be a key product in promoting the development of a low-tar domestic market in future.

管理層討論及分析 (續)

日化行業

二零一四年上半年，在國內經營的外資日化企業出現不同程度增速放緩，表現普遍低迷；而本土日化企業則不斷加速發展，但競爭也日益激烈，市場集中的趨勢不斷強化。在產品分類方面，消毒市場已悄然發生變革，傳統的蚊香已逐漸被淘汰，取而代之的是乾淨、方便的液體蚊香；同時，不加香的無味型液體蚊香更是越漸受到市場青睞，對日化企業來說，未來在傳統蚊香市場的業務量將出現下降。另一方面，近年興起的洗衣液在國內持續保持快速的增長。雖然傳統的洗衣粉擁有相對的價格優勢，但隨著日化行業業界競爭日趨白熱化，更多的消費者逐漸偏向於購買性價比、附加值較高，價格也可以接受的洗衣液。隨著洗衣液市場規模日益壯大，該領域將會是未來外資及本土日化企業的必爭之地。

在原材料方面，包括天然油類等國內外產品由於受到減產、成本上升、產能調整等因素的影響，部份原料價格呈上漲趨勢。

低焦油捲煙及煙草薄片行業

二零一四年上半年，全國捲煙焦油含量在8毫克／支以下的低焦油捲煙銷量為381.9萬箱，同比銷量增加13.9萬箱，增幅為3.8%，增長速度相對減緩。焦油含量在6毫克／支以下的低焦油捲煙銷量為44.7萬箱，同比增加68,000箱或17.9%（二零一三年同期增幅約為240%）。低焦油捲煙在經歷了多年的高速發展後，開始進入消化適應期。

在低焦油捲煙產品中，細支煙（煙支圓周小於 17.0 ± 1.0 毫米的捲煙）維持了較高的增長速度。二零一四年上半年，全國細支煙銷量達到11.9萬箱，同比增加5.3萬箱，增幅高達79.9%。細支煙產品也由初期的「女士煙」定位，逐漸被更廣泛的捲煙消費者所認可，呈現出快速升溫的趨勢。細支煙由於其自身的產品特點（細支捲煙單支煙絲含量通常少於常規尺寸捲煙的單支煙絲含量），在常規低焦油捲煙產品增長減緩的大環境下，仍然保持了迅猛的增長速度，預計未來很有可能成為推動國內捲煙市場低焦化發展的重要產品。

Management Discussion and Analysis (cont'd)

In terms of RTL market, in the past period of time, RTL production lines located in regions such as Jiangsu, Yunnan and Anhui that have previously obtained approval from the STMA have successively commenced production, which had affected the current production capacity to a certain extent. With more and more production capacity to be released, it is expected that the currently stage of undersupply of RTL will be greatly relieved, thus competition in the market will intensify.

Innovative tobacco products (e-cigarette)

According to TechNavio's "2014-2018 Global E-cigarette Market" report, market size of e-cigarette in 2013 was USD2.39 billion globally. E-cigarette has been growing rapidly not only in Europe and the U.S., it has been a global phenomenon. The report forecasts that the market size of e-cigarette will expand to USD9.05 billion by 2018, representing a CAGR of 30.6%. Currently, the U.S. market remains to be the largest e-cigarette market in the world. It accounted for approximately 40% of global market share. The report suggested that while e-cigarette in Asian-Pacific region is still a business in its early stages, it will become a key emerging market in the next few years following changes in life styles and preferences. In 2013, the market size of e-cigarette in Asia-Pacific region was approximately USD390 million. It is expected to increase to USD1.91 billion by 2018, representing a CAGR of 37.6%. In addition, TechNavio's report highlighted the enormous growth potential for markets in China and Korea.

North America	北美洲	39.8%	32.5%
Western Europe	西歐	30.1%	24.9%
Central and Eastern Europe	中歐及東歐	4.9%	7.9%
South America	南美洲	4.2%	6.9%
Asia-Pacific region	亞太地區	16.2%	21.0%
Others	世界其他地區	4.8%	6.8%

In terms of policies and regulations on e-cigarette, standards vary in different parts of the world. In the U.S., the public consultation period for the proposal released by the Food and Drug Administration in April 2013 has expired. However, no definite schedule has been decided for the introduction of regulations. To the knowledge of the Group, China has yet to formulate any relevant laws and regulations.

管理層討論及分析 (續)

煙草薄片市場方面，在過去的一段時間裡，位於江蘇、雲南、安徽等地已取得國煙局認可的生產線陸續竣工並實現生產，對現有的產能造成了一定程度的衝擊。隨著行業內產能的不斷釋放，煙草薄片產品供不應求的局面將會得到大幅緩解，未來行業內的競爭可能趨於激烈。

新型煙草製品 (電子霧化煙)

根據TechNavio《2014-2018全球電子霧化煙市場》的報告顯示，二零一三年全球電子霧化煙的規模達到23.9億美元。不僅僅是在歐洲和美國，即使是在全球範圍內，電子霧化煙都在面臨著高速的增長。該報告預測至二零一八年，電子霧化煙的市場規模將會擴大至90.5億美元的水準，年均複合增長率可達30.6%。目前，美國市場為全球最大的電子霧化煙市場，佔全球約40%的市場份額。該報告認為，儘管電子霧化煙在亞太地區仍然處於非常初期的階段，但生活方式和喜好的變化會促使該區域在未來的幾年成為電子霧化煙行業中重要的新興市場。二零一三年亞太地區電子霧化煙的市場規模約為3.9億美元，預計二零一八年可達到19.1億美元，年均複合增長率高達37.6%。此外，TechNavio的報告還特別指出，中國和韓國市場未來將具有極大的增長空間。

Market share

市場佔比

	2013 二零一三年	2018 estimate 二零一八年預測
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North America	北美洲	39.8%	32.5%
Western Europe	西歐	30.1%	24.9%
Central and Eastern Europe	中歐及東歐	4.9%	7.9%
South America	南美洲	4.2%	6.9%
Asia-Pacific region	亞太地區	16.2%	21.0%
Others	世界其他地區	4.8%	6.8%

在政策法規方面，全球各地仍然維持著不同的標準。美國食品及藥物管理局於二零一三年四月所出台的相關提案已通過公眾諮詢期，但關於最終法規的出台，目前還沒有進一步的明確時間表。據本集團理解，中國方面亦沒有太多相關政策法規的消息。

Management Discussion and Analysis (cont'd)

BUSINESS REVIEW

Review of flavours business

For the six months ended 30 September 2014, sales revenue of the Group's flavours business amounted to HKD1,584,179,000, representing an increase of approximately 11.2% from HKD1,424,307,000 for the corresponding period last year, while the revenue accounted for approximately 73.6% of the total revenue of the Group. The operating profit of flavours segment reached HKD963,003,000, representing an increase of approximately 9.5% over the corresponding period last year; the EBIT margin was approximately 60.8%, compared to approximately 61.7% for the corresponding period last year. The flavours business recorded a higher growth rate than that of the corresponding period last year, was mainly due to both of tobacco business and food and beverage business recorded favorable growth. In terms of the tobacco business, further improvement in product structure of China's tobacco industry brought positive effects to the Group's tobacco business; in terms of the food and beverage business, the Group adhered to the "Big Customers, Big Brands" strategy over the years and has been achieving results, while the demand of global markets have shown recovery. The overall EBIT margin of this business segment slightly declined compared with the corresponding period last year, was mainly due to provision of more diverse products to satisfy different needs of customers by expanding to food additive trading business within the food and beverage business which was with lower profit margins.

In respect of the tobacco business, production output of the industry remained stable in the first half of this year. Total production volume of cigarette was approximately 25.9 million cases, representing an increase of 0.2% over the corresponding period last year; sales volume of cigarette was over 26.6 million cases, which is consistent with the corresponding period last year. The inventory level was higher as compared with that for the corresponding period last year, which added pressure on sales. On the other hand, the improvement in product structure of the industry maintained a sound momentum. The average wholesale price per case of cigarette amounted to RMB27,000, representing an increase of RMB2,000 or approximately 8.0% over the corresponding period last year. In the first half of 2014, domestic sales volumes of Class I & II cigarettes continued to increase, representing an increase of 16.3% and 17.2% respectively over the corresponding period last year. While the sales volume of Class III cigarette decreased by 3.7% over the corresponding period last year, the sales volume of premium Class III cigarette for the first half of the year with a wholesale price of RMB80/carton increased by 6.9% over the corresponding period last year. Accordingly, the sales of Class III cigarette per case amounted to RMB19,000, representing an increase of 2.5% over the corresponding period last year. During the first half of the year, domestic sales volume of Class I, II & III cigarettes accounted for 76.4% of total sales volume, representing an increase of 2.7 percentage points over the corresponding period last year. It shows that the concentration of the whole industry has further elevated.

管理層討論及分析 (續)

業務回顧

食用香精香料業務回顧

截至二零一四年九月三十日止六個月，本集團食用香精香料銷售收入為港幣1,584,179,000元，較去年同期的港幣1,424,307,000元增長約11.2%，佔整個集團的收入約73.6%。食用香精香料的板塊營運盈利達港幣963,003,000元，同比增加約9.5%；EBIT率達約60.8%，去年同期約為61.7%。食用香精香料的增長較去年同期加速，主要是由於煙用業務和食品及飲料業務均取得了不錯的增長。在煙用業務方面，中國煙草行業的產品結構進一步提升，對本集團的煙用香精香料有正面影響；在食品及飲料業務方面，本集團多年來所一直貫徹的「大客戶、大品牌」的策略日漸成功，同時國際市場的需求亦開始有所復甦。本業務板塊的整體EBIT率較去年同期稍微下降，主要是為滿足客戶的全面需求、提供更加多樣化的產品，在食品及飲料業務中增加了部份利潤率相對較低的食物添加劑貿易業務所致。

在煙用業務方面，行業上半年產量銷量趨於平穩，捲煙產量約2,590萬箱，同比增長0.2%；銷量超過2,660萬箱，同比基本持平。上半年庫存亦高於去年同期水平，市場銷售壓力增大。另一方面，行業內產品結構提升的趨勢仍然明顯，全國單箱批發均價達到人民幣27,000元，同比增加人民幣2,000元，增長約8.0%。二零一四年上半年，全國一、二類捲煙銷量持續提高，同比分別增長16.3%和17.2%；三類捲煙銷量雖然同比下降3.7%，但其中批發售價人民幣80元／條的高檔三類捲煙上半年銷售同比增長6.9%，使得三類捲煙單箱批發銷售金額達到約人民幣19,000元，同比增長2.5%。上半年全國一、二、三類捲煙銷量比重總佔比已達到76.4%，較去年同期上升2.7個百分點，體現了行業集中度的進一步提升。

Management Discussion and Analysis (cont'd)

Continuous improvement in product structure of the industry has also led to a rapid increase in sales revenue. During the first half of 2014, sales revenue of the industry amounted to nearly RMB728 billion, representing an increase of RMB53 billion or approximately 7.8% over the corresponding period last year. The industry contributed industrial and commercial profit tax of approximately RMB579 billion, representing an increase of approximately RMB49 billion or approximately 9.2% over the corresponding period last year.

In respect of tobacco flavours, the Group's production facility located in Yingtan, Jiangxi Province, has gradually come to scale after several years of development. A number of capacities located in scattered regions are in the process of consolidating towards such area, with an aim to better control and maintain product quality and stability, so as to further improve operating efficiency.

In terms of the food and beverage business, in the backdrop of a challenging operating environment with a series of incidents relating to food safety, all subsidiaries in food and beverage business have been strictly complying with relevant applicable laws and regulations and conducting their businesses to high standards. Meanwhile, these subsidiaries took the opportunity to streamline and organize their business structures, in order to embrace the imminent industrial trend of significant improvements in technology levels, adjustments in capital structures, and changes in business concepts. Guangzhou Huabao has reorganized its confectionary and meat product business segments. The customer base of its confectionary and meat product segments has been expanding and is expected to record higher sales volume during the peak season in the second half of the year. In terms of the development of new products, Huabao Kongque has been proactively engaged in product development of natural flavours with world renowned companies as part of its efforts in introducing quality overseas natural flavours to China and expanding its domestic market of natural flavours. In terms of new business development, Huabao Kongque has further expanded its business into the pharmaceutical and brewing industries during the reporting period, creating new business opportunities for the Group. Meanwhile, Guangdong Zhaoqing has been proactively responding to the changes in the market and working hard to accommodate to the various needs of customers from different regions, striving to improve the Company's capacity utilization and proactively promoting the sales of smaller packaged products through its distributors, in order to achieve higher sales in the market of small-sized stores, so as to further expand the market share and achieve steady increase of added value of the products. In terms of overseas expansion, on one hand it has continued to expand business to markets in Europe and the U.S., on the other hand it also stepped up its efforts in exploring the opportunities in emerging markets such as ASEAN, Middle East and Africa; sought out sizeable and influential exhibitions in these regions with an aim to promote its business and products, in order to further expand its export business.

管理層討論及分析 (續)

行業產品結構的持續提高也帶動了銷售收入的快速提升。二零一四年上半年，全行業實現銷售收入接近人民幣7,280億元，同比增加約人民幣530億元，增長達到約7.8%。工商利稅方面，全行業實現總額約人民幣5,790億元，同比增加約人民幣490億元，增長約9.2%。

在煙用香精香料方面，通過幾年的不斷建設，本集團位於江西省鷹潭的生產設施已逐步完善，並陸續將部份分散於其他地區的產能向該地集中，這樣有利於控制和保持產品質量的穩定性，同時可以進一步提高運營效率。

在食品及飲料業務方面，面對國內食品安全事故頻發的嚴峻經營環境，食品及飲料業務各下屬相關企業一方面嚴格遵守國內相關法例法規高標準運營，另一方面亦把握時機，梳理目前的業務結構，積極佈局，以適應中國香精香料行業技術水平大提高、資本結構大調整、及經營觀念大改變的新形勢。廣州華寶重新理順休閒膨化及肉製品兩大業務市場，其中休閒膨化業務的客戶基礎正逐步擴大，有望於進入今年下半年旺季逐步提高銷售份額。在新產品的開發方面，華寶孔雀於報告期內積極地和國外著名公司共同研發天然香精，爭取將國外的優質的天然香精引進到國內，開拓國內天然香精的市場。而在開發新業務領域方面，華寶孔雀在報告期內進一步拓展了醫藥和啤酒這兩個嶄新的市場領域，為集團的業務領域拓展開啟了新的篇章。廣東肇慶積極回應市場的變化和迎合不同區域及細分的客戶需求，大力提升公司產能利用率，擴大銷售規模；通過分銷商積極推廣小包裝的產品，使產品進一步滲入小規模店鋪的流通市場裡，從而進一步擴大市場份額，穩步提升產品附加值。在海外市場業務拓展方面，積極開拓歐美市場的同時，努力挖掘新興市場潛力，如東盟、中東、非洲等地區，選擇參加當地有一定規模和影響力的大型展會，旨在宣傳企業和產品，不斷擴大公司出口銷量。

Management Discussion and Analysis (cont'd)

In May 2014, Yongzhou Shanxiang, a representative of the Group's food and beverages business, participated in the "Seoul Food 2014" exhibition held in Seoul, Korea. The exhibition attracted over 1,300 participating companies and more than 55,000 visitors from around the world. Yongzhou Shanxiang presented its signature products such as litsea cubeba oil, citral chemotype and menthol as well as quality products from Guangzhou Huabao, Huabao Kongque and Guangdong Zhaoqing at the exhibition. These products received attention and positive feedback from professionals from Korea, Europe and the U.S., making significant contribution to the Group's food and beverages business in terms of global business promotion.

Review of fragrances business

For the six months ended 30 September 2014, sales revenue of the Group's fragrances business amounted to HKD41,934,000, representing an increase of approximately 2.9% from HKD40,737,000 for the corresponding period last year, representing approximately 1.9% of the total revenue of the Group. Operating profit of the fragrances segment reached HKD6,852,000, representing a significant increase of 70.9% from the corresponding period last year; EBIT margin was approximately 16.3%, representing a substantial improvement of 6.5 percentage points from 9.8% of the corresponding period last year.

In recent years, the Group has anticipated the new trend of rapid domestic sales growth in liquid laundry detergent, and stepped up research and promotion efforts of such products. Currently, satisfactory results have been achieved as proportion of sales has been on an upward trend. The washing business now accounts for the largest proportion of sales of Xiamen Amber. Meanwhile, Xiamen Amber also further optimized its product structure. During the reporting period, besides the liquid laundry detergent business, sales revenue from washing powder, dishwashing detergent, shampoo, shower gel and soap also achieved rapid growth. In addition, Xiamen Amber adopted a series of effective measures for its purchasing and inventory systems, which reduced the effects of the recent large scale fluctuations in the price of raw materials. Due to optimization of product sales structure and effective raw material price control measures, the profitability of Xiamen Amber increased substantially during the reporting period.

管理層討論及分析 (續)

二零一四年五月，永州山香作為本集團食品及飲料業務板塊的代表，出席了在韓國首爾舉辦的「第三十二屆韓國首爾國際食品展」。該食品展吸引了來自世界各地超過1,300家參展商和55,000多位參觀者參加。展會上，永州山香不僅展示了自家的山蒼子油、檸檬醛、薄荷腦等拳頭產品，同時亦展示了廣州華寶、華寶孔雀和廣東肇慶的諸多優質產品，吸引了韓國本土和歐美眾多國際專業觀眾的廣泛關注和積極評價，為本集團的食品及飲料業務板塊對國際市場推廣做出了重要貢獻。

日用香精香料業務回顧

截至二零一四年九月三十日止六個月，本集團日用香精香料銷售收入為港幣41,934,000元，較去年同期的港幣40,737,000元增長約2.9%，佔整個集團的收入約1.9%。日用香精香料的板塊營運盈利達港幣6,852,000元，同比大幅增加約70.9%；EBIT率約為16.3%，比去年同期的約9.8%明顯提升約6.5個百分點。

近年來，本集團洞悉了國內洗衣液銷售的快速增長的新形勢，加大了對洗衣液類香精香料產品的研發和推廣工作。截至目前，取得了不俗的成績，銷售額佔比逐年提高，洗滌類業務已成為廈門琥珀的銷售收入佔比最大的業務。同時，公司的產品結構亦得到進一步的優化。在報告期內，除洗衣液業務外，洗衣粉、洗潔精、洗髮水、沐浴露及皂類等幾大品項的銷售收入也實現了快速的增長。此外，廈門琥珀在購貨、備貨等制度上採取了一系列的有效措施以降低近期原材料價格大幅波動的影響。由於產品銷售結構的優化，以及原材料價格控制的有效措施，廈門琥珀在本報告期內盈利能力獲得了顯著增長。

Management Discussion and Analysis (cont'd)

管理層討論及分析 (續)

Review of RTL business

For the six months ended 30 September 2014, sales revenue of the Group's RTL business reached HKD481,156,000, representing an increase of approximately 1.6% as compared to HKD473,377,000 for the corresponding period last year, while the percentage to the total revenue of the Group was approximately 22.4%. Operating profit of RTL segment reached HKD217,350,000, representing an increase of approximately 19.9% from the corresponding period last year. EBIT margin was approximately 45.2%, representing an increase of 6.9 percentage points over 38.3% for the corresponding period last year. The slowdown in sales revenue growth of RTL segment was mainly attributable to the following reasons: firstly, new RTL capacities have been emerging from areas such as Jiangsu, Yunnan and Anhui within this year, which had changed the industry landscape. It is predicted that as designed capacity is gradually reached in the future, the situation where demand over supply within the industry will be relieved to a great extent, thus competition will be intensified; secondly, due to increased harvest of tobacco leaves in 2013, the STMA has stepped up its procurement of tobacco leaves which in turn provided tobacco companies with sufficient tobacco leaves, and subsequently discouraged the usage of RTL to a certain extent; thirdly, as tobacco companies purchased more RTL last year, their inventory remained at relatively high levels. Under the "liquidate inventory and effectively reduce raw material levels" policy of the STMA, the volume of RTL procurement by tobacco companies have been affected to a certain extent.

In response to the adverse factors in the first half of the year and intensifying competition within the industry, the Group adopted certain measures to ensure a healthy and stable development of the RTL business. After the second phase of the production line of Guangdong Jinye became certified by the STMA in March 2014, the Company thoroughly organized and enhanced the stability of raw material quality, the stability and controllability of the production process and quality management levels, which further enhanced the quality of RTL products. Meanwhile, benefitting from the constant enhancement of quality and structural positioning of the Group's RTL products, along with effective control over production cost, the operating profit of RTL grew rapidly, while operating profit margin also increased substantially. On the same token, the Group strived to exploit internal potential and actively developed and promoted measures to reduce cost and expenses. By utilizing raw materials, reducing procurement costs, optimizing production workmanship, enhancing production efficiency and production yield, stepping up research in enhancing critical workmanship techniques and adjusting rationalized variables, the processing cost of products was controlled, ensuring the enhancement of the profitability of the business segment. In the long run, to seek out broader room of development within an industry with increased competition, the Group will proactively promote the usage of RTL by way of continuously enhancing both of production workmanships and product quality; and may actively expand into overseas markets to ensure the continuous growth of the segment business.

煙草薄片業務回顧

截至二零一四年九月三十日止六個月，本集團煙草薄片銷售收入為港幣481,156,000元，較去年同期的港幣473,377,000元增長約1.6%，佔整個集團的收入約22.4%。煙草薄片的板塊營運盈利達港幣217,350,000元，同比增加約19.9%；EBIT率約為45.2%，比去年同期的38.3%，提升了6.9個百分點。煙草薄片的銷售收入增長速度放緩，主要是由於以下原因：首先，今年以來，江蘇、雲南、安徽等地薄片產能的陸續釋放，導致行業格局正在發生改變。預計未來隨著更多的產能逐漸達產，行業內供不應求的局面將會得到大幅緩解，競爭將會趨於激烈；其次，由於二零一三年天然煙葉產量的增加，國煙局加大了天然煙葉的收購力度，各煙草企業天然煙葉原材料充足，在一定程度上影響了添加薄片的積極性；第三，煙草企業去年的薄片採購力度較大，庫存普遍維持在較高的水平，在國煙局「盤活庫存、有效降低原料存量」的宣導下，各家煙草企業今年上半年的採購量受到一定程度的影響。

為了應對今年上半年的不利因素以及行業內日趨激烈的競爭格局，本集團採取了若干措施，以確保薄片業務的健康穩定的發展。廣東金葉二期生產線於二零一四年三月通過國煙局的驗收後，本集團在原料質量穩定性、生產過程的穩定性及可控性、質量管制水平等方面進行了全面的梳理和提高，進一步提升了薄片產品的質量。同時，得益於本集團煙草薄片產品質量和結構定位的不斷加強，以及對於成本的有效控制，煙草薄片業務的營運盈利實現了快速增加，營運盈利率也得以明顯提升。在此方面，本集團深挖內部潛力，積極開展、推進降低成本和費用的相關工作，通過對原材料的充分合理利用、減低採購成本、優化生產工藝、提高生產效率及產品得率，同時加強提升關鍵工藝技術的研究，以及與合理化參數的調整，以控制產品的加工成本，保證並提高業務板塊的盈利能力。從長期來看，在行業競爭格局壓力日漸增大的環境下，為尋求更廣泛的發展空間，本集團未來將會繼續通過加強生產工藝技術，提升產品質量，從而積極推動行業的薄片添加用量；並將有可能積極主動開拓海外市場，以保障板塊業務的持續增長。

Management Discussion and Analysis (cont'd)

Review of new materials business

For the six months ended 30 September 2014, the Group's sales revenue from new materials was HKD43,868,000, while sales revenue was HKD3,518,000 in the corresponding period last year. Operating profit from the new materials segment was HKD7,609,000, and the operating loss was HKD11,959,000 in the corresponding period last year. The EBIT margin of the new materials segment for the current reporting period was approximately 17.3%.

In order to satisfy customer demands in technological and product innovation and achieving strict tar and harmful content reduction targets in recent years, the Group established technology platforms in areas such as cigarette smoke transmission, innovative tobacco stem processing and specialized RTL, which aimed to provide customers with comprehensive and diversified solutions. As the Group stepped up efforts in technological research, product development and marketing, various new materials began to mature and receive positive feedback from customers.

During the reporting period, the cigarette smoke transmission technology platform and its related products were first to come to fruition. The Group's flavoured capsules have been accepted by certain customers and are being utilized in the filters of their high-end products. Flavoured capsules being utilized currently include ginseng, mint, tobacco, fruit and wine flavours, etc. The Group also possesses other flavours which will be introduced according to market preference and trends. Meanwhile, various forms of filters and related products also achieved certain degrees of success in the reporting period. In the future, the Group will continue to follow market trends and develop related products for the constantly evolving demands of customers, such as the shaping and industrialized development of water capsules, which are essential to retaining moisture in Chinese cigarettes. With the continued enhancement and diversification of market demand for cigarette product types, the Group predicts that filters and related products will maintain a positive growth trend for some time in the future.

For the innovative tobacco stem processing technology platform, during the reporting period, the Group has further optimized and adjusted trial production line facilities and workmanship, which boosted the technical indicators of the production line. Numerous customers have expressed a great deal of interest in the products of the innovative tobacco stem processing technology platform and may collaborate with the Group. It is predicted that the production line will achieve preliminary sales results in the second half of this financial year, and may become a point of new growth for the Group in the next phase.

管理層討論及分析 (續)

新材料業務回顧

截至二零一四年九月三十日止六個月，本集團新材料銷售收入為港幣43,868,000元，而去年同期的有關銷售收入為港幣3,518,000元。新材料的板塊營運盈利達港幣7,609,000元，而去年同期的有關營運虧損為港幣11,959,000元；本報告期內新材料的板塊EBIT率約為17.3%。

近年來，為滿足客戶在技術和產品創新、達成降焦減害指標等方面的迫切需求，本集團建立了捲煙煙氣傳質、新型梗粒處理、特種煙草薄片等技術平台，力求為客戶提供全方位、多樣化的解決方案。隨著科研技術、產品開發、市場推廣等各方面力度的不斷加大，各種新材料產品陸續趨於成熟，獲得了客戶高度的評價。

本報告期內，捲煙煙氣傳質技術平台的相關產品率先開花結果。本集團的口味型膠囊已被若干客戶所接受，應用在其高端新產品的濾嘴中。目前已被使用的膠囊口味包括人參、清涼、煙草、果味、酒味等類型，同時本集團還擁有其他各種口味供選擇，將根據市場的喜好和趨勢陸續推出。而其他類型的濾嘴相關產品在報告期內亦取了一定的成績。未來本集團仍將堅持以市場為導向，持續開發迎合客戶不斷變化需求的相關產品，如對中式捲煙保濕保潤可起到關鍵作用的水膠囊產品的定型和產業化開發等。隨著市場對於捲煙產品類型的需求不斷提高和豐富，本集團預計濾嘴及其相關產品將會在未來一段期間內保持良好的增長態勢。

在新型煙梗處理技術平台方面，本集團在報告期內對中試生產線的設備和工藝進行了進一步的完善和調試，使得該條生產線的各项技術指標更加成熟。不少客戶亦對新型煙梗處理技術平台的產品表示了很大的興趣，有望與本集團展開合作。而該條生產線預計在本財政年度下半年將會取得初步的銷售成績，有望成為本集團下一階段的增長亮點。

Management Discussion and Analysis (cont'd)

管理層討論及分析 (續)

After years of persistent hard work, the new material segment of the Group finally achieved satisfactory sales revenue during the reporting period. The Group will continue to invest resources towards new materials, persist in product development in the idea of "safety, innovative and functionality", with an aim to have the new materials segment to provide the Group with new growth momentum in the next stage, so as to mark another successful positioning of the "Multi-pronged, Focused Growth" strategy.

歷經若干年的持續努力，本集團新材料業務板塊終於在本報告期內實現可喜的銷售收入。本集團將會堅持在新材料領域的資源投入，堅持「安全、新穎、具功能性」的產品開發理念，力爭使新材料板塊成為本集團未來成長的新動力，從而完成「同心多元化」策略的又一次成功部署。

Latest development of e-cigarette

電子霧化煙的最新發展

During the first half of 2014, the Group continued its tactical deployment of the e-cigarette business as preparation works were implemented according to schedule. In terms of brand building, the Group has already registered the SPV brand in China and the U.S. for future development of e-cigarette and related business. Currently, promotional activities have begun in certain areas, which included acting as an official sponsor of the STORM Electronic Music Festival, one of the largest electronic music festivals in China, held in Shanghai in October 2014. During the music festival, the SPV brand engaged in product giveaways, interactive games, live MCs and guest invitation to exhibit the brand to the participants of the music festival, forming their intuition on the products. After the event, SPV received a fine reputation and overwhelmingly positive responses, with the promotion creating great impact. In terms of products, the Group's products introduced in China are currently without nicotine, which mainly include various flavours such as fruit mint and coffee, etc. In the future, new products will continue to be introduced according to consumer preference and trends in the market. In terms of channel building, the Group plans to conduct online sales in the initial stage and have already established a flagship store on tmall.com, which received positive remarks and widespread recognition. In the future, new sales channels will be developed to establish a complete sales network both online and offline. The Group will then commit a certain amount of time towards brand building and promotion to quickly enhance brand recognition to make SPV a renowned e-cigarette brand both domestically and abroad.

二零一四年上半年，本集團在電子霧化煙業務方面持續展開部署，準備工作的推進有條不紊。在品牌建設方面，本集團已分別於中國和美國註冊SPV品牌（中文品牌名稱：立場），用以未來發展電子霧化煙相關業務。目前已開始進行一定範圍的推廣活動，包括在二零一四年十月於上海舉辦的中國最具規模的電子音樂節之一——STORM風暴電音節中擔任官方指定贊助商。在音樂節期間，SPV品牌結合產品派送、互動遊戲、現場主持、嘉賓邀請等多種形式，向音樂節的參與者傳遞了產品的魅力，使其對產品有了直觀的感受。經過此次活動，SPV獲得了良好的口碑和極為熱烈的反響，推廣成效非常顯著。在產品方面，目前集團在中國推出的產品不含有尼古丁成分，主要包括水果薄荷、咖啡等多種口味，未來將會根據消費者的喜好和市場的流行趨勢，不斷推出相應的新產品。在渠道建設方面，本集團計劃初期主要在線上進行銷售，目前已在天貓建立了旗艦店，並取得了良好的評價和廣泛的贊許。未來將會進一步開拓不同的銷售渠道，建立線上、線下完整的銷售網路。本集團在一定時間內的戰略方向還將以品牌的建設和推廣為主，快速提升品牌的知名度，力爭將SPV打造成為中外知名的電子霧化煙品牌。

R&D and innovation capability

研發和創新能力

The Group has a leading R&D platform in China's flavours and fragrances industry and an international-calibre R&D team. The Group has constructed a State-recognised technical centre and a post-doctorate scientific research workstation in Shanghai, and has established joint laboratories with several major tobacco enterprises. It has also established a designated RTL production and R&D base in Shantou, Guangdong province authorised by the STMA and overseas R&D centres in Germany and the U.S.. The Group possesses a R&D team that is comprised of experienced personnel, both domestically and abroad, with its R&D capability continuing to lead the domestic industry. For the six months ended 30 September 2014, R&D expenses of the Group were approximately HKD124,837,000, accounting for approximately 5.8% of total sales revenue, up from 5.5% in the corresponding period of last year.

本集團擁有中國香精香料行業領先的研發平台和具有國際經驗的研發團隊。本集團建立了位於上海的國家級企業技術中心和博士後科研工作站，並與多家大型煙草企業先後組建了聯合實驗室；於廣東汕頭建立了國家煙草專賣局認定的煙草薄片生產及研發基地，以分別於德國和美國建立了海外研發中心。本集團擁有一支由具有豐富經驗的中外專家組成的研發團隊，研發實力在國內同行中繼續保持領先水平。截至二零一四年九月三十日止六個月，本集團研發費用約為港幣124,837,000元，佔銷售收入總額的比例約為5.8%，相比去年同期佔比約5.5%，有了進一步提升。

Management Discussion and Analysis (cont'd)

In May 2014, the unveiling ceremony of the “Tobacco Innovation and Technology Joint Laboratory” jointly established by the Group and China Tobacco Yunnan was held at Guangdong Jinye. The core management of both the Group and China Tobacco Yunnan attended the unveiling ceremony. The two parties have resolved that the work of the joint laboratory will mainly revolve around innovative tobacco technologies and will focus research in the four fields of “innovation in tobacco raw materials”, “innovation in tobacco materials”, “innovative tobacco technology” and “innovative aromatic raw materials and technologies”. Currently the two parties’ respective R&D departments have reached full engagement and have commenced cooperation on the aforementioned topics.

The launch of the joint laboratory will benefit both parties in terms of realizing technological resource advantages in the fields of tobacco innovation technology, tobacco analysis and inspection and tobacco chemistry, etc., while expediting innovation and enhancing results sharing and transfer. This bears great significance for the support of China Tobacco Yunnan’s brand development and upgrade, the enhancement of technological innovation capabilities and technicality of products of the Group, as well as promoting the advancement of technology within the industry.

Besides multi-faceted and diversified cooperation with the STMA, the Group also constantly explored to enhance its own R&D capabilities and technology standards. In regards to RTL, “Guangdong Shantou Paper-making Reconstituted Tobacco Leaves Enhancement Project” officially began in June 2012. The project aimed to cover the characteristics of Chinese cigarettes, integrate advanced domestic and foreign technology to establish a high speed, high efficiency, clean, low consumption and innovative production line up to international production standards. During its implementation process, the project achieved three internationally leading and one internationally advanced technological achievements, and ultimately was officially certified by the STMA in March 2014, which became the first paper-making RTL landmark production line certified by the STMA. The production line currently operates at an average speed of over 190 meters per minute, with a production yield of above 89% and energy consumption rate is maintained below 0.85 tons of standard coal for each ton of product. Such production indicators are of international leading standards.

管理層討論及分析 (續)

二零一四年五月，本集團與雲南中煙共同組建的「煙草創新技術聯合重點實驗室」的揭牌儀式在廣東金葉隆重舉行，本集團與雲南中煙的主要領導出席了該揭牌儀式。雙方確認，聯合實驗室今後的工作將主要圍繞煙草創新技術，大力開展「煙用原料創新」、「煙用材料創新」、「新型煙草技術」和「新型香原料及香料技術」等四個方面的研究，目前雙方的研究部門已進行了全面對接，並就上述課題展開了緊密的合作。

該聯合重點實驗室的啟動，將有利於發揮雙方在煙草創新技術、煙草分析檢測、煙草化學等領域的技術資源優勢，加速創新、加強成果共享與轉化，對支撐雲南中煙捲煙品牌的發展，促進其品牌發展和升級，以及提高本集團的技術創新能力和產品技術含量，推動行業技術進步等具有十分重要的意義。

除了與國煙局相關單位進行多方位、多元化合作以外，本集團不斷探索，不斷提高自身的研發能力和技術水平。在煙草薄片方面，「廣東汕頭造紙法再造煙葉技術升級項目」於二零一二年六月正式立項研究，該項目旨在涵蓋中式捲煙特點，整合國內國外先進技術，打造一條高速、高效、清潔、低耗，具有國際生產水平的創新型生產線。該項目在推進過程中獲得了3項國際領先、和1項國際先進的技術成果，並最終於二零一四年三月通過國煙局驗收，成為國內第一條獲國煙局驗收的造紙法煙草薄片標誌性生產線。該生產線目前的平均運行速度達到每分鐘190米以上，生產得率達到89%以上，生產綜合能耗維持在0.85噸標煤／噸產品以下，該等生產指標都為國際領先的水平。

Management Discussion and Analysis (cont'd)

管理層討論及分析 (續)

On the other hand, the Group has begun the R&D on a specialized RTL production technology that is different from paper-making RTL several years ago. In 2014, Guangdong Jinye has completed and successfully fine-tuned a trial production line of dry-pressed RTL. During the implementation process of such project, Guangdong Jinye received one international patent and eight domestic patents. The workmanship of the trial production line borrows from dissolved air floatation paper making, which after through optimization retained the workmanship advantages of traditional paper-making RTL, and also possesses technical advantages such as simple production workmanship, relatively low capital investment, low production operation cost, high fragrance intensity of products, high production yield and low waste emission. Currently, several sizable tobacco enterprises have expressed positive remarks and a high degree of interest in the Group's dry-pressed RTL production technology. The Group will then further the R&D in this field, to improve and enhance related production workmanships, which in turn to lead the diversified development of RTL production in the tobacco industry so as to satisfy different customer needs.

For innovation tobacco stem, the Group focused on the problem where current tobacco stem technology not being able to fulfill the ideal application of cigarette stems and the international search for ways to fully utilize plants of tobacco and developed a new expanding stem processing technology. The technology is an innovative tobacco stem workmanship which utilizes over-heated steam and microwave to ensure the structural integrity of stem cells and expansion efficiency. Processing was also intensified to more effectively remove mixed gas in stems, enhancing inhaling quality and formula adaptability to achieve an ideal balance in tobacco stem and cigarette products. Currently, the Group has completed construction of a trial production line for innovative over-heated steam and microwave expansion stems. Besides obtaining numerous patents during the process, the Group also formulated an intention to collaborate with several sizable tobacco enterprises. The abovementioned new materials are currently the Group's main focus for new business development, with an aim to become another scaled business for the Group in the future so as to support the diversified and leaping growth of the business of the Group.

另一方面，本集團於幾年前已開始著手於造紙法煙草薄片以外的一種特種煙草薄片生產技術的研究。由廣東金葉於二零一四年完成建設並調試成功的干法薄片中試生產線，在項目的推進過程中獲得了國際專利1項，國家專利8項。該中試生產線的工藝、設備方案借鑑於氣浮法造紙，經深入優化後有效保留了傳統造紙法煙草薄片的工藝優勢，還具有生產工藝簡單、資本投資相對較低，生產運行成本低、產品香氣濃度高、得率高、廢棄物排放少等技術優勢。目前多家大型煙草企業對本集團的干法煙草薄片生產技術給予了高度評價和濃厚的興趣。本集團將在此領域進一步開展技術研究，改進和完善生產的相關工藝，以此引領煙草行業煙草薄片生產技術多元化的發展，滿足客戶的不同需求。

而在新型梗粒處理方面，本集團針對現有煙梗處理技術都不足以實現捲煙煙梗應用理想狀態的問題，及滿足國際上多年來尋求對整株煙葉綜合利用的需求，研制出新型膨脹煙梗處理技術。該技術是一種創新的煙梗處理工藝，通過過熱蒸汽與微波協同處理，保證了煙梗細胞結構完整和膨脹效率，並提高了處理強度，更有效的脫除煙梗雜氣，提升了抽吸質量與配方適用性，實現了煙梗在捲煙產品中良好的匹配性。目前本集團已經完成了新型的過熱蒸汽與微波協同膨脹煙梗中試生產線建設，過程中不單掌握了多項發明專利，亦與多家大型煙草企業形成了合作意向。以上的各種新材料產業都為當前本集團重點關注並發展的新興業務，未來將有望成為本集團另一個規模化業務方向，支持本集團的業績實現多元化、跨越式增長。

Management Discussion and Analysis (cont'd)

BUSINESS PROSPECTS

Looking ahead to the second half of 2014, recovery of the global economy is expected to pick up. In the second half of the year, the Chinese government will adopt limited and targeted policies to stimulate the economy, which include tax relief for small and medium enterprises, expedited fiscal and infrastructure spending and targeted decrease in bank reserve requirement. It is expected that the targeted annual economic growth rate of 7.4% can be achieved, but the pressure to implement structural reforms to enhance growth potential or maintain the sustainability of growth will still exist.

Under such complex economic conditions, the Group persists in the development strategy of "Multi-pronged, Focused Growth", focuses on its matured flavours and RTL businesses as its core segments and strives to achieve horizontal integration in terms of new materials business and vertical integration in terms of aromatic raw materials and e-cigarette businesses, so as to continuously exploring for new business opportunities in expanding the scope of its business. Meanwhile, the Group has attempted to establish a finance leasing platform that is related to the core businesses in order to provide customers with comprehensive services. In the future, to maintain its technology innovation capacity for its sustainable development, the Group will closely monitor and invest in globally advanced technologies. It will remain persistent in combining the ways of organic development and mergers and acquisitions, and to probe for multi-channels of financing; to establish a foothold in the China market and promote the development of international business when appropriate, in order to create values for our customers. The Group believes that with its evident advantage in R&D and long-term stable relationships with customers, the Group is capable of maintaining healthy and steady growth. Based on its outstanding management style, quality talents, innovative business ideas and steady development, the Group will continue to bring favorable returns to its shareholders!

FINANCIAL REVIEW

Analysis of interim results for the six months ended 30 September 2014

Sales revenue

The Group's sales revenue amounted to HKD2,151,137,000 for the six months ended 30 September 2014, representing an increase of 10.8% as compared with HKD1,941,939,000 for the corresponding period last year. The growth in the sales revenue was mainly attributable to the speedy growth of flavours and new materials had started to realize sales revenue to a certain scale. For the six months ended 30 September 2014, sales revenue from flavours increased by 11.2% to HKD1,584,179,000; sales revenue from fragrances increased by 2.9% to HKD41,934,000; sales revenue from RTL increased by 1.6% to HKD481,156,000; sales revenue from new materials amounted to HKD43,868,000.

管理層討論及分析 (續)

業務展望

展望二零一四年下半年，全球的經濟復甦有望將加強。中國今年下半年採取有限的、有針對性的政策措施來刺激經濟，包括中小企業稅收減免、加快財政和基礎設施支出以及有針對性地地下調銀行存款準備金率，預計全年經濟增長率可以完成7.4%的目標，但實施結構改革以提高增長潛力或使增長更可持續的迫切性仍然存在。

在錯綜複雜的經濟大環境下，本集團將堅持以「同心多元化」作為根本的發展策略，以現有的香精香料以及薄片等成熟業務為核心，通過積極探索，向新材料等同行業領域橫向拓展、向香原料和電子霧化煙等消費品領域縱向延伸，不斷開拓業務新增點、做大做實業務範圍。同時，本集團也嘗試成立了與主營業務相關的融資租賃平台，以便為客戶提供全方位的服務。未來，為保持持久發展所需要的技術創新能力，本集團將密切跟蹤和跟投一些全球領先的技術。本集團將繼續堅持走有機發展和併購相結合的道路，探索建立多渠道融資平台，始終以為客戶創造價值為己任，立足中國市場，同時適時推進國際業務的發展。本集團相信，基於在相關研發技術領域取得的明顯領先優勢、以及與客戶所建立的長期穩固的合作關係，本集團有能力繼續保持健康穩健的發展步伐。同時，本集團將繼續憑藉優秀的管理模式、高素質的人才隊伍、創新的經營理念以及穩健的發展，為股東帶來更理想的回報！

財務狀況回顧

截至二零一四年九月三十日止六個月的中期業績分析

營業額

截至二零一四年九月三十日止六個月，本集團的銷售額達到港幣2,151,137,000元，較上年同期的港幣1,941,939,000元，增長10.8%。銷售額的增長，主要是由於食用香精香料的快速增長，以及新材料開始了相當的銷售規模所致。截至二零一四年九月三十日止六個月，本集團食用香精香料的銷售額增加了11.2%至港幣1,584,179,000元，日用香精香料的銷售額增加了2.9%至港幣41,934,000元，煙草薄片的銷售額增加了1.6%至港幣481,156,000元，而新材料的銷售額為港幣43,868,000元。

Management Discussion and Analysis (cont'd)

Cost of goods sold

The Group's cost of goods sold amounted to HKD659,771,000 for the six months ended 30 September 2014, representing an increase of 8.3% as compared with HKD609,046,000 for the corresponding period last year.

Gross profit and gross profit margin

The gross profit of the Group increased from HKD1,332,893,000 for the six months ended 30 September 2013 to HKD1,491,366,000 for the six months ended 30 September 2014, representing an increase of 11.9%. The Group's gross profit margin for the first half of the year reached 69.3%, which was slightly higher than 68.6% of first half of last year and was mainly attributable to the Group's sound management of cost of goods sold.

Other income

Other income of the Group was HKD135,831,000 for the six months ended 30 September 2014, representing an increase of HKD50,993,000 as compared with HKD84,838,000 for the six months ended 30 September 2013. The increase in other income was mainly attributable to the significant increase in government grants.

Selling and marketing expenses

The selling and marketing expenses of the Group comprised mainly traveling expenses, transportation cost, salaries and office expenses. The selling and marketing expenses of the Group for the six months ended 30 September 2014 were HKD94,260,000, representing an increase of 19.9% as compared with HKD78,591,000 for the corresponding period last year. Selling and marketing expenses to total sales revenue for the six months ended 30 September 2014 and 2013 amounted to approximately 4.4% and 4.0% respectively. The increase in such ratio was mainly attributable to an increase in employee salary and to the Group stepping up its selling efforts which resulted in an increase in related expenses.

Administrative expenses

The Group's administrative expenses amounted to HKD352,363,000 for the six months ended 30 September 2014, representing an increase of 19.0% as compared with HKD296,215,000 for the corresponding period last year. The ratio of administrative expenses to total sales was approximately 16.4%, representing an increase of 1.1 percentage points as compared with 15.3% for the corresponding period last year. The increase in the ratio of administrative expenses to total sales revenue was mainly attributable to the increase in R&D expenses and employee salary, etc.

管理層討論及分析 (續)

銷售成本

截至二零一四年九月三十日止六個月，本集團的銷售成本為港幣659,771,000元，較上年同期的港幣609,046,000元增加了8.3%。

毛利和毛利率

本集團的毛利由截至二零一三年九月三十日止六個月的港幣1,332,893,000元增加至截至二零一四年九月三十日止六個月的港幣1,491,366,000元，增長11.9%。而本集團上半年的毛利率達69.3%，比上一財政年度上半年的68.6%略為上升，主要是由於本集團成本控制得宜所致。

其他收益

截至二零一四年九月三十日止六個月，本集團的其他收益為港幣135,831,000元，較截至二零一三年九月三十日止六個月的港幣84,838,000元增加了港幣50,993,000元。其他收益的增加主要是由於政府津貼大幅增加所致。

銷售及市場推廣開支

本集團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。本集團截至二零一四年九月三十日止六個月的銷售及市場推廣開支為港幣94,260,000元，較上年度的港幣78,591,000元，增加了19.9%。於截至二零一四年及二零一三年九月三十日止六個月的銷售及市場推廣開支所佔銷售總額的比例分別為約4.4%及4.0%，該比例的增加主要是由於員工薪酬的增加及本集團加大銷售力度導致相關費用增加所致。

行政開支

本集團的行政開支在截至二零一四年九月三十日止六個月為港幣352,363,000元，較上年度同期的港幣296,215,000元，增加了19.0%。而行政開支所佔銷售總額的比例為約16.4%，較去年同期的15.3%增加了1.1個百分點。行政開支金額及佔銷售比例增加的主要原因是本集團研發費用及員工薪酬等上升所致。

Management Discussion and Analysis (cont'd)

Operating profit

The operating profit of the Group for the six months ended 30 September 2014 was HKD1,180,574,000, representing an increase of approximately 13.2% as compared with HKD1,042,925,000 for the corresponding period last year, while the operating profit margin increased by 1.2 percentage points to approximately 54.9% during the first half of the year from approximately 53.7% for the first half of last year. The increase in operating profit was mainly attributable to the speedy growth of sales revenue and significant increase of other income.

Income tax expenses

The income tax expenses of the Group for the six months ended 30 September 2014 was HKD214,937,000, representing an increase of 36.5% as compared with HKD157,462,000 for the corresponding period last year. Income tax rate of the current period was approximately 17.8%, which was relatively consistent with 17.4% of the last financial year.

Profit attributable to the equity holders of the Company

Profit attributable to the equity holders of the Company was HKD984,013,000 for the six months ended 30 September 2014, representing an increase of 10.2% as compared with HKD893,188,000 for the corresponding period last year.

Net current asset value and financial resources

As at 30 September 2014, the net current asset value of the Group was HKD4,512,138,000 (31 March 2014: HKD4,068,533,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 30 September 2014, the Group's cash and bank balances amounted to HKD4,137,920,000 (31 March 2014: HKD3,181,745,000). The Group neither had any forex hedging products nor structured investment products or financial derivatives.

Bank borrowings and gearing ratio

As at 30 September 2014, the Group had bank borrowings of HKD530,143,000 (31 March 2014: HKD530,131,000), all of which were due within one year. Among which, HKD515,000,000 are unsecured loan with interest calculated based on HK dollars inter-banks borrowings rate. For the six months ended 30 September 2014, the average annual interest rate of such unsecured loan was 2.35% (2013: 2.38%); the average annual interest rate of the remaining secured loan was 6.30% (2013: 6.30%). As at 30 September 2014, the Group's gearing ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was 5.8%, which was further lowered from 6.1% as at 31 March 2014.

管理層討論及分析 (續)

營運盈利

本集團營運盈利在截至二零一四年九月三十日止六個月為港幣1,180,574,000元，較上年同期的港幣1,042,925,000元，增加了約13.2%。而本集團的營運盈利率則由上一年度同期的約53.7%上升1.2個百分點至本年度的約54.9%。營運盈利的增加主要是由於銷售額快速上升及其他收益大幅增加所致。

稅務開支

本集團的稅務開支在截至二零一四年九月三十日止六個月為港幣214,937,000元，較上年同期的港幣157,462,000元，增加了約36.5%。本期所得稅稅率約為17.8%，與上一財政年度的約17.4%基本持平。

本公司權益持有人應佔盈利

本公司權益持有人應佔盈利在截至二零一四年九月三十日止六個月為港幣984,013,000元，較去年同期的港幣893,188,000元增加了10.2%。

流動資產淨值和財務資源

於二零一四年九月三十日，本集團的流動資產淨值為港幣4,512,138,000元（二零一四年三月三十一日：港幣4,068,533,000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。於二零一四年九月三十日，本集團的銀行及庫存現金為港幣4,137,920,000元（二零一四年三月三十一日：港幣3,181,745,000元）。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

於二零一四年九月三十日，本集團的銀行借貸總額為港幣530,143,000元（二零一四年三月三十一日：港幣530,131,000元），全部於一年內到期償還。其中港幣515,000,000元為信用貸款，按港元銀行同業拆借息率作基礎。截至二零一四年九月三十日止六個月，該無抵押貸款的平均年息率為2.35厘（二零一三年：2.38厘）；而餘下的抵押貸款的平均年息率為6.30厘（二零一三年：6.30厘）。於二零一四年九月三十日，本集團之負債比率（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5.8%，比二零一四年三月三十一日的6.1%進一步下降。

Management Discussion and Analysis (cont'd)

管理層討論及分析 (續)

Debtors' turnover period

Debtors' turnover period is calculated on the basis of the average amount of trade receivables net of provisions as at the beginning and at the end of a relevant financial period divided by the total sales revenue for the corresponding period and multiplied by 180 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 six months ended 30 September 2014, the Group's average debtors' turnover period was 81 days, representing an increase of 5 days as compared with 76 days for the last financial year ended 31 March 2014. However, the debtors' turnover period was basically consistent with 80 days of the corresponding period last year, representing an increase of 1 day.

Creditors' turnover period

Creditors' turnover period is calculated on the basis of the average amount of trade payables as at the beginning and at the end of a relevant financial period divided by the cost of goods sold for the corresponding period and multiplied by 180 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the six months ended 30 September 2014, the Group's average creditors' turnover period was 115 days, representing a decrease of 5 day as compared with 120 days for the last financial year ended 31 March 2014. However, the creditors' turnover period was basically consistent with 119 days of the corresponding period last year, representing a decrease of 4 days.

Inventory and inventory turnover period

As at 30 September 2014, the Group's inventory balance amounted to HKD843,993,000 (31 March 2014: HKD855,694,000). For the six months ended 30 September 2014, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and at the end of a relevant financial period divided by the total cost of goods sold for the corresponding period and multiplied by 180 days) was 232 days, representing an increase of 6 days as compared with 226 days for the last financial year ended 31 March 2014. The increase in inventory turnover period was mainly attributable to the relatively higher inventory balance of RTL at the beginning of this period that was resulted from higher inventory reserves due to the significant increase of production and sales of RTL in the last financial year.

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 is denominated in foreign currency such as USD or EUR. The Group is of the view that the risk of RMB depreciating is very low. As a result, the Group's exposure to exchange rate risk is relatively low.

應收賬週轉期

應收賬週轉期乃通過將有關財政年度期初及期末經扣除撥備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180天計算。本集團一般給予客戶約0至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。截至二零一四年九月三十日止六個月，本集團的平均應收賬週轉期為81日，比較截至二零一四年三月三十一日止上一財政年度的76日上升了5日，而相比去年同期的應收賬週轉期的80日上升了1日，指標基本保持穩定。

應付賬週轉期

應付賬週轉期乃通過將有關財政年度期初及期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180天計算。供應商給予本集團的信貸期介乎0至180日。截至二零一四年九月三十日止六個月，本集團的平均應付賬週轉期為115日，比較截至二零一四年三月三十一日止上一財政年度的120日下降了5日，而相比去年同期的應付帳週轉期的119日下降了4日，指標基本保持穩定。

存貨和存貨週轉期

本集團的存貨結餘於二零一四年九月三十日為港幣843,993,000元（二零一四年三月三十一日：港幣855,694,000元）。在截至二零一四年九月三十日止六個月，存貨週轉期（將有關財政年度期初及期末的存貨平均結餘除以相應期間的銷售成本總額再乘以180天計算）為232日，比較截至二零一四年三月三十一日止上一個財政年度的226日上升了6日，主要是由於上一財政年度煙草薄片的產量及銷量大幅增加，導致煙草薄片存貨儲備有所上升，令到本期期初數較高所致。

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，僅部份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風險，因此本集團所承擔之匯率風險也較低。

Management Discussion and Analysis (cont'd)

Pledge of assets

As at 30 September 2014, the secured bank loan of the Group amounted to RMB12,000,000.

Capital Commitments

As at 30 September 2014, the Group had capital commitments in respect of the purchase of property, plant, equipment, and available-for-sale financial assets, contracted for but not provided for in the financial statements amounting to approximately HKD283,016,000 (31 March 2014: HKD44,709,000), majority of which related to investments in technology innovation sector.

Contingent liabilities

According to the information available to the Board, the Group had no contingent liabilities as at 30 September 2014.

HUMAN RESOURCES

As at 30 September 2014, the Group employed a total of 2,402 employees in the PRC, Hong Kong, Germany, U.S., Botswana and Korea. The sound development of the Group attracts talents in the industry. During the reporting period, the Group proactively optimized the employee structure according to the business needs, while applied targeted streamlining and adjustments to the human resources as a whole, and continued in hiring outstanding talents of wide range, so as to meet with the Group's next stage of diversified development.

To upgrade the Group to the international standard in terms of technology and management, the Group places great emphasis on staff training and talent recruitment, enhancement of the employees' initiative and creativity. The Group provides training to mid-top executives and the management on a regular basis, guiding them towards common values to strengthen team spirit. In addition, the Group has built talent banks for various staff levels to completely resolve the issue of talent availability encountered by the enterprise during long term development. The Group has introduced its culture to its employees through the corporate website and internal monthly magazine. While also concerned with their well-being, diversified leisure-time activities were arranged for employees so as to provide them with ample space for development.

As to remuneration package, the Group monitors closely on changes in the PRC economics and market environment, reviews the remuneration level of its employees and human resources market on a regular basis and makes prompt adjustments to the remuneration and benefits of employees, targeting to maintain its competitiveness in the market. Meanwhile, the Group is in the process of formulating an incentive system consisted of short term and long term considerations with an aim to further enhance the appraisal system, so as to fully mobilize employees' initiatives.

管理層討論及分析 (續)

資產抵押

於二零一四年九月三十日，本集團的抵押貸款為人民幣12,000,000元。

資本承擔

於二零一四年九月三十日，本集團就已訂約購買的物業、廠房、設備及可供出售金融資產但並未於財務報表撥備的資本承擔約港幣283,016,000元（二零一四年三月三十一日：港幣44,709,000元），主要將投資於高新技術產業項目。

或然負債

根據可供董事會查閱的資料，本集團於二零一四年九月三十日並無任何重大的或然負債。

人力資源

於二零一四年九月三十日，本集團在中國大陸、香港、德國、美國、博茨瓦納及韓國共聘用員工2,402人。本集團良好的發展勢頭吸引了大批業界優秀人士的加盟。於報告期內，本集團積極採取員工結構優化策略，根據在業務上的需要，對人力資源進行了系統的梳理和調整，同時繼續引進各類優秀人才，以應對公司下一步多元化的發展要求。

為了配合集團實現技術和管理國際化發展規劃，本集團十分注意員工的培養和人才引進工作，提高員工積極性並培養員工的創造力。本集團定期對中高層及管理層人員進行培訓，樹立共同的價值觀，加強團體精神。另外，本集團還建立了多個級別的人才庫，從根本上解決了企業長期發展所需之人才儲備問題。本集團通過企業網站及內部月刊等宣導公司文化，亦同時重視員工的身心健康，為員工組織多元化的業餘活動，給予員工充分的發展空間。

在薪酬待遇方面，本集團密切關注中國經濟及市況的變化，定時檢討員工薪酬水準和人力資源的市場情況，及時調整員工的薪酬福利，保持市場競爭力；同時，本集團亦在積極研究短期和長期相結合的激勵機制，進一步完善考核制度，以充分調動員工工作的積極性。

Other Information

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2014, 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 were as follows:

(a) Long position in ordinary shares of the Company

Name of Director	Capacity	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
董事姓名	身份		
CHU Lam Yiu ^(Note 2) 朱林瑤 ^(附註2)	Held through controlled corporations ^(Note 1) 透過受控制公司持有 ^(附註1)	1,219,813,415	39.31%
XIA Li Qun 夏利群	Beneficial owner 實益擁有人	5,250,000	0.17%
POON Chiu Kwok 潘昭國	Beneficial owner 實益擁有人	1,830,000	0.06%

Note 1: 1,219,813,415 ordinary shares of the Company were 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, respectively. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid six companies.

Note 2: Ms. CHU Lam Yiu extended the expiry date of a derivative transaction to and including 31 December 2015 by an amendment agreement dated 10 January 2013. The derivative transaction related to a long position of a monetary value equivalent to 99,937,000 shares of the Company.

(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 below.

Save as disclosed above, as at 30 September 2014, 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.

其他資料

董事於股份、相關股份及債券之權益

於二零一四年九月三十日，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；或擁有根據標準守則規定而須知會本公司及聯交所之權益如下：

(a) 本公司之普通股好倉

附註1: 本公司之1,219,813,415股普通股乃分別由Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited和Real Elite Investments Limited持有。朱林瑤女士為上述六間公司的唯一實益擁有人。

附註2: 朱林瑤女士通過日期為二零一三年一月十日的一份修訂協議，將一項有關本公司股份的衍生產品交易的好倉合約的到期日延長至二零一五年十二月三十一日止（含該日），相關金額所涉等值為99,937,000股本公司股份。

(b) 本公司購股權之權益

董事於本公司之購股權權益已詳列於以下「購股權」一節內。

除上文所披露者外，於二零一四年九月三十日，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。

Other Information (cont'd)

SHARE OPTIONS

As per a resolution passed at the Company's special general meeting held on 22 September 2006, the Company adopted a share option scheme ("Share Option Scheme"). As at 30 September 2014, the number of share options granted by the Company pursuant to the Share Option Scheme which are valid and outstanding amounted to 18,760,000, representing approximately 0.60% of the issued share capital of the Company upon full exercise of the aforesaid share options.

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

其他資料 (續)

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，本公司採納了購股權計劃（「購股權計劃」）。於二零一四年九月三十日，本公司根據購股權計劃所授出而仍然有效及尚未行使的購股權數目合共18,760,000股，上述購股權尚獲悉數行使將佔本公司已發行股本約0.60%。

於報告期內，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	Grant Date	Exercise Price	Exercisable Period	Number of Share Options				
				Balance as at 1 April 2014	Granted during the reporting period	Exercised during the reporting period	Cancelled/lapsed during the reporting period	Balance as at 30 September 2014
承授人	授出日期	行使價	可行使日期	於二零一四年四月一日結餘	報告期內批授	報告期內行使	報告期內註銷/失效	於二零一四年九月三十日結餘
		HKD 港幣						
Executive Director(s)								
執行董事								
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	3,000,000	-	(1,830,000)	-	1,170,000
Independent Non-executive Director(s)								
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 Participant(s)								
其他參與者								
	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	8,990,000	-	-	-	8,990,000
	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)	-
Total 合計				23,990,000	-	(1,830,000)	(3,400,000)	18,760,000

Other Information (cont'd)

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in note 11 to the condensed consolidated interim financial information, at no time during the reporting period was the Company, its ultimate holding companies or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, other than the interests disclosed in the section headed "Directors' interest 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 person(s)/corporation(s) held interests or short positions in 5% or more of the issued share capital of the Company:

Long position in ordinary shares of the Company

Name of Substantial Shareholders	Capacity	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
主要股東名稱	身份		
Lazard Asset Management LLC	Investment manager 投資經理	434,102,281	13.99%
Prudential plc	Held through controlled corporations 透過受控制公司持有	247,521,500	7.98%

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Board of the Company recognises the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for enhancing the level of transparency and accountability.

The Board members have regular discussions about the business strategies and performance of the Group and have regular trainings on Listing Rules and regulatory requirements provided by the legal adviser of the Company from time to time together with the relevant senior executives. Finance Department provides and reports to the Board members on the key management accounting information of the Group on a regular basis. The Company has an established internal reporting practice throughout the Group to monitor the operation and business development of the Company so as to capture potentially price-sensitive information on a monthly basis, and to monitor the continuing disclosure obligation.

其他資料 (續)

董事認購股份或債券之權利

除於簡明綜合中期財務資料附註11所披露者外，本公司、其最終控股公司或其任何附屬公司於報告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。

主要股東之權益

於二零一四年九月三十日，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／法團持有本公司已發行股本5%或以上權益或淡倉：

本公司之普通股好倉

企業管治

遵守《企業管治守則》

本公司董事會重視良好企業管治常規的重要性及其所帶來的益處，並已採納若干企業管治及披露常規，力求提高透明度和問責水平。

董事會成員定期討論本集團的表現和經營策略，並與相關高層管理人員接受本公司法律顧問定期提供的上市規則和法規要求的培訓。財務部亦定期向董事會成員匯報和提供本集團重要的管理會計資料。本公司已建立集團內部匯報制度以監控本公司營運和業務發展的情況，以便按月記錄潛在股價敏感資料和監察持續披露責任。

Other Information (cont'd)

Throughout the reporting period, the Company had complied with the code provisions in the CG Code and, where appropriate, adopted the recommended best practice as set out in the code provisions, except for code provisions A.2.1 and A.4.1:

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. CHU Lam Yiu, Chairwoman of the Board and Executive Director of the Company, took up the position of CEO starting from 9 April 2013. As the Board meets regularly to consider matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be affected.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The INEDs and Non-executive Director of the Company were not appointed for a specific term as they are subject to retirement by rotation no later than the third annual general meeting of the Company since their last appointment or re-election and are eligible for re-election in accordance with the Company's bye-laws. 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.

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) subsequent to the date of the Annual Report as of 31 March 2014 of the Company are set out below:

1. In order to cope with the requirement for long-term strategic planning and business development of the Company, the senior management structure of the Company has been adjusted by including a position of President under CEO. Following the above adjustment with effect from 19 September 2014, the Company's senior management structure comprises of the Chairwoman of the Board, CEO and President. Mr. XIA Li Qun was appointed as the President of the Company with effect from 19 September 2014.
2. Ms. MA Yun Yan was appointed as a member of the Eighth Listing Committee of Shenzhen Stock Exchange on 28 September 2014 for a term of two years.

其他資料 (續)

於報告期內，本公司已遵守企業管治守則之守則條文，並在適當的情況下採納守則條文所載之建議最佳常規，惟守則條文第A.2.1條及第A.4.1條除外：

守則條文第A.2.1條規定，主席與行政總裁的角色應有區分，且不應由一人同時兼任。本公司董事會主席兼執行董事朱林瑤女士自二零一三年四月九日起兼任首席執行官職務。由於董事會定期舉行會議討論有關本集團業務營運的事項，故董事會認為有關安排將不會損害董事會與執行管理層之間之權責平衡，公司的規劃、策略的執行及決策的效率大致上將不會受到影響。

守則條文第A.4.1條規定，非執行董事之委任須有指定任期，並須接受重新選舉。本公司之獨立非執行董事及非執行董事並無指定任期，但須根據本公司之公司細則於其上次獲委任或重選後不遲於本公司隨後舉行之第三屆股東週年大會上輪值告退，並符合資格膺選連任。因此，本公司認為已採取充分措施，以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。

董事資料更新

根據上市規則第13.51B(1)條，按照第13.51(2)條(a)至(e)和(g)段要求，於本公司截至二零一四年三月三十一日止之年度報告日期之後的董事資料變動載列如下：

1. 為配合本公司長遠戰略規劃及業務發展需要，本公司之高層管理架構已作出調整，於首席執行官之下增設總裁一職，繼上述調整於二零一四年九月十九日生效後，本公司之高層管理架構由董事會主席、首席執行官和總裁組成。夏利群先生獲委任為本公司總裁，自二零一四年九月十九日起生效。
2. 麻雲燕女士於二零一四年九月二十八日受聘擔任深圳證券交易所第八屆上市委員會委員，任期兩年。

Other Information (cont'd)

- Mr. WU Chi Keung resigned as an independent non-executive director of both GreaterChina Professional Services Limited and China Renji Medical Group Limited with effect from 2 July 2014 and 15 July 2014 respectively. He was appointed as an independent non-executive director of Link Holdings Limited (listed on the Growth Enterprise Market of the Stock Exchange on 7 July 2014) on 20 June 2014 and resigned on 3 October 2014.
- Mr. LEE Luk Shiu was appointed as an independent non-executive director of Hin Sang Group (International) Holding Co. Ltd. (listed on the Main Board of the Stock Exchange on 16 October 2014) with effect from 25 September 2014.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code as the code of conduct regarding dealing in the securities of the Company by the Directors. Having made specific enquiries of all Directors, the Company has received their written confirmations that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2014.

INTERIM AND SPECIAL DIVIDENDS

The Board has resolved to declare an interim dividend of HK9.52 cents per Share (2013: HK8.68 cents per Share) and a special dividend of HK22.20 cents per Share (2013: HK2.88 cents per Share) both in cash for the six months ended 30 September 2014, which are expected to be paid on or about 27 February 2015 to Shareholders whose names appear on the register of members of the Company as at 13 February 2015.

CLOSE OF REGISTER OF MEMBERS

In order to determine Shareholders who qualify for the interim and special dividends, the register of members of the Company will be closed from 11 February 2015 to 13 February 2015, both days inclusive, during which no transfer of shares will be effected. All properly completed transfers form(s) accompanied by the relevant share certificate(s) must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 10 February 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

其他資料 (續)

- 胡志強先生分別於二零一四年七月二日及二零一四年七月十五日辭任漢華專業服務有限公司及中國仁濟醫療集團有限公司之獨立非執行董事。彼於二零一四年六月二十日獲委任為華星控股有限公司(二零一四年七月七日於聯交所創業板上市)之獨立非執行董事，並於二零一四年十月三日辭任。
- 李祿兆先生獲委任為衍生集團(國際)控股有限公司(二零一四年十月十六日於聯交所主版上市)之獨立非執行董事，自二零一四年九月二十五日起生效。

上市發行人董事進行證券交易的標準守則

本公司已採納標準守則，作為董事進行本公司證券交易的操守準則。經向全體董事作出特定查詢後，本公司已收到全體董事之書面確認彼等於截至二零一四年九月三十日止六個月內已遵守標準守則所規定之標準。

中期及特別股息

董事會決議向於二零一五年二月十三日名列本公司股東名冊之股東宣派截至二零一四年九月三十日止六個月之現金中期股息每股港幣9.52仙(二零一三年：每股港幣8.68仙)及特別股息每股港幣22.20仙(二零一三年：每股港幣2.88仙)，預期中期及特別股息於二零一五年二月二十七日或前後派發。

暫停辦理股份過戶登記手續

為確保股東有資格獲派中期及特別股息，本公司將由二零一五年二月十一日至二零一五年二月十三日止(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二零一五年二月十日下午四時三十分前送達本公司之香港股份過戶登記分處卓佳登捷時有限公司，地址為香港皇后大道東183號合和中心22樓。

購買、出售或贖回本公司之上市證券

於截至二零一四年九月三十日止六個月期間內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

Other Information (cont'd)

PUBLIC FLOAT

Based on the information that was publicly available and to the best belief and knowledge of the Directors, the Company had maintained the prescribed public float throughout the six months ended 30 September 2014 and up to the date of this report as required under the Listing Rules.

AUDIT COMMITTEE

The Board has formed an Audit Committee in accordance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company. The Audit Committee members currently comprise all of the INEDs, namely Dr. DING Ningning, Mr. LEE Luk Shiu, Ms. MA Yun Yan and Mr. WU Chi Keung. The Audit Committee and the Board have reviewed and approved the Company's unaudited condensed consolidated interim financial information for the six months ended 30 September 2014.

By Order of the Board

CHU Lam Yiu

Chairwoman and CEO

Hong Kong, 19 November 2014

其他資料 (續)

公眾持股量

根據可供公眾查閱之資料以及據董事所知和所信，於截至二零一四年九月三十日止六個月內及截至本報告日，本公司已維持上市規則所規定之公眾持股量。

審核委員會

董事會已根據上市規則成立了審核委員會，以履行檢討及監察本公司財務匯報程序及內部監控之職責。審核委員會委員目前由本公司所有獨立非執行董事，即丁寧寧博士、李祿兆先生、麻雲燕女士及胡志強先生擔任。審核委員會連同董事會已審閱並批准本公司截至二零一四年九月三十日止六個月之未經審核簡明綜合中期財務資料。

承董事會命

朱林瑤

主席兼首席執行官

香港，二零一四年十一月十九日

Review Report



**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
HUABAO INTERNATIONAL HOLDINGS LIMITED**
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 31 to 62, which comprises the condensed consolidated statement of financial position of Huabao International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2014 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

審閱報告

羅兵咸永道

中期財務資料的審閱報告

致華寶國際控股有限公司董事會
(於百慕達註冊成立的有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第31至62頁的中期財務資料,此中期財務資料包括華寶國際控股有限公司(「貴公司」)及其子公司(合稱「貴集團」)於二零一四年九月三十日的簡明綜合財務狀況表與截至該日止六個月期間的相關簡明綜合收益表、簡明綜合全面收益表、簡明綜合權益變動表和簡明綜合現金流量表,以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司證券上市規則規定,就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論,並按照委聘之條款僅向整體董事會報告,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。

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Review Report (cont'd)

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 November 2014

審閱報告 (續)

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所

執業會計師

香港，二零一四年十一月十九日

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

For the six months ended 30 September 2014
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一四年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

	Note 附註	30 September 2014 二零一四年 九月三十日 Unaudited 未經審核	31 March 2014 二零一四年 三月三十一日 Audited 經審核
Assets			
Non-current assets			
Property, plant and equipment	7	1,418,552	1,425,497
Land use rights	7	197,185	200,247
Intangible assets	7	2,914,558	2,931,430
Investments in associates		230,913	239,044
Investments in a jointly controlled entity		6,997	7,442
Available-for-sale financial assets		155,281	154,504
Deferred income tax assets	8	68,356	66,208
		4,991,842	5,024,372
Current assets			
Inventories		843,993	855,694
Trade and other receivables	9	1,321,209	1,341,399
Assets held for sale		5,199	5,196
Short-term time deposits		810,253	806,400
Cash and cash equivalents		3,327,667	2,375,345
		6,308,321	5,384,034
Total assets		11,300,163	10,408,406
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	310,315	310,132
Reserves	12	1,115,925	1,110,334
Retained earnings			
– Proposed interim/final dividend	19	295,420	325,520
– Proposed special dividend	19	688,899	217,221
– Others		6,721,207	6,722,364
		9,131,766	8,685,571
Non-controlling interests		289,846	314,658
Total equity		9,421,612	9,000,229
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	8	82,368	92,676
Current liabilities			
Borrowings	13	530,143	530,131
Trade and other payables	14	1,101,795	652,094
Current income tax liabilities		164,245	133,276
		1,796,183	1,315,501
Total liabilities		1,878,551	1,408,177
Total equity and liabilities		11,300,163	10,408,406
Net current assets		4,512,138	4,068,533
Total assets less current liabilities		9,503,980	9,092,905

The notes on pages 36 to 62 are an integral part of this condensed consolidated interim financial information.

第36頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Income Statement 簡明綜合收益表

For the six months ended 30 September 2014
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一四年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核 Six months ended 30 September 截至九月三十日止六個月		
		Note 附註	2014 二零一四年	2013 二零一三年
Sales	營業額	6	2,151,137	1,941,939
Cost of goods sold	銷售成本		(659,771)	(609,046)
Gross profit	毛利		1,491,366	1,332,893
Other income	其他收益	15	135,831	84,838
Selling and marketing expenses	銷售及市場推廣開支		(94,260)	(78,591)
Administrative expenses	行政費用		(352,363)	(296,215)
Operating profit	營運盈利		1,180,574	1,042,925
Finance income	財務收入		30,110	22,707
Finance costs	融資成本		(6,490)	(5,783)
Finance income – net	財務收入 – 淨額		23,620	16,924
Share of profit/(loss) of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之盈利/(虧損)		230	(1,432)
Profit before income tax	除稅前盈利		1,204,424	1,058,417
Income tax expense	所得稅	17	(214,937)	(157,462)
Profit for the period	本期間盈利		989,487	900,955
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		984,013	893,188
Non-controlling interests	非控制性權益		5,474	7,767
			989,487	900,955
Earnings per share for profit attributable to the Company's equity holders for the period	本期間本公司權益持有人應佔的每股盈利			
Basic (HK cents)	基本 (港仙)	18(a)	31.72	28.80
Diluted (HK cents)	攤薄 (港仙)	18(b)	31.68	28.79
Interim dividend	中期股息	19	295,420	269,194
Special dividend	特別股息	19	688,899	89,318
			984,319	358,512

The notes on pages 36 to 62 are an integral part of this condensed consolidated interim financial information.

第36頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Statement of Comprehensive Income

簡明綜合全面收益表

For the six months ended 30 September 2014
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一四年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核	
		Six months ended 30 September	
		截至九月三十日止六個月	
		2014	2013
		二零一四年	二零一三年
Profit for the period	本期間盈利	989,487	900,955
Other comprehensive income:	其他全面收益：		
<i>Items that may be reclassified to profit or loss</i>	<i>可重新分類至損益的項目</i>		
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允值變動	340	3,745
Currency translation differences on foreign operations	海外業務之貨幣換算差額	(876)	127,936
Other comprehensive (loss)/income for the period, net of tax	本期間除稅後其他全面(虧損)/收益	(536)	131,681
Total comprehensive income for the period, net of tax	本期間除稅後全面收益總額	988,951	1,032,636
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	983,281	1,017,524
Non-controlling interests	非控制性權益	5,670	15,112
		988,951	1,032,636

The notes on pages 36 to 62 are an integral part of this condensed consolidated interim financial information.

第36頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 September 2014
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一四年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核					
		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
		Share capital 股本	Reserves 儲備	Retained earnings 保留盈利	Total 總計		
Balance at 1 April 2013	於二零一三年四月一日	311,013	914,597	6,053,801	7,279,411	346,265	7,625,676
Effects on change in accounting policy	會計政策變更的影響	-	(264)	264	-	-	-
Total comprehensive income for the six months ended 30 September 2013	截至二零一三年九月三十日止六個月的全面收益總額	-	124,336	893,188	1,017,524	15,112	1,032,636
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：						
Dividends payable to shareholders	向股東派付的股息	-	-	(378,361)	(378,361)	-	(378,361)
Dividends payable to non-controlling interests	向非控制性權益派付的股息	-	-	-	-	(33,675)	(33,675)
Appropriation from net profit	自純利撥付	-	12,214	(12,214)	-	-	-
Repurchase and cancellation of shares	回購及註銷股份	(881)	881	(13,937)	(13,937)	-	(13,937)
Acquisition of additional interest in Yongzhou Shanxiang Flavour Co., Ltd. ("Yongzhou Shanxiang") from non-controlling interest	向非控制性權益收購永州山香香料有限公司 ("永州山香") 額外權益	-	(948)	-	(948)	(4,294)	(5,242)
Disposal of a subsidiary	出售附屬公司	-	-	-	-	(14,356)	(14,356)
Additional investment in a non-wholly owned subsidiary	額外注資於非全資附屬公司	-	-	-	-	3,221	3,221
Total transactions with owners	與擁有人交易總額	(881)	12,147	(404,512)	(393,246)	(49,104)	(442,350)
Balance at 30 September 2013	於二零一三年九月三十日	310,132	1,050,816	6,542,741	7,903,689	312,273	8,215,962
Balance at 1 April 2014	於二零一四年四月一日	310,132	1,110,334	7,265,105	8,685,571	314,658	9,000,229
Total comprehensive income for the six months ended 30 September 2014	截至二零一四年九月三十日止六個月的全面收益總額	-	(732)	984,013	983,281	5,670	988,951
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：						
Dividends payable to shareholders	向股東派付的股息	-	-	(542,741)	(542,741)	-	(542,741)
Dividends paid to non-controlling interests	向非控制性權益派付的股息	-	-	-	-	(30,482)	(30,482)
Appropriation from net profit	自純利撥付	-	851	(851)	-	-	-
Employee share option scheme – Issue of shares upon exercise of share options	僱員購股權計劃： — 行使購股權而發行的新股	183	5,472	-	5,655	-	5,655
Total transactions with owners	與擁有人交易總額	183	6,323	(543,592)	(537,086)	(30,482)	(567,568)
Balance at 30 September 2014	於二零一四年九月三十日	310,315	1,115,925	7,705,526	9,131,766	289,846	9,421,612

The notes on pages 36 to 62 are an integral part of this condensed consolidated interim financial information.

第36頁至62頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

For the six months ended 30 September 2014
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一四年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核	
		Six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2014 二零一四年	2013 二零一三年
Cash flows from operating activities	經營活動之現金流量		
Cash generated from operations	營運產生之現金	1,276,229	1,036,325
Income tax paid	已付所得稅	(166,906)	(186,453)
Net cash generated from operating activities	營運活動產生之現金淨額	1,109,323	849,872
Cash flows from investing activities	投資活動之現金流量		
Acquisition of subsidiaries	收購附屬公司	–	(66,533)
Proceeds from disposal of an associate/a subsidiary	出售聯營／附屬公司所得款	10,952	15,993
Purchases of property, plant and equipment, land use right and intangible asset	購入物業、機器及設備， 土地使用權及無形資產	(76,717)	(97,424)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	78	206
Short-term time deposits placed	存入短期存款	(3,253)	(76,680)
Dividend received	已收股息	3,089	844
Interest received	已收利息	30,117	15,905
Net cash used in investing activities	投資活動所用之現金淨額	(35,734)	(207,689)
Cash flows from financing activities	融資活動之現金流量		
Dividends paid to shareholders	向股東支付股息	(29,154)	(18,540)
Acquisition of additional interests in a subsidiary from non-controlling interests	向非控制性權益收購 附屬公司額外權益	–	(5,242)
Capital contributions from non-controlling interests	非控制性權益持有人注資之 所得款項	–	3,221
Proceeds from issue of shares upon exercise of share options	行使購股權而發行的 新股所得款	5,655	–
Repurchase of shares	回購股份	–	(13,937)
New short-term bank borrowings	新增短期銀行借貸	–	15,135
Repayment to a shareholder	償還股東款項	(93,985)	–
Interest paid	已付利息	(6,440)	(5,693)
Net cash used in financing activities	融資活動所用之現金淨額	(123,924)	(25,056)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	949,665	617,127
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物	2,375,345	1,886,183
Effects of currency translation on cash and cash equivalents	貨幣換算對現金及 現金等價物的影響	2,657	32,473
Cash and cash equivalents at 30 September	於九月三十日之現金及現金等價物	3,327,667	2,535,783

The notes on pages 36 to 62 are an integral part of this condensed consolidated interim financial information.

第36至62頁的附註為本綜合財務報表的整體部份。

Notes to the Condensed Consolidated Interim Financial Information

(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, fragrances, reconstituted tobacco leaves and new materials in the People’s Republic of China (the “PRC”). Ms. Chu Lam Yiu (“Ms. Chu”), who is the Chairwoman of the Board of Directors, holds approximately 39% beneficial equity interest in the Company as at 30 September 2014, 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.

This condensed consolidated interim financial information is presented in thousands of units of HK dollars (“HKD’000”) unless otherwise stated and it has been approved for issue by the Board of Directors on 19 November 2014.

This condensed consolidated interim financial information has been reviewed and has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2014 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board of Stock Exchange (the “Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

簡明綜合中期財務資料附註

(除另有指明者外，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」)研究及發展、生產、分銷及銷售香精香料、煙草薄片和新材料。朱林瑤女士(「朱女士」)乃本公司之董事局主席，於二零一四年九月三十日，朱女士透過六家於英屬處女群島註冊成立的有限公司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39%之權益，為本公司的單一大股東。

本簡明綜合中期財務資料除另有指明者外，均以港幣千元(「港幣千元」)列示。本簡明綜合中期財務資料已於二零一四年十一月十九日獲董事會批准刊發。

本簡明綜合中期財務資料已經審閱，並未經審核。

2. 編製基準

本公司截至二零一四年九月三十日止六個月的簡明綜合中期財務資料已根據聯交所證券上市規則「上市規則」附錄16之適用披露規定及香港會計師公會(「香港會計師公會」)頒佈的香港會計準則(「香港會計準則」)第34號「中期財務報告」而編製。本簡明綜合中期財務資料應與本集團根據香港財務報告準則(「香港財務報告準則」)而編製的截至二零一四年三月三十一日止年度的綜合財務報表一併閱讀。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2014, as described in those financial statements.

- (a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.
- (b) There are no other standards or interpretations that are effective for the first time for this interim period that have a material impact on the Group.
- (c) The following new standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group:

3. 會計政策

除下文所述外，編製本簡明綜合財務資料中所採用之會計政策與截至二零一四年三月三十一日止年度的年度財務報表所採用的會計政策一致，並已詳列該財務報表內。

- (a) 中期所得稅乃按照預期年度的總盈利所適用之稅率予以預提。
- (b) 沒有其他在本中期期間首次生效的修改準則或詮釋預期會對本集團造成重大影響。
- (c) 已發佈但仍未生效而本集團亦無提早採納的新訂準則及準則修訂如下：

Effective for annual periods beginning on or after 之後開始的年度期間起生效

HKAS 19 (Amendment) regarding defined benefit plans 香港會計準則第19號(修改)有關設定福利計劃	1 July 2014 二零一四年七月一日
HKFRS 14 "Regulatory Deferral Accounts" 香港財務報告準則第14號「監管遞延賬目」	1 January 2016 二零一六年一月一日
HKFRS11 (Amendment) on accounting for acquisitions of interests in joint operation 香港財務報告準則第11號(修改)「收購共同經營權益的會計法」	1 January 2016 二零一六年一月一日
HKAS 16 and HKAS 38 (Amendment) on clarification of acceptable methods of depreciation and amortisation 香港會計準則第16號及第38號(修改)「折舊與攤銷的可接受方法的澄清」	1 January 2016 二零一六年一月一日
HKAS 16 and HKAS 41 (Amendment) on bearer plants 香港會計準則第16號及第41號(修改)「生產性植物」	1 January 2016 二零一六年一月一日
HKFRS 10 and HKAS 28 (Amendment) on the sale or contribution of assets between an investor and its associate or joint venture 香港財務報告準則第10號及香港會計準則第28號(修改)「投資者與其聯營或合營企業之間的資產出售或注資」	1 January 2016 二零一六年一月一日
HKAS 27 (Amendment) "Equity method in separate financial statements" 香港會計準則第27號(修改)「獨立財務報表之權益法」	1 January 2016 二零一六年一月一日
HKFRS 15 "Revenue from Contracts with Customers" 香港財務報告準則第15號「客戶合同收入」	1 January 2017 二零一七年一月一日
HKFRS 9 "Financial Instruments" 香港財務報告準則第9號「金融工具」	1 January 2018 二零一八年一月一日

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

Management does not anticipate that the applications of the new standards and amendments to standards will result in a material impact on the Group's consolidated financial statements.

4. ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2014.

5. FINANCIAL RISK MANAGEMENT

5.1 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 condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2014.

There have been no changes in the risk management policies since 31 March 2014.

5.2 Liquidity risk

As at 30 September 2014, the Group's net debt is zero (31 March 2014: zero), which is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

3. 會計政策 (續)

管理層預期該等新訂及準則修訂之應用不會對本集團的綜合財務報表有重大影響。

4. 估計

編製中期財務報表要求管理層對影響會計政策的應用和所報告資產和負債以及收支的數額作出判斷、估計和假設。實際結果或會與此等估計不同。

在編製此等簡明綜合中期財務資料時，管理層應用本集團會計政策時作出的重大判斷和估計不確定性的關鍵來源，與截至二零一四年三月三十一日止年度綜合財務報表所應用的相同。

5. 財務風險管理

5.1 財務風險因素

本集團的活動面對多項財務風險：市場風險（包括外匯風險、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。

簡明綜合中期財務資料並未包括年度財務資料規定的所有財務風險管理信息和披露，此中期財務報表應與本集團截至二零一四年三月三十一日止年度的年度財務報表一併閱讀。

自二零一四年三月三十一日以來，風險管理政策並無任何變動。

5.2 流動性風險

於二零一四年九月三十日，本集團之債務淨額為零（二零一四年三月三十一日：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。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

5. FINANCIAL RISK MANAGEMENT (continued)

5. 財務風險管理 (續)

5.3 Fair value estimation

The following analyses financial instruments carried at fair value within a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The three different levels are as follows:

- Quoted prices (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 30 September 2014 and 31 March 2014 were the available-for-sale financial assets. During the reporting periods, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and no transfers into or out of level 3.

5.4 Fair value measurements using significant unobservable inputs (Level 3)

<i>Available-for-sale financial assets</i>	<i>可供出售金融資產</i>	Amount 金額
At 1 April 2014	於二零一四年四月一日	154,504
Fair value change recorded in equity, before tax	除稅前之公允淨值變動記入權益	662
Currency translation differences	貨幣換算差額	115
At 30 September 2014	於二零一四年九月三十日	155,281

There were no changes in valuation techniques during the period.

5.3 公允價值估計

以下利用三層金融工具厘定公允價值時所使用的不同輸入，來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）。
- 除了第一層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接（即例如價格）或間接（即源自價格）（第二層）。
- 資產和負債並非依據可觀察市場數據的輸入（即非可觀察輸入）（第三層）。

於二零一四年九月三十日及二零一四年三月三十一日，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，於本報告期內，在業務及經濟情況並無重大改變而引致本集團之金融資產公允價值發生重大變化，及概無任何金融資產於第三層架構類別轉入或轉出。

5.4 使用重大不可觀察輸入的公允價值計量（第三層）

期內，估值技巧並無變動。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT (continued)

5.5 Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every half a year, in line with the Group's reporting dates.

5.6 Fair value of financial assets and liabilities measured at amortized cost

The fair value of financial assets and financial liabilities measured at amortized cost approximate their carrying amounts.

6. SEGMENT INFORMATION

The Group has organized its operations into four main operating segments:

- Flavours;
- Fragrances;
- Reconstituted tobacco leaves; and
- New materials.

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 the performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from an operation perspective and assess the performance of flavours, fragrances, reconstituted tobacco leaves and new materials 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 paper-making reconstituted tobacco leaves. In line with the Group's business development relating to new materials products, the management has decided to report a new operating segment – New materials during this reporting period. This segment includes research and development, production and sale of new materials products that are innovative, functional, and applicable to tobacco industry. The Executive Directors assess the performance of the operating segments based on a measure of operating profit.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

5. 財務風險管理 (續)

5.5 本集團的估值過程

本集團財務部設有一個小組，負責就財務報告事宜執行對金融資產的評估，包括有關第三層公允價值。此小組直接向財務總監匯報。財務總監及評估小組乃按本集團之報告日期即每半年舉行一次討論估值流程與其結果。

5.6 按攤銷成本計量的金融資產及負債之公允價值

按攤銷成本計量的金融資產和負債的公允價值乃與其賬面值相若。

6. 分部資料

本集團的經營分為四項主要營運分部：

- 食用香精香料；
- 日用香精香料；
- 煙草薄片；及
- 新材料。

主要經營決策者明確為執行董事（「執行董事」），執行董事審閱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、煙草薄片及新材料之分部業務表現。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、生產及銷售造紙法煙草薄片產品。為配合本集團在新材料方面的業務發展，管理層決定在本報告期內呈列一個新的營運分部—新材料，此分部的業務包括研發、生產及銷售創新、具功能性等適用於煙草行業的新材料產品。執行董事根據營運盈利的計量評估營運分部的表現。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

6. SEGMENT INFORMATION (continued)

The segment information for the six months ended 30 September 2014 is presented below:

6. 分部資料(續)

截至二零一四年九月三十日止六個月的分部資料呈列如下：

		Unaudited 未經審核 For the six months ended 30 September 2014 截至二零一四年九月三十日止六個月						
		Flavours 食用 香精香料	Fragrances 日用 香精香料	Reconstituted tobacco leaves 煙草薄片	New materials 新材料	Total segments 分部總計	Corporate 總部	Total 總計
Total turnover	總營業額	1,590,276	41,942	483,178	43,868	2,159,264	-	2,159,264
Inter-segment sales	分部間銷售	(6,097)	(8)	(2,022)	-	(8,127)	-	(8,127)
Segment turnover – net	分部營業額—淨額	1,584,179	41,934	481,156	43,868	2,151,137	-	2,151,137
Segment result	分部業績	963,003	6,852	217,350	7,609	1,194,814	(14,240)	1,180,574
Finance income	財務收入							30,110
Finance costs	融資成本							(6,490)
Finance income – net	財務收入—淨額							23,620
Share of profit of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之盈利							230
Profit before income tax	除稅前盈利							1,204,424
Income tax expense	所得稅							(214,937)
Profit for the period	本期間盈利							989,487

		Unaudited 未經審核 As at 30 September 2014 於二零一四年九月三十日						
		Flavours 食用 香精香料	Fragrances 日用 香精香料	Reconstituted tobacco leaves 煙草薄片	New materials 新材料	Total segments 分部總計	Corporate 總部	Total 總計
Segment assets	分部資產	7,504,514	167,851	3,338,678	268,136	11,279,179	20,984	11,300,163

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

The segment information for the six months ended 30 September 2013 is presented below:

		Unaudited 未經審核 For the six months ended 30 September 2013 截至二零一三年九月三十日止六個月						
		Flavours 食用 香精香料	Fragrances 日用 香精香料	Reconstituted tobacco leaves 煙草薄片	New materials 新材料	Total segments 分部總計	Corporate 總部	Total 總計
Total turnover	總營業額	1,465,867	40,748	473,377	3,518	1,983,510	-	1,983,510
Inter-segment sales	分部間銷售	(41,560)	(11)	-	-	(41,571)	-	(41,571)
Segment turnover – net	分部營業額一淨額	1,424,307	40,737	473,377	3,518	1,941,939	-	1,941,939
Segment result	分部業績	879,455	4,010	181,345	(11,959)	1,052,851	(9,926)	1,042,925
Finance income	財務收入							22,707
Finance costs	融資成本							(5,783)
Finance income – net	財務收入 – 淨額							16,924
Share of loss of associates and a jointly controlled entity	應佔聯營公司及 共同控制實體 之虧損							(1,432)
Profit before income tax	除稅前盈利							1,058,417
Income tax expense	所得稅							(157,462)
Profit for the period	本期間盈利							900,955

		Unaudited 未經審核 As at 30 September 2013 於二零一三年九月三十日						
		Flavours 食用 香精香料	Fragrances 日用 香精香料	Reconstituted tobacco leaves 煙草薄片	New materials 新材料	Total segments 分部總計	Corporate 總部	Total 總計
Segment assets	分部資產	6,318,013	166,834	3,247,046	169,173	9,901,066	83,112	9,984,178

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

6. 分部資料 (續)

截至二零一三年九月三十日止六個月的分部資料呈列如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

Segment result represents the profit earned by each segment without inclusion of unallocated corporate expenses, finance costs, finance income and share of results of associates and a jointly controlled entity. This is the measure reported to chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Non-current assets other than financial instruments and deferred tax assets of the Group as at 30 September 2014 and 31 March 2014 are mainly located in the PRC.

Revenues from external customers are derived from the sales of flavours, fragrances, reconstituted tobacco leaves and new materials to customers mainly located in the PRC.

Revenue derived from sales made to one single external customer for the six months ended 30 September 2014 amounted to 19% (30 September 2013: 20%) of the Group's total revenue. These revenues are attributable to flavours segment.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

6. 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、財務收入和應佔聯營公司及共同控制實體之業績。此分部業績主要是為分配資源和評估各分部之表現而向主要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，於二零一四年九月三十日及二零一四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，煙草薄片及新材料予國內客戶。

來源於最大外部單一客戶於截至二零一四年九月三十日止六個月的收入佔集團總收入的19% (二零一三年九月三十日：20%)。這些收入是由食用香精香料分部產生的。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

7. PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS

7. 物業、機器及設備、土地使用權及無形資產

		Unaudited 未經審核						
	Note	Property, plant and equipment (excluding construction in progress) 物業、機器 及設備(不含 在建工程)	Construction in progress 在建工程	Total property, plant and equipment 物業、機器 及設備總計	Land use rights 土地使用權	Goodwill 商譽	Other intangible assets 其他 無形資產	Total intangible assets 無形 資產總計
	附註							
For the six months ended	截至二零一三年							
30 September 2013	九月三十日止六個月							
At 1 April 2013	於二零一三年四月一日	1,310,570	133,240	1,443,810	204,045	2,686,372	239,373	2,925,745
Effects on change of accounting policy	會計政策變更的影響	(405)	-	(405)	-	-	-	-
Additions	添置	34,633	25,277	59,910	-	-	484	484
Transfers	轉移	68,345	(68,345)	-	-	-	-	-
Disposal of a subsidiary	出售附屬公司	(7,002)	(13)	(7,015)	-	-	-	-
Disposals	出售	(4,344)	-	(4,344)	(1,168)	-	-	-
Depreciation and amortization	折舊及攤銷	16 (70,005)	-	(70,005)	(3,173)	-	(22,497)	(22,497)
Currency translation differences	貨幣換算差額	22,983	2,482	25,465	3,765	46,576	2,237	48,813
At 30 September 2013	於二零一三年九月三十日	1,354,775	92,641	1,447,416	203,469	2,732,948	219,597	2,952,545
For the six months ended	截至二零一四年							
30 September 2014	九月三十日止六個月							
At 1 April 2014	於二零一四年四月一日	1,307,544	117,953	1,425,497	200,247	2,732,367	199,063	2,931,430
Additions	添置	18,439	47,293	65,732	-	-	602	602
Transfers	轉移	62,057	(62,057)	-	-	-	-	-
Disposals	出售	(645)	-	(645)	-	-	-	-
Depreciation and amortization	折舊及攤銷	16 (74,788)	-	(74,788)	(3,156)	-	(19,589)	(19,589)
Currency translation differences	貨幣換算差額	2,702	54	2,756	94	1,905	210	2,115
At 30 September 2014	於二零一四年九月三十日	1,315,309	103,243	1,418,552	197,185	2,734,272	180,286	2,914,558

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

8. DEFERRED INCOME TAX ASSETS/LIABILITIES

The movement in the deferred income tax is as follows:

8. 遞延所得稅資產／負債

遞延所得稅變動如下：

				Unaudited 未經審核		
		Deferred income tax assets 遞延 所得稅資產	Deferred income tax liabilities			
			遞延所得稅負債			
			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		
		Unrealized profits arising from intra-group sales		集團內 位於中國 國內的公司 預期匯出的 股息所產生之 預提所得稅		Total
		集團內 公司間銷售 所產生的 未變現盈利	資產評估 盈餘及無形 資產的確認			總計
		Note				
		附註				
At 1 April 2013	於二零一三年四月一日		48,710	61,404	1,224	62,628
Recognized in reserves	於儲備確認		-	1,248	-	1,248
Recognized in the consolidated income statement	於綜合收益表確認	17	45,813	(3,681)	(1,224)	(4,905)
Currency translation differences	貨幣換算差額		1,204	487	-	487
At 30 September 2013	於二零一三年九月三十日		95,727	59,458	-	59,458
At 1 April 2014	於二零一四年四月一日		66,208	70,117	22,559	92,676
Recognized in reserves	於儲備確認		-	322	-	322
Recognized in the consolidated income statement	於綜合收益表確認	17	2,093	(4,441)	(6,206)	(10,647)
Currency translation differences	貨幣換算差額		55	17	-	17
At 30 September 2014	於二零一四年九月三十日		68,356	66,015	16,353	82,368

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

8. DEFERRED INCOME TAX ASSETS/LIABILITIES (continued)

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 rates which are enacted or substantively enacted by the balance sheet date.

Deferred income tax liabilities arose 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.

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. However, the 5% treaty rate is not automatically granted. The taxpayer needs to apply for an approval for enjoying the tax treaty from the in-charge tax bureau. 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 and the approval on the treaty rate will be obtained. Therefore, deferred income tax liabilities have 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 and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 30 September 2014, deferred income tax liabilities of HKD325,479,000 (31 March 2014: HKD304,462,000) have not been recognized for the withholding tax that would otherwise be payable on the undistributed profits of certain PRC subsidiaries.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

8. 遞延所得稅資產／負債 (續)

集團內公司間銷售所產生的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。

遞延所得稅負債乃由於本公司收購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。

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，中國企業向海外投資者分派股息，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，故中國企業向香港投資者分派股息，可享較優惠的稅率5%徵收。但該5%協定稅率並非自動獲得，納稅人需要向有關主管稅務局申請批准享有稅務協定。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之直接母公司。因此，遞延所得稅負債乃按預期匯出香港之盈利以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。

於二零一四年九月三十日，本集團並未就若干中國大陸附屬公司之未分派盈利可能產生的預提所得稅確認遞延所得稅負債港幣325,479,000元(二零一四年三月三十一日：港幣304,462,000元)。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

9. TRADE AND OTHER RECEIVABLES

9. 貿易及其他應收款項

		Note 附註	As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
Trade receivables	貿易應收款項	(a)	972,597	970,628
Less: Provision for impairment of receivables	減：應收款項減值撥備		(7,793)	(7,787)
Trade receivables – net	貿易應收款項 – 淨額		964,804	962,841
Notes receivable	應收票據		174,534	241,334
Prepayments and other receivables	預付款項及其他應收款項		121,933	89,706
Advances to staff	員工墊款		16,919	10,321
Others	其他		43,019	37,197
			1,321,209	1,341,399

Except for prepayments of HKD40,874,000 (31 March 2014: HKD39,571,000), trade and other receivables balances 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 their carrying amounts.

除預付賬款港幣40,874,000元(二零一四年三月三十一日：港幣39,571,000元)外，貿易及其他應收款項為金融資產被分類為「貸款和應收款項」。所有貿易及其他應收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。

(a) The credit period granted to customers generally ranges from 0 to 180 days. At 30 September 2014 and 31 March 2014, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on invoice date was as follows:

(a) 授予客戶的信貸期一般為0至180日。於二零一四年九月三十日及二零一四年三月三十一日，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：

			As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
0 – 90 days	0至90日		879,922	840,994
91 – 180 days	91至180日		34,735	86,909
181 – 360 days	181至360日		34,314	20,583
Over 360 days	360日以上		23,626	22,142
			972,597	970,628

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

10. SHARE CAPITAL

10. 股本

		Unaudited 未經審核	
		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 2013, 30 September 2013, 1 April 2014 and 30 September 2014	於二零一三年四月一日、 二零一三年九月三十日、 二零一四年四月一日及 二零一四年九月三十日	5,000,000,000	500,000
Issued and fully paid:	已發行及繳足：		
At 1 April 2013	於二零一三年四月一日	3,110,128,961	311,013
Repurchase and cancellation of shares	回購及註銷股份	(8,811,000)	(881)
At 30 September 2013	於二零一三年九月三十日	3,101,317,961	310,132
At 1 April 2014	於二零一四年四月一日	3,101,317,961	310,132
Issue of shares upon exercise of share options	行使購股權而發行的新股 11	1,830,000	183
At 30 September 2014	於二零一四年九月三十日	3,103,147,961	310,315

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

11. 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 up 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.

Movement in the number of share options under such outstanding during the half year and their related weighted average exercise prices are as follows:

11. 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。

於半年度內，未行使的購股權數目之變動及其相關之加權平均行使價列示如下：

		Unaudited 未經審核			
		For the six months ended 30 September 截至九月三十日止六個月			
		2014 二零一四年		2013 二零一三年	
	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)
At 1 April	於四月一日	4.89	23,990	5.23	30,990
Exercised	已行使 (a)	3.09	(1,830)	-	-
Lapsed	已失效 (b)	6.39	(3,400)	-	-
At 30 September	於九月三十日	4.80	18,760	5.23	30,990

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

11. SHARE OPTION SCHEME (continued)

- (a) The weighted average share price immediately before the share option exercised date was HKD4.60.
- (b) These represented share options lapsed due to resignation of a director.

Share options outstanding as at 30 September 2014 are analyzed as follows:

Grantee	被授子人	Exercise price in HKD per share 行使價港元 (每股計)	Unaudited 未經審核	
			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	2,170	24 October 2016 二零一六年十月二十四日
Employees	僱員	3.09	7,600	9 October 2016 二零一六年十月九日
		6.65	8,990	16 October 2017 二零一七年十月十六日
At 30 September 2014	於二零一四年九月三十日		18,760	

All share options outstanding as at 30 September 2014 are currently exercisable.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

11. 購股權計劃 (續)

- (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4.60元。
- (b) 購股權失效是由於董事離職。

於二零一四年九月三十日未行使購股權之分析如下：

於二零一四年九月三十日，所有未行使的購股權於現在可予行使。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

12. RESERVES

12. 儲備

		Unaudited 未經審核									
		Contributed surplus	Merger reserve	Share premium	Treasury shares	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Currency translation reserve	Other reserves	Total
		實繳盈餘	合併儲備	股份溢價	庫存股份	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	其他儲備	總計
At 1 April 2013	於二零一三年四月一日	288,191	(617,160)	445,977	(460)	1,677	5,432	41,817	587,322	161,801	914,597
Effects on change in accounting policy	會計政策變更的影響	-	-	-	-	-	-	-	11	(275)	(264)
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允值變動	-	-	-	-	-	-	-	-	3,745	3,745
Appropriation from net profit	自純利撥付	-	-	-	-	-	-	-	-	12,214	12,214
Acquisition of additional interests in Yongzhou Shanxiang from non-controlling interests	向非控制性權益收購永州山香額外權益	-	-	-	-	-	-	-	-	(948)	(948)
Repurchase of shares	回購股份	-	-	-	460	-	421	-	-	-	881
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	-	120,591	-	120,591
At 30 September 2013	於二零一三年九月三十日	288,191	(617,160)	445,977	-	1,677	5,853	41,817	707,924	176,537	1,050,816
At 1 April 2014	於二零一四年四月一日	288,191	(617,160)	445,977	-	1,677	5,853	41,817	705,528	238,451	1,110,334
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允值變動	-	-	-	-	-	-	-	-	340	340
Appropriation from net profit	自純利撥付	-	-	-	-	-	-	-	-	851	851
Employee share option scheme – issue of shares upon exercise of share options	僱員購股權計劃 – 行使購股權而發行的新股	-	-	6,258	-	-	-	(786)	-	-	5,472
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	-	(1,072)	-	(1,072)
At 30 September 2014	於二零一四年九月三十日	288,191	(617,160)	452,235	-	1,677	5,853	41,031	704,456	239,642	1,115,925

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

13. BORROWINGS

13. 貸款

		Note 附註	As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
Current	流動			
– Secured bank borrowings	– 有抵押銀行貸款	(a)	15,143	15,131
– Unsecured bank borrowings	– 無抵押銀行貸款	(b)	515,000	515,000
Total borrowings	總貸款		530,143	530,131

Movement in borrowings is analyzed as follows:

貸款變動情況分析如下：

			Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
			2014 二零一四年	2013 二零一三年
At 1 April	於四月一日		530,131	465,000
New short-term bank loan	短期銀行貸款		–	15,073
Currency translation differences	貨幣換算差額		12	62
At 30 September	於九月三十日		530,143	480,135

(a) The bank borrowing is secured by a pledge of land and buildings located in Hunan Province owned by a subsidiary, Yongzhou Shanxiang. The borrowing was denominated in RMB and is repayable within one year. During the period, the average interest rate was 6.30% (30 September 2013: 6.30%) per annum.

(a) 有抵押銀行貸款乃由附屬公司永州山香所持有的位於湖南省的土地及樓宇作為抵押。該貸款以人民幣為單位，並需於一年內到期償還。於期內，該貸款平均利息為每年6.30厘（二零一三年九月三十日：6.30厘）。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

13. BORROWINGS (continued)

- (b) The unsecured bank borrowing is denominated in HKD and is repayable within one year. During the period, the average interest rate was 2.35% (30 September 2013: 2.38%) per annum.

Borrowings are financial liabilities categorized under "financial liabilities measured at amortized cost". The fair values of the Group's borrowings approximate their carrying amounts.

Interest expense on bank borrowings for the six months ended 30 September 2014 amounted to HKD6,406,000 (30 September 2013: HKD5,770,000).

14. TRADE AND OTHER PAYABLES

Trade payables	貿易應付款項	(a)	398,053	446,029
Non-trade payables to related parties	非貿易應付關聯人士款項	21(b)	–	93,985
Dividends payable	應付股息	(b)	549,130	3,707
Wages payable	應付工資		33,060	46,632
Other taxes payable	其他應付稅項		41,307	7,663
Accruals for expenses	應計開支		6,388	6,828
Advance from customers	客戶預付款		7,426	2,383
Other payables	其他應付款項		66,431	44,867

Except for other taxes payable of HKD41,307,000 (31 March 2014: HKD7,663,000), wages payable of HKD33,060,000 (31 March 2014: HKD46,632,000) and advances from customers of HKD7,426,000 (31 March 2014: HKD2,383,000), 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 amounts.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

13. 貸款 (續)

- (b) 無抵押銀行貸款以港幣為單位，並需於一年內到期償還。於期內，該貸款平均利息為每年2.35厘（二零一三年九月三十日：2.38厘）。

貸款乃金融負債被分類為「按攤銷成本計量的金融負債」。貸款的賬面值與公允值相近。

截至二零一四年九月三十日止六個月的銀行貸款利息開支為港幣6,406,000元（二零一三年九月三十日：港幣5,770,000元）。

14. 貿易及其他應付款項

			As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
Trade payables	貿易應付款項	(a)	398,053	446,029
Non-trade payables to related parties	非貿易應付關聯人士款項	21(b)	–	93,985
Dividends payable	應付股息	(b)	549,130	3,707
Wages payable	應付工資		33,060	46,632
Other taxes payable	其他應付稅項		41,307	7,663
Accruals for expenses	應計開支		6,388	6,828
Advance from customers	客戶預付款		7,426	2,383
Other payables	其他應付款項		66,431	44,867
			1,101,795	652,094

除其他應付稅款港幣41,307,000元（二零一四年三月三十一日：港幣7,663,000元），應付工資港幣33,060,000元（二零一四年三月三十一日：港幣46,632,000元）及客戶預付款港幣7,426,000元（二零一四年三月三十一日：港幣2,383,000元）外，貿易及其他應付款項乃金融負債被分類為「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。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

14. TRADE AND OTHER PAYABLES (continued)

- (a) As at 30 September 2014 and 31 March 2014, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on invoice dates was as follows:

		As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	281,895	338,224
91 – 180 days	91至180日	59,603	59,860
181 – 360 days	181至360日	28,354	14,558
Over 360 days	360日以上	28,201	33,387
		398,053	446,029

(b) Dividends payable

Dividends payable represent:

- (i) final and special dividends of the Company for the year ended 31 March 2014; and
- (ii) dividend payable to non-controlling shareholders.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

14. 貿易及其他應付款項 (續)

- (a) 於二零一四年九月三十日及二零一四年三月三十一日，貿易應付款項（包括關聯人士的貿易應付款項）根據發票日期的賬齡分析如下：

	As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
0 – 90 days	281,895	338,224
91 – 180 days	59,603	59,860
181 – 360 days	28,354	14,558
Over 360 days	28,201	33,387
	398,053	446,029

(b) 應付股息

應付股息乃指：

- (i) 本公司截至二零一四年三月三十一日止年度之期末和特別股息；及
- (ii) 向非控制性股東派付的股息。

15. OTHER INCOME

15. 其他收益

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2014 二零一四年	2013 二零一三年
Government grants	政府津貼	125,832	61,339
Currency exchange gain – net	貨幣匯兌收益淨額	5,399	20,856
Gain on disposal of an associate/a subsidiary	出售聯營／附屬公司之收益	3,487	580
Others	其他	1,113	2,063
		135,831	84,838

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

16. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analyzed according to their nature (with the exception of "research and development expenses" which are shown as a single item and analyzed according to their nature in note(a) below) as follows:

		Note	Unaudited 未經審核	
		附註	For the six months ended 30 September 截至九月三十日止六個月	
			2014 二零一四年	2013 二零一三年
Depreciation	折舊	7	61,964	62,074
Amortization	攤銷	7	22,274	22,531
Employee benefit expenses	僱員福利開支		164,056	145,900
Research and development expenses	研究及發展開支	(a)	124,837	107,417
Lease rentals	租金		16,950	10,177
Travelling expenses	差旅開支		23,906	16,880
Utility expenses	公共設施開支		41,839	34,284
Delivery expenses	運輸開支		21,635	21,621

(a) Depreciation, amortization and employee benefit expenses included in research and development expenses are set out below:

		Note	Unaudited 未經審核	
		附註	For the six months ended 30 September 截至九月三十日止六個月	
			2014 二零一四年	2013 二零一三年
Depreciation	折舊	7	12,824	7,931
Amortization	攤銷	7	471	3,139
Employee benefit expenses	僱員福利開支		49,412	40,249

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

16. 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，並根據其性質（除附註(a)按照性質所單獨列示的「研究及發展開支」外，每項開支均已不包括有關研究及發展的金額）分析如下：

(a) 研究及發展開支中包括的折舊、攤銷及僱員福利開支列示如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

17. INCOME TAX EXPENSE

17. 所得稅

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2014 二零一四年	2013 二零一三年
Current income tax:	即期稅項		
– Hong Kong profits tax	– 香港所得稅 (a)	5,331	6,691
– PRC corporate income tax	– 中國企業所得稅 (b)	221,633	201,091
– Germany company income tax	– 德國企業所得稅 (c)	147	133
– Botswana company income tax	– 博茨瓦納企業所得稅 (d)	566	265
Deferred income tax	遞延所得稅 8	(12,740)	(50,718)
		214,937	157,462

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the period.

(b) PRC corporate income tax has been calculated on the estimated assessable profit for the period at the tax rates applicable to respective companies of the Group.

(c) Germany company income tax has been provided at the rate of 15% (2013: 15%) on the estimated assessable profit for the period.

(d) Botswana company income tax has been provided at the rate of 15% (2013: 15%) on the estimated assessable profit for the period.

(a) 香港所得稅按本期間估計應課稅盈利以稅率16.5% (二零一三年：16.5%)撥備。

(b) 中國企業所得稅撥備按本集團在中國大陸企業於本期間估計應課稅盈利以其適用的稅率而定。

(c) 德國企業所得稅按本期間估計應課稅盈利以稅率15% (二零一三年：15%)撥備。

(d) 博茨瓦納企業所得稅按本期間估計應課稅盈利以稅率15% (二零一三年：15%)撥備。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

18. 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 period.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

18. 每股盈利

(a) 基本

每股基本盈利乃根據本期間本公司權益持有人應佔盈利，除以期內已發行普通股的加權平均數目計算。

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2014 二零一四年	2013 二零一三年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	984,013	893,188
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數 (千計)	3,102,158	3,101,399
Basic earnings per share (HK cents per share)	每股基本盈利 (每股港仙)	31.72	28.80

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

18. EARNINGS PER SHARE (continued)

(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 six months ended 30 September 2014, the Company has one type of dilutive potential ordinary shares, i.e. share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the period) for the same total proceeds is added to the denominator. No adjustment is made to the net profit.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

18. 每股盈利 (續)

(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。在截至二零一四年九月三十日止六個月，本公司有一類可攤薄的潛在普通股，即購股權。

至於購股權，假定所有具有攤薄效應的購股權均被已行使而對已發行股份的加權平均數進行調整。以假定所有已發行的具有攤薄效應的購股權行使時的股份數目，減去在行使該等購股權所取得的收益而計算股份的公允價值(釐定為本公司股份於期內的平均市價)可發行的股份數目，所得的差額加入於計算的分母。淨盈利無需調整。

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2014 二零一四年	2013 二零一三年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	984,013	893,188
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)	3,102,158	3,101,399
Adjustment for:	調整：		
– exercise of share options ('000)	– 行使購股權(千計)	3,671	1,180
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)	3,105,829	3,102,579
Diluted earnings per share (HK cents per share)	每股攤薄盈利(每股港仙)	31.68	28.79

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

19. DIVIDENDS

19. 股息

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2014 二零一四年	2013 二零一三年
Proposed interim dividend of HK9.52 cents (2013: HK8.68 cents) per share	擬派每股中期股息港幣9.52仙 (二零一三年：港幣8.68仙)	295,420	269,194
Proposed special dividend of HK22.20 cents (2013: HK2.88 cents) per share	擬派每股特別股息港幣22.20仙 (二零一三年：港幣2.88仙)	688,899	89,318
		984,319	358,512

As the interim and special dividends for the six months ended 30 September 2014 were declared after the end of the reporting period, they are not recognized as dividend payable as at 30 September 2014.

截至二零一四年九月三十日止六個月的中期及特別股息乃於結算日後宣派，因此並未確認於二零一四年九月三十日的應付股息內。

20. COMMITMENTS

20. 承擔

(a) Capital commitments

Capital expenditure authorized but not contracted for, and contracted for but not yet incurred at the end of balance sheet date is as follows:

(a) 資本承擔

於結算日已批准但未簽約及已簽約但仍未產生的資本開支如下：

		As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
Authorized but not contracted for: Property, plant and equipment	已批准但未簽約： 物業、機器及設備	11,806	11,833
Contracted but not provided for: Property, plant and equipment	已簽約但未撥備： 物業、機器及設備	49,601	44,709
Investment in an available-for-sale financial asset	於可供出售金融資產之投資	233,415	-
		294,822	56,542

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

20. COMMITMENTS (continued)

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases at the closing date are as follows:

		As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
Land and buildings:	土地及樓宇：		
Not later than 1 year	不超過1年	23,044	26,567
Later than 1 year and not later than 5 years	超過1年但不超過5年	48,451	48,014
Later than 5 years	超過5年	11,042	6,050
		82,537	80,631

21. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name 名稱	Relationship 關係
Ms. Chu 朱女士	The single largest shareholder of the Company 本公司的單一大股東
Henan Jinrui Flavours Co. Limited ("Henan Jinrui") 河南金瑞香精香料有限公司 (「河南金瑞」)	An associate indirectly held by the Company which was sold during the period. 本公司間接持有的聯營公司，已在本期間內完成出售

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

20. 承擔 (續)

(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：

21. 關聯人士交易

(a) 關聯人士名稱與關係

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

21. RELATED PARTY TRANSACTIONS (continued)

21. 關聯人士交易(續)

(b) Balances with related parties

(b) 關聯人士結餘

			As at 30 September 2014 於二零一四年 九月三十日 Unaudited 未經審核	As at 31 March 2014 於二零一四年 三月三十一日 Audited 經審核
<i>Balances due from related parties:</i>		<i>應收關聯人士結餘：</i>		
Included in trade and other receivables	計入貿易及其他應收款項			
– Henan Jinrui	– 河南金瑞			
– trade receivables	– 貿易應收款項		–	64
– others (dividend receivable)	– 其他(應收股利)		–	2,523
			–	2,587
<i>Balances due to related parties:</i>		<i>應付關聯人士結餘：</i>		
Included in non-trade payables	計入應付非貿易款項			
– Ms. Chu	– 朱女士	14	–	93,985

All the balances with related parties were unsecured, interest-free and repayable on demand.

所有關聯人士結餘均為無抵押、免息及須於通知時清還。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

21. RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

Key management includes directors (executive, non-executive and independent non-executive) and senior management. The amounts of compensation paid and payable to key management for employee services during the six months ended 30 September 2014 and 2013 are shown below:

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2014 二零一四年	2013 二零一三年
Fees, salaries and bonus	工資、薪酬及花紅	18,289	15,421
Employer's contribution to retirement benefit scheme	僱主就退休計劃供款	408	426
		18,697	15,847

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

21. 關聯人士交易 (續)

(c) 主要管理人員酬金

主要管理人員包括董事(執行董事、非執行董事與獨立非執行董事)和高級管理人員。於截至二零一四年及二零一三年九月三十日止六個月內，向主要管理人員支付作為僱員服務的已付及應付酬金如下：

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2014 二零一四年	2013 二零一三年
Fees, salaries and bonus	工資、薪酬及花紅	18,289	15,421
Employer's contribution to retirement benefit scheme	僱主就退休計劃供款	408	426
		18,697	15,847

Glossary

詞彙

Board	The board of directors of the Company	董事會	本公司的董事會
CAGR	Compound annual growth rate	年均複合增長率	年均複合增長率
Case	Each case contains 50,000 sticks of cigarette	箱	每箱含50,000支捲煙
CEO	Chief Executive Officer	首席執行官	首席執行官
CFO	Chief Financial Officer	財務總監	財務總監
CG Code	Corporate Governance Code as set out in Appendix 14 of the Listing Rules	企業管治守則	上市規則附錄十四所列的企業管治守則
China or PRC	The People's Republic of China	中國	中華人民共和國
China Tobacco Yunnan	China Tobacco Yunnan Industrial Co., Ltd.	雲南中煙	雲南中煙工業有限責任公司
Company or Huabao Director(s)	Huabao International Holdings Limited The director(s) of the Company	本公司或華寶董事	華寶國際控股有限公司本公司董事
EPS	Earnings per share	每股盈利	每股盈利
Executive Director(s)	Executive director(s) of the Company	執行董事	本公司之執行董事
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
FCCA	Fellow member of Hong Kong Institute of Certified Public Accountants	FCCA	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
Group or Huabao Group Guangdong Jinye	the Company and its subsidiaries Guangdong Golden Leaf Technology Development Co., Ltd.	本集團或華寶集團廣東金葉	本公司及其附屬公司廣東省金葉科技開發有限公司
Guangdong Zhaoqing	Guangdong Zhaoqing Fragrances Co., Ltd.	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
HKD	Hong Kong dollars	港幣	港幣
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
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
INED(s)	Independent non-executive director(s) of the Company	獨立非執行董事	本公司之獨立非執行董事

Glossary (cont'd)

詞彙 (續)

Listing Rules	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange	上市規則	聯交所主板證券上市規則
Mainland	Mainland of the PRC	內地	中華人民共和國境內
mg	milligram	毫克	毫克
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules	標準守則	上市規則附錄十所列的上市發行人董事進行證券交易的標準守則
Non-executive Director	Non-executive director of the Company	非執行董事	本公司之非執行董事
R&D	Research and development	研發	研究及發展
RMB	Renminbi	人民幣	人民幣
RTL	Reconstituted Tobacco Leaves	煙草薄片	再造煙葉
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong	證券及期貨條例	香港法例第571章證券及期貨條例
Shareholder(s)	Shareholder(s) of the Company	股東	本公司之股東
Share(s)	Ordinary share(s) of HKD0.10 each in the capital of the Company	股份	本公司股本中每股面值港幣0.10元的普通股
STMA	State Tobacco Monopoly Administration	國煙局	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
U.S.	United States of America	美國	美利堅合眾國
USD	US dollars	美元	美元
Xiamen Amber	Xiamen Amber Fragrances Co., Ltd.	廈門琥珀	廈門琥珀香料有限公司
Yongzhou Shanxiang	Yongzhou Shan Xiang Flavour Co., Ltd.	永州山香	永州山香香料有限公司

