



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

2016-2017 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 (*Vice Chairman & CFO*)  
 Mr. POON Chiu Kwok (*Company Secretary*)  
 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 *FCPA, FCCA*

### COMPANY SECRETARY

Mr. POON Chiu Kwok *FCIS, FCS*

### AUDITORS

PricewaterhouseCoopers

### LEGAL ADVISOR

Herbert Smith Freehills

### PRINCIPAL BANKERS

China Citic Bank Corporation Limited  
 China Merchants Bank Co., Ltd.  
 China Minsheng Banking Corp., Ltd.  
 Hang Seng Bank Limited  
 Standard Chartered Bank (HK) Limited

## 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 (*副主席兼首席財務官*)  
 潘昭國先生 (*公司秘書*)  
 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 *FCPA, FCCA*

### 公司秘書

潘昭國先生 *FCIS, FCS*

### 核數師

羅兵咸永道會計師事務所

### 法律顧問

史密夫斐爾律師事務所

### 主要往來銀行

中信銀行股份有限公司  
 招商銀行股份有限公司  
 中國民生銀行股份有限公司  
 恒生銀行有限公司  
 渣打銀行(香港)有限公司

## Corporate Information (cont'd)

### 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](http://www.huabao.com.hk)

## 公司資料 (續)

### 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](http://www.huabao.com.hk)

## Financial Highlights

## 財務摘要

		<b>Unaudited</b> 未經審核		<b>Change in percentage 百分比變動</b>
		<b>For the six months ended 30 September</b> 截至九月三十日止六個月		
		<b>2016</b> 二零一六年 <b>HK\$'000</b> 港幣千元	2015 二零一五年 HK\$'000 港幣千元	
Sales	營業額	<b>1,859,477</b>	1,693,019	<b>+9.8%</b>
Gross profit	毛利	<b>1,210,843</b>	1,171,736	<b>+3.3%</b>
Gross profit margin	毛利率	<b>65.1%</b>	69.2%	
Operating Profit	營運盈利	<b>662,555</b>	733,809	<b>-9.7%</b>
EBITDA margin <sup>‡</sup>	EBITDA率 <sup>‡</sup>	<b>42.4%</b>	49.2%	
EBIT margin	EBIT率	<b>35.6%</b>	43.3%	
Profit before income tax	除稅前盈利	<b>686,497</b>	760,290	<b>-9.7%</b>
Profit attributable to the equity holders of the Company	本公司權益持有人應佔盈利	<b>557,753</b>	565,340	<b>-1.3%</b>
		<b>HK cents</b> 港仙	HK cents 港仙	
Earnings per share	每股盈利			
– Basic	– 基本	<b>17.95</b>	18.20	<b>-1.4%</b>
– Diluted	– 攤薄	<b>17.95</b>	18.18	<b>-1.3%</b>
		<b>Unaudited</b> 未經審核 <b>As at</b> <b>30 September</b> <b>2016</b> 於二零一六年 九月三十日 <b>HKD'000</b> 港幣千元	Audited 經審核 As at 31 March 2016 於二零一六年 三月三十一日 HKD'000 港幣千元	
Net cash <sup>+</sup>	淨現金 <sup>+</sup>	<b>4,723,562</b>	3,503,706	

+ “Net Cash” means “Restricted bank deposits” plus “short-term time deposits” and “cash and cash equivalents” and minus “Borrowings”.

+ 「淨現金」等於「受限制銀行存款」加「短期定期存款」加「現金及現金等價物」減「貸款」。

‡ “EBITDA margin” means “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

## 管理層討論及分析

### INDUSTRY REVIEW

#### Overview of the tobacco industry

As an important component of the national economy, the tobacco industry is closely related to the national economy and social development. When macro economy grows rapidly and external development environment becomes relaxed, the sales of tobacco tend to show a trend of fast growth. With China's economy entering into a period of the New Normal, tobacco sales growth tend to slow down as well. The current factors, including those of continuing downward trend of the macro economy, the tobacco control becoming more stringent and the tobacco consumption reaching a turning point, have posed sustained pressure on the cigarettes sales. In the first half of 2016, total sales volume of cigarettes was about 24.37 million cases, representing a decrease of approximately 7.5% as compared to the corresponding period of the previous year; production volume of cigarettes was about 23.23 million cases, representing a decrease of approximately 6.5% as compared to the corresponding period of the previous year. Sales volume was slightly higher than the production, which could help reduce the inventory, but the total inventory still stayed high. By the end of September 2016, the inventory of the industry amounted to 5.54 million cases, increased by 650,000 cases, or approximately 13.3% as compared to the corresponding period of the previous year. Except Class II cigarettes which achieved growth, the sales volume of cigarettes of all other classes all recorded various levels of decreases as compared to the corresponding period of the previous year. In particular, the sales volume of Class I cigarettes dropped most significantly by 678,000 cases, representing a decrease of 11.0%, which was 4.5 percentage points more than the nationwide average of decrease. However, the slim cigarette showed a trend of rapid growth. In the first half of this year, the overall sales volume for slim cigarettes amounted to 633,000 cases, representing an increase of 316,000 cases or 100.3% as compared to the corresponding period of the previous year. (Source: "The Tobacco Market of China")

### 行業概況

#### 煙草行業概況

作為國民經濟的一個重要組成部分，煙草行業與國民經濟和社會發展具有密切的關係。當宏觀經濟快速增長和外部發展環境相對寬鬆時，捲煙銷售呈較快的增長態勢。而隨著中國經濟進入新常態，捲煙銷售增速也不斷減緩。宏觀經濟持續下行、煙草控制日趨嚴厲和捲煙消費量拐點來臨等現狀，對捲煙銷售造成了持續壓力。二零一六年上半年，全國共銷售捲煙約2,437萬箱，同比減少約7.5%；生產捲煙2,323萬箱，同比減少約6.5%。銷量略高於產量，對於降低庫存有一定的幫助，但總體庫存仍然處於高位。截止二零一六年九月底，行業工商庫存554萬箱，同比增加65萬箱，約為13.3%。除二類捲煙實現增長以外，其餘價位捲煙銷量同比均出現了不同程度的下降。一類捲煙銷量下降最為明顯，同比減少67.8萬箱，減幅達11.0%，高出全國平均降幅4.5個百分點。但細支煙卻表現出高速增長的趨勢，上半年全國細支煙累計銷售63.3萬箱，同比增加了31.6萬箱，增幅為100.3%。（資料來源：《中國煙草市場》）

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

With various smoking ban legislations and tobacco controlling policies imposed by central and local governments, the scope as well as the implementation of non-smoking area in public places have been expanding, and as a result the tobacco control policies and legislations have become stricter and the consumption environment of cigarettes has become more complicated. Following the promulgation and implementation of the new Advertising Law in 2015, tobacco control measures have been gradually streamlined. The restrictions on cigarette marketing environment, areas, methods and means have in turn become more rigid, and consequently the marketing space of the tobacco market is becoming narrower and narrower. On the other hand, the tax-induced price hike policy which has raised the consumption tax and wholesale price and subsequently escalated the consumption cost of cigarettes, as well as the slowdown of population growth and the improvement of people's health awareness, all of which to a certain extent have suppressed the demand for cigarette consumption. In general, cigarette consumption targets, consumption venues and consumption methods have been changing gradually. Cigarette consumption has become more rational. Cigarette smoking per capita and the demand for high-priced cigarettes have shown a distinctive downward trend, which has posed certain pressure on the growth of cigarette sales volume and the upgrade of consumption structure.

However, despite the mounting downward macroeconomic pressure, the tobacco industry continues to make large contributions to the fiscal revenue of China. In 2015, the total profit tax from the industry amounted to RMB1,143.6 billion, representing an increase of 8.7% as compared with the corresponding period of the previous year. The total amount for the period from January to September this year was RMB841 billion. The general cigarette consumption in the international market shows that the market demand for cigarettes consumption in the low-to-medium income stage continues to grow, but becomes saturated when their income increases to a certain level, while the market demand in the high-income stage continues to decline. The overall cigarette consumption market in our country is declining, but some niche markets still have certain room to grow. A new round of industrial adjustment will start again. New regulatory requirements, new industry standards, new market demands will lead to a new industry pattern.

隨著中央和地方各項控煙措施和禁令的出台，公共場所禁煙範圍和力度均在不斷加大，控煙法規政策更加嚴格，捲煙消費環境日趨複雜。二零一五年新《廣告法》的頒佈和實施，控煙措施逐步細化，對煙草行銷環境、區域、方式和手段等的限制更加嚴厲，煙草市場行銷的空間正變得越來越窄。另一方面，提稅順價政策提高了捲煙的消費稅和批發價，增加了捲煙消費成本，以及人口增速的放緩和人們健康意識的提高，均在一定程度上抑制了捲煙消費需求的增長。總的來說，捲煙消費對象、消費場所和消費方式都在逐步發生變化，消費逐步趨於理性。捲煙人均吸食量和高價位捲煙的需求呈現明顯下降趨勢，對捲煙銷量增長和消費結構的提升均帶來了一定壓力。

但即便在宏觀經濟下行壓力加大的情況下，煙草行業仍然為國家財政做出了積極貢獻。二零一五年行業實現稅利總額達人民幣11,436億元，同比增加8.7%。今年1-9月份已實現稅利人民幣8,410億元。國際捲煙消費普遍規律顯示，捲煙消費在中低收入階段市場需求持續增長，達到一定收入水平時市場需求飽和，在高收入階段市場需求持續下降。我國捲煙消費市場總體雖呈下降趨勢，但局部細分領域仍有一定的增長空間。新一輪的行業調整又將展開。新的監管要求，新的行業標準，新的市場需求，將導致行業新的格局。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### Overview of the food & beverage and fragrances industries

With the macro-economy of our country entering into the New Normal, the food and beverage industry, as a traditional necessity industry, has also faced tremendous challenges. In the first half of 2016, although total corporate revenue of the food industry in China still recorded a certain degree of growth, the growth rate of revenue slowed down. Although dairy products saw a rebound, the dramatic increase of imported dairy products generated a huge impact on the domestic market. Although the total production volume of the beverage industry increased as compared to the same period of the previous year, the production volumes of carbonated drinks and fruit and vegetable juice drinks decreased in certain degrees as compared to the same period of the previous year.

In recent years, although people's income level has been increasing year after year, the proportion of disposable income of every household on fast-moving consumer goods has been gradually decreasing. Zero growth was recorded last year. With the improvement of people's health consciousness, more and more consumers want to seek more balanced life through spending on healthier and safer food. The food safety scandals exposed in recent years have intensified such trend. Besides the health trend, food and beverages have also demonstrated a trend of moving upmarket. Healthy, personalized, natural and functional food products have become more and more popular among consumers.

In respect of the fragrances industry, under the current situation where the economy growth slows down and competition becomes more intense, consumers tend to remain cautious on consumption. The overall growth rate of the fragrances industry in China has slowed down, but the trend of consumption upgrade has never stopped. Consumers' demand for high-quality products continue to rise, and the competition in the fragrances consumer goods market becomes increasingly fierce. According to the statistics of the National Bureau of Statistics, the GDP growth in the first half of 2016 was 6.7% as compared to the same period of the previous year. The total retail sales volume of social consumer goods increased by 10.3% as compared to the same period of the previous year. The growth rate hit a record low this year. Among them, the cosmetic was still the fastest growing sector of the fragrances industry. Also, the soap and synthetic detergent manufacturing sectors developed rapidly. Some surveys have shown that consumers' consumption habits of laundry have already changed. Nearly 80% of the consumers prefer laundry detergents, while soap and washing powder are the second and the third choices for consumers. Concentrated laundry detergents gradually become a new trend, because from the perspective of suggested usage amounts, concentrated laundry detergents can save more money. Currently, the market share of concentrated laundry detergents is less than 4%, and there will be more room to grow in the future.

### 食品飲料和日化行業概況

隨著我國宏觀經濟進入新常態，食品飲料行業作為傳統的必需品行業，也面臨著巨大挑戰。二零一六年上半年，雖然全國食品工業企業收入仍然錄得一定增長，但是增速有所放緩；乳製品雖然出現了回暖態勢，但進口乳製品的劇增對國內市場造成了巨大衝擊；飲料行業總產量較去年同期增長，但碳酸飲料和果蔬汁類飲料分別較去年同期有不同程度的下降。

近年來，雖然人們收入水準逐年提高，但每戶家庭在快消品上分配的可支配收入比例卻在逐漸降低，去年接近零增長。隨著人們健康意識的提高，越來越多的消費者希望通過消費更加健康和安全的食品去追加更平衡的生活，近年來曝光的食品安全醜聞更是加劇了這種趨勢。除了健康趨勢以外，食品飲料還呈現了高端化的趨勢。健康化、個性化、天然化、功能性的產品越來越受到消費者的青睞。

日化方面，在宏觀經濟增速放緩及競爭加劇的大環境下，消費者保持謹慎的消費態度。中國日化行業整體增速放緩，但消費升級的趨勢並未停止。消費者對高品質產品的訴求不斷提高，日化消費品市場競爭日趨激烈。根據國家統計局統計，二零一六年上半年國內生產總值(GDP)同比增長6.7%，社會消費品零售總額同比增長10.3%，增速創下今年新低。其中，化妝品仍然是日化行業增長速度最快的板塊，其次，肥皂和合成洗滌劑製造業發展迅速。有調查顯示，消費者對衣服洗滌的消費習慣已經改變，接近80%的消費者會選擇洗衣液，而肥皂和洗衣粉則屈居第二、三位，且濃縮型的洗衣液正逐漸成為新風口，因為從規定使用量來看，濃縮型洗衣液更省錢。目前濃縮洗衣液的市場佔有率不足4%，將來會有很大的提升空間。



## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### Overview of the RTL industry

In recent years, the market demand for RTL has presented a downward trend, which is primarily due to the impact of decreasing sales volume of cigarettes in the PRC. In fact, the demand for RTL is positively correlated to the sales volume of cigarettes, the development trends of RTL and cigarettes are basically the same. In respect of supply, the market of RTL is still overwhelmed by oversupply due to the newly released RTL production capacities all over the country. Furthermore, as the inventory level of tobacco leaves remains high, the tobacco companies' willingness to use RTL has been indirectly reduced.

At the end of 2014, the STMA formulated a three-year adjustment plan with respect to the production of tobacco leaves, pursuant to which it plans to adjust the tobacco leaves inventory to a reasonable level by progressive adjustments on the purchase plan of tobacco leaves in three consecutive years. In addition, through a five-year optimization adjustment process, the STMA also plans to achieve a new situation of production of tobacco leaves, in which sales and production are balanced, the demand is properly met, and the production is highly efficient. As this year is the last year of the three-year adjustment plan with respect to the production of tobacco leaves, it is reported that the actual planting area for tobacco leaves this year amounted to 16.195 million mu, representing a decrease of approximately 285,000 mu as compared with the plan. However, due to the backdrop of continuing decline in the production and sales volumes of cigarettes, the inventories of tobacco leaves in industry enterprises did not show any signs of significant relief. By the end of 2015, the overall industrial and commercial inventories of tobacco leaves were approximately 5.15 million tonnes, which were available to use for more than 37 months, occupying industrial capital of RMB370 billion. As such, to clear the inventories is still a difficult task. (Source: "The Tobacco Market of China")

### Overview of the innovative tobacco products industry

In recent years, due to the impact of the ever-tightening smoking ban policies in public area, continuous increase in cigarette tax, and the constant changes in market environment as well as economic policies, sales volume of cigarettes has shown a certain degree of decline in many countries, especially in Europe and other developed countries. In contrast to the declining market share of traditional tobacco products, the market size of innovative tobacco products has been steadily expanding in recent years. Innovative tobacco products have become more and more popular among tobacco manufacturers, technology companies and consumers around the world.

### 煙草薄片行業概況

近年來，煙草薄片的市場需求量呈現下降趨勢，主要是受到全國捲煙銷量下降的影響。煙草薄片的需求量與捲煙銷量呈正相關關係，兩者的發展趨勢基本一致。供給方面，由於各地薄片產能陸續釋放，煙草薄片市場仍然處於供過於求的狀態。而煙葉庫存高居不下，間接降低了捲煙廠商使用薄片的意願。

國煙局於二零一四年底對煙葉生產做出三年調控規劃，計劃通過對烤煙收購計劃連續三年的「漸進式調整」，將煙葉庫存總量調整到合理水準，並通過五年的優化調整，基本實現產銷平衡、滿足需求、生產高效的煙葉生產新格局。今年是煙葉三年調控的最後一年，據瞭解，今年實際移栽烤煙面積1,619.5萬畝，較計劃減少約28.5萬畝，但由於受捲煙產銷持續縮量大環境的影響，工業企業煙葉庫存未見明顯緩解，截止到二零一五年底，全國煙葉工商庫存約515萬噸，可用時間仍然超過37個月，佔用工業資金人民幣3,700億元。庫存消化任務仍然艱巨。(資料來源：《中國煙草市場》)

### 新型煙草製品行業概況

近年來，由於受到公共場所禁煙令日趨嚴格、捲煙稅率不斷上升、市場環境和經濟政策不斷變化等因素的影響，許多國家的捲煙銷量出現了一定程度的下滑，尤其是歐美等發達國家。與傳統煙草製品市場份額逐漸下降形成反差，新型煙草製品近年來的市場規模逐漸擴大，新型煙草製品開始逐漸受到全球煙草製造商、科技公司以及消費者的青睞。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

Among the innovative tobacco products, e-cigarettes top other innovative tobacco products in terms of its development speed, consumer growth and market impact. Currently, the biggest market for e-cigarettes is still the North American market, and the sales volume of e-cigarettes in North America accounted for more than 40% of the global sales in 2015. It is expected that the market growth rate of e-cigarettes will reach 27% by 2021, while the market share of e-cigarettes in Asia Pacific is expected to reach 21% by 2021, and the global market size of e-cigarettes will amount to USD32.0 billion. (Source: "E-cigarette Market Forecast from 2016 to 2021")

新型煙草製品中，電子煙的發展速度、消費者人數增長以及影響範圍都是其他新型煙草製品不可比擬的。目前電子煙最大的市場仍然是北美，二零一五年整個北美電子煙銷量佔全球的40%以上。預期到二零二一年電子煙的市場增長率將會達到27%，而亞太地區至二零二一年市場佔有率預期可達到21%，全球電子煙市場規模屆時可以達到320億美元。(資料來源：《E-cigarette Market Forecast from 2016 to 2021》)

With the market size of e-cigarettes continuously expanding, the product types have become more diversified, and the related legislation and regulation also tend to be tightening. In 2016, the U.S. Food and Drug Administration Regulation and the European Union Tobacco Products Directive Order were promulgated and came into effect, which implied that every e-cigarette product must comply with the entry requirements before entering into the markets of the U.S. and the European Union in the future and obtain relevant certification before sale. The implementation of these regulations has undoubtedly raised the entry barrier of the e-cigarette market. The launch of these new regulations may bring some difficulties to the industry development in a short term, and some underqualified small and medium-sized e-cigarette manufacturing enterprises may be eliminated by the market. In the long term, however, the implementation of these new regulations will guide the development of e-cigarette industry in an orderly way, help promote the standardization of the industry, and accelerate the maturity of the market.

隨著電子煙市場規模不斷擴大，產品類型不斷豐富，相關的立法監管也趨於嚴格。二零一六年，美國食品及藥物管理局法規和歐盟煙草產品指令的相繼出台生效，意味著今後所有要進入美國和歐盟市場的電子煙產品必須符合准入條件，並獲得相關認證後才能銷售。此舉無疑提高了電子煙市場的准入門檻。新法規的出台在短期內可能會給行業的發展帶來一些經營上的困難，部分缺乏資質的中小電子煙企業，可能會被市場淘汰出局。但從長遠來看，可引導電子煙行業有序的發展，有利於電子煙行業走向規範化，並加速市場的成熟。

Comparing with overseas markets, the development of e-cigarettes in China is obviously lag behind. Due to adopting the practice used in the overseas market, some consumers were led into a misconception of the consumption. During the past year, some physical stores collapsed due to business failure. Moreover, the promulgation of new regulations added more uncertainties to the domestic e-cigarette market. However, the e-cigarette sector, being an emerging sector, is still in general full of opportunities for further development, presenting a huge room for growth in either products or channel development, or brand building.

與國外相比，目前國內電子煙拓展的步伐明顯落後。由於照搬海外市場的做法，部分消費者被帶入消費誤區，過去一年不少實體店因經營不下去而倒閉。新法規的出台，更讓電子煙市場充滿變數。但作為一個新興行業，電子煙行業總體還是充滿了發展機遇。無論是產品發展，還是管道開發或是品牌建設，都存在巨大的發展空間。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### RESULTS

For the six months ended 30 September 2016, the Group's sales revenue reached approximately HKD1,859 million, representing an increase of approximately 9.8% over the corresponding period last year. Gross profit margin reached approximately 65.1%, representing a decrease of approximately 4.1 percentage points as compared with the corresponding period last year. EBIT margin reached approximately 35.6%, representing a decrease of 7.7 percentage points as compared with the corresponding period last year. Profit attributable to equity holders of the Company was approximately HKD558 million, representing a decrease of approximately 1.3% over the corresponding period last year. Basic earnings per share was HKD17.95 cents, representing a decrease of approximately 1.4% over the corresponding period last year.

### BUSINESS REVIEW

In order to implement and promote the Group's overall strategy as well as to facilitate the integration of various segments and to fully benefit from their synergies, the Group has made necessary adjustments to the organizational structure during the reporting period. In particular, the fragrances segment has been combined with the flavours segment to form the flavours and fragrances segment, which are principally engaged in the R&D, production and sales of flavours and fragrances products. RTL segment and new materials segment have been merged into the tobacco raw materials segment, which are principally engaged in the business of tobacco raw materials (including the RTL and new materials products applicable for tobacco industry). Other segments include the aroma raw materials segment which were set up earlier this year, innovative tobacco products segment and financial investment business.

In September 2016, the Group's indirect wholly-owned subsidiary Huabao Flavours entered into a capital increase agreement with the investors, at a total consideration of RMB846,924,000 (about HKD983,686,000), to issue an aggregate of 54,290,000 new shares, accounting for approximately 9.8% of the enlarged capital of Huabao Flavours. The Group's ownership in Huabao Flavours decreased from 100% to 90.2%. The capital increase has been duly completed by the end of September 2016.

During the reporting period, the Group invested RMB30,000,000 (approximately HKD35,425,000) to acquire 20% equity interests in Yunjiwuyu. Yunjiwuyu is a high-tech enterprise specialized in the Internet of Things technology and data intelligence solutions. The company, based on the Internet of Things, has integrated big data, cloud computing, mobile Internet and other technologies to provide business application software products based on the Internet of Things technology, as well as professional system integration, solution and technical advice services to its customers with a focus on customers in tobacco industry.

### 業績

截至二零一六年九月三十日止六個月，本集團實現銷售收入約港幣18.59億元，同比增加約9.8%；毛利率約為65.1%，比上一年度同期下降了約4.1個百分點；EBIT率達約35.6%，比上一年度同期下降了7.7個百分點。本公司權益持有人應佔盈利約為港幣5.58億元，比上一年度同期減少約1.3%。每股基本盈利港幣17.95仙，比上一年度同期減少約1.4%。

### 業務回顧

為配合本集團整體戰略的實施與推進，促進板塊間的整合與協同效應的發揮，本集團在報告期內對組織架構進行了必要的調整。其中，日用香精板塊與食用香精板塊一起，合併成為香精板塊，主要從事香精產品的研發、生產和銷售；煙草薄片板塊和捲煙新材料板塊一起，合併為煙用原料板塊，主要從事煙用原料（包括再造煙葉和適用於煙草行業的新材料產品）業務；其他的板塊還包括今年初成立的香原料板塊、新型煙草製品板塊及金融投資業務。

二零一六年九月，本集團間接擁有的全資子公司華寶香精與投資者訂立增資協議，以人民幣846,924,000元（約港幣983,686,000元）向投資者增發合共5,429萬股新股，約佔華寶香精擴大後股本的9.8%，本集團持股由100%降至90.2%。截至二零一六年九月底，所有增資已經全部完成。

報告期內，本集團出資人民幣3,000萬元（約港幣35,425,000元）收購雲基物宇20%之股權。雲基物宇是一家專業從事物聯網技術與數據智能解決方案的高科技企業。該公司以物聯網為基礎，融合大數據、雲計算、移動互聯網等技術，以煙草行業客戶為重點，提供基於物聯網技術的業務應用軟件產品，以及專業化的系統集成、解決方案和技術諮詢服務。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### Review of flavours & fragrances business

For the six months ended 30 September 2016, sales revenue of the flavours and fragrances business of the Group amounted to HKD1,070,724,000, representing a decrease of approximately 14.3% as compared with that of HKD1,249,999,000 for the corresponding period last year, and accounting for approximately 57.6% of the total revenue of the Group. The operating profit of the flavours and fragrances segment was approximately HKD609,469,000, representing a decrease of approximately 10.4% as compared with the corresponding period last year. The EBIT margin of the flavours and fragrances segment was approximately 56.9%, representing an increase of 2.5 percentage points as compared with approximately 54.4% for the corresponding period last year. The decline in sales and profits was mainly due to the slowdown of macroeconomic growth, the sluggish tobacco industry, the high inventory level of tobacco products and the decrease in both production and sales volumes, which resulted in the decline of flavours and fragrances sales.

#### a) Tobacco flavours

In the first half of 2016, due to the combined impact of various unfavourable factors, the tobacco industry faced an array of challenges. Firstly, the external macroeconomic growth continued to slow down, smoking bans and tobacco controls were further intensified, and the cigarettes consumption environment and the views on consumption were changing. Secondly, there was a lingering impact of the decline in cigarette output to reduce cigarette inventories and the rise in cigarette prices due to tax increases in the industry. Thirdly, the product portfolio upgrades slowed down and the tobacco inventories remained at a high level. In response to the gradual decline in the total number of smokers and the consumption volume of cigarettes, the Group will cater for young smokers and help tobacco enterprises to develop cigarette products suitable for the youth by introducing various youth-oriented design elements.

### 香精業務回顧

截至二零一六年九月三十日止六個月，本集團香精業務銷售收入為港幣1,070,724,000元，較去年同期的港幣1,249,999,000元減少約14.3%，佔整個集團的收入約57.6%。香精業務的板塊營運盈利達港幣609,469,000元，同比減少約10.4%；EBIT率達約56.9%，去年同期約為54.4%，上升了2.5個百分點。銷售及利潤下滑主要由於宏觀經濟增速放緩，煙草行業不景氣，捲煙庫存高企不下，產量、銷量均下降從而導致香精銷售同比下降。

#### a) 煙用香精

二零一六年上半年，受多方面不利因素的綜合影響，煙草行業經濟運行面臨著多重壓力。一、外部宏觀經濟放緩，禁煙控煙力度加大，捲煙消費環境和消費觀念發生轉變；二、行業內部工業減產壓庫、提稅順價的影響持續發酵；三、產品結構提升速度放緩、庫存始終高位運行。面對捲煙消費人群總量的逐步減少，以及捲煙消費量的逐漸降低，本集團將緊貼年輕消費群體，爭取通過多種年輕化設計項目的引入，幫助捲煙企業開發適合年輕群體的捲煙產品。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### b) Food flavours

Against the backdrop of weak economic growth in the country and development of depression in the whole flavours industry, Huabao Kongque, being one of the leaders of sweet flavours producer, and Guangzhou Huabao, specializing in savoury flavours, are both keen to develop new products and explore new customers while maintaining good relationships with their large customers. Among the flavours, the fruits flavours for the beer industry is what the Group has endeavored to develop over the years, and the Group has established a partnership with a number of beer groups. During the reporting period, Huabao Kongque successfully sold its new products to a new renowned beer group. As for dairy products, Huabao Kongque also catered for the customers to develop new flavours, and thus increased its sales volume. Guangzhou Huabao, based on an in-depth research and study carried out on snack food in the first half of the year, proactively developed new flavours while upgrading its existing products, and applied its self-developed technologies, such as supercritically extracted flavours (熟香超臨界萃取) and microencapsulated flavour, to the ingredients of meat products, which were well recognized by its large customers and Guangzhou Huabao will focus on promotion in the second half of the year.

The new "Food Safety Law" is more stringent than before with higher production standards, more specific sales regulations and more severe penalties. Although the new law will increase the operating costs of enterprises to some extent, its promulgation and implementation will further expedite industry integration and promote product innovation and high-standard development, while being conducive to fostering a good consumption environment, improving consumers' confidence in food safety and facilitating the sustainable and healthy development of the industry.

### b) 食品香精

在國家經濟增長乏力，香精行業整體發展疲軟的大環境下，作為甜味香精領導者之一的華寶孔雀以及主打鹹味香精的廣州華寶在做好穩定大客戶的同時，積極開發新產品，開拓新客戶。其中，啤酒行業的果啤口味一直是本集團多年來持續拓展的方向，並已和多個啤酒集團建立合作關係。報告期內，華寶孔雀成功將新產品打入知名啤酒集團；並在乳製品方面，應客戶需要開發新產品，增加產品銷量。廣州華寶上半年對休閒食品做了深入的調查和研究，在對老產品進行升級換代的同時，積極開發新口味，並將其研發的熟香超臨界萃取和微膠囊包埋等技術應用於肉製品配料中，得到了大客戶的充分肯定，下半年會重點推廣。

新的《食品安全法》較以往更加嚴格，生產標準更高，銷售監管更細以及違法懲處更嚴。雖然新法將在一定程度上增加企業的營運成本，但新法的頒佈和實施也將進一步加快行業整合，推動創新與高標準發展，同時有利於營造良好的消費環境，提高消費者對食品安全的信任度，促進行業健康持續地發展。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### c) *Fragrances*

Xiamen Amber, one of the subsidiaries of the Group, has been holding the leading position in the incense and disinfectant & insecticide sectors, the two subdivisions of the fragrance market, and has been trying to maintain and consolidate its leadership in the sector of incense and household hygiene & insecticide products. During the year, Xiamen Amber stepped up its marketing efforts with the extract from the eucalyptus leaf oil, a natural insect repellent ingredient found in the plants, by widening the application of such extract while improving its R&D capability, so as to enhance its competitiveness and maintain its industry-leading position.

While securing its market share in the incense and disinfectant & insecticide sectors, Xiamen Amber was trying to penetrate the market of fragrances for detergent and skin-care products by promoting the concept of natural, health and safety, with an aim of accelerating the pace of development of its flavour business. In the laundry detergent sector, flavours for detergent powder, kitchen detergent, soap and laundry accounted for over 50% of the total demand, while Xiamen Amber shows huge potential and ample room for market expansion in this area, and has made agreeable progress in overcoming the entry barriers of the laundry and soap market. It will strive to advance market development with R&D and drive research and innovation with market development in line with the development trend of the detergent market. Meanwhile, Xiamen Amber will continue to step up its R&D efforts and increase capital investment in this area, with the aim of gaining greater market share in the daily chemical industry.

### c) *日用香精*

本集團之子公司廈門琥珀在日化香精細分市場的熏香和消殺領域一直處於國內領先地位，並努力保持和鞏固公司在熏香芳香製品和家居衛生殺蟲用品領域的領先地位。今年廈門琥珀以植物天然驅蟲成分－檸檬桉葉油提取物為開拓點，加大市場推廣力度，擴大提取物的使用領域，同時加強產品開發能力，進一步提升公司的競爭能力，保持行業領先地位。

在鞏固熏香消殺市場的同時，廈門琥珀目前正以天然、健康、安全的理念大力發展日化洗護類香精的市場推廣，以使得其香精業務得到較快發展。在洗滌日化行業裡，洗衣粉、洗潔精、洗衣皂和洗衣液的用香佔據了日化香精總量的一半以上，廈門琥珀在這一領域仍有著巨大的潛力和發展的市場空間，並已逐步打破洗滌用皂市場進入壁壘。今後將根據洗滌市場行業的發展趨勢，以研發來帶動市場的開拓，以市場來推動研發創新。同時，廈門琥珀將持續加大研發力度，加大資金投入，爭取在日化行業中獲得更高的市場佔有率。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### Review of tobacco raw materials business

For the six months ended 30 September 2016, the Group's tobacco raw materials business recorded a sales revenue of HKD394,585,000, representing an increase of approximately 32.0% as compared with the HKD298,864,000 for the same period of last year, accounting for approximately 21.2% of the Group's total revenue. The operating profit of the tobacco raw materials segment amounted to HKD131,014,000, representing an increase of approximately 23.4% as compared with the same period of last year; and the EBIT ratio was about 33.2%, representing a decrease of 2.3 percentage points as compared with the 35.5% for the same period of last year. The increase in the revenue was mainly due to the increase in sales volume after clearing the RTL inventory of tobacco industry, but the situation continued to be grim for RTL industry.

The tobacco raw materials segment is a new segment established recently by the Group, which consists of RTL and new cigarette materials. During the reporting period, in response to the unfavourable situation of simultaneous decline in both production and sales in the tobacco industry as well as the increasingly fierce competition, Guangdong Jinye promptly adopted a number of effective measures such as reducing costs, improving quality, developing new products and exploring new markets, and included overseas markets into the coverage of its marketing campaign for RTL, so as to ensure the smooth development of its RTL business. Firstly, Guangdong Jinye placed great emphasis on the improvement of raw materials and process, and upgraded the products quality according to the personalized needs of customers, aiming to win customers and market shares by offering high quality products. Secondly, Guangdong Jinye developed personalized products with customized functions according to the customers' specific needs, and concentrated its technical resources in the development of proprietary technologies with prominent effect, industrialization feasibility and viable cost control, aiming to provide functional products that can meet customers demand for personalization. Thirdly, while improving the quality of products, Guangdong Jinye remained committed to ensuring environmental friendliness in its production process. Its calcium carbonate and fine fibre renovation project completed construction in August 2016. The project, through the systematic recovery of calcium carbonate and fine fibre in the plain water used for the production of RTL, not only saved costs and achieved direct economic benefits, but also reaped satisfactory results in quality assurance and environmentally friendly production.

### 煙用原料業務回顧

截至二零一六年九月三十日止六個月，本集團煙用原料銷售收入為港幣394,585,000元，較去年同期的港幣298,864,000元增加約32.0%，佔整個集團的收入約21.2%。煙用原料的板塊營運盈利達港幣131,014,000元，同比增加約23.4%；EBIT率約為33.2%，比去年同期的35.5%，下降了2.3個百分點。收入增加的原因主要是由於煙草行業薄片去庫存後銷量有所回升，但薄片行業形勢依然嚴峻。

煙用原料板塊是本集團新成立的板塊，主要包括煙草薄片和捲煙新材料。報告期內，面對捲煙行業產銷雙降的不利局面以及日趨激烈的競爭格局，廣東金葉積極採取若干措施，包括降低成本，提高品質、研發新產品和開拓新市場，並將海外市場納入再造煙葉的市場推廣範圍，以確保煙草薄片業務的健康穩定發展。首先，廣東金葉以原材料和工藝改進為重點，結合客戶對於薄片產品個性化需求，全面提升薄片品質，靠較高的產品品質贏得客戶和市場。其次，廣東金葉根據客戶需要，研發功能化、定制化的產品，並集中技術資源開發效果顯著、可工業轉化且成本可控的專有技術，推出符合客戶個性化需求的功能型新品。再次，在提高產品品質的同時，廣東金葉也積極推動環保生產。其碳酸鈣和細小纖維改造項目於八月順利竣工。項目通過系統化方式回收薄片生產用白水裏的碳酸鈣和細小纖維，不僅節省了成本，取得了直接的經濟利益，同時也在產品品質和環保生產等方面收穫了顯著效益。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

RTL products have three important features, including less tar and harm, more taste, and being controllable and adjustable. RTL products, being flexible, can serve as substitutes for tobacco leaves and play a positive role in easing the structural contradiction of raw materials. The huge price difference between RTL and tobacco leaves demonstrates the competitive value of RTL products, which is also one of the driving forces for future development.

As for the new tobacco materials, in order to create a completely new smoking experience, the Group kicked off a full exploration in the function, novelty and uniqueness of the cigarette filter rods, forming a leading position in this area. During the reporting period, due to the downturn of tobacco industry and the decrease in demand, the sales revenue of the new tobacco material products reported a certain decrease, but two types of products, blast beads and wires, still had a good momentum of development and got high market recognition. With the lessening pressure on the tobacco market as well as the R&D progress in new products, demands for new tobacco materials will continue to grow in the future.

### Review of aroma raw materials business

For the six months ended 30 September 2016, sales revenue of the Group's aroma raw materials business was HKD231,618,000, representing an increase of approximately 69.5% as compared to HKD136,687,000 for the corresponding period last year, and accounting for approximately 12.5% of the total revenue of the Group. Operating profit of the aroma raw materials business was HKD36,854,000, representing an increase of approximately 23.6% from the corresponding period last year. EBIT margin was approximately 15.9%, as compared to 21.8% for the corresponding period last year. The increases in sales and profit were mainly attributable to the consolidation of Yancheng Chunzhu's financial statements into the Group's consolidated financial statements upon the acquisition. Profit margin declined mainly due to the amortisation of intangible assets recognized in the acquisition of the Yancheng Chunzhu and the profit margin of this sector business is lower than before. The aroma raw materials segment is a new segment established subsequent to the successful acquisition of Yancheng Chunzhu last year. It mainly comprises Guangdong Zhaoqing, Yancheng Chunzhu and Yongzhou Shanxiang, and the main products are various types of natural and synthetic aroma raw materials.

降焦減害、增香保潤和可調可控是薄片的三個重要特點。由於薄片可塑性強，可作為煙葉的替代品，在緩解原料結構性矛盾方面可以起到一定的積極作用。而薄片與種植煙葉的巨大價格差異體現了薄片的競爭價值，也是未來發展的動力之一。

捲煙新材料方面，為打造全新的捲煙新體驗，本集團在捲煙濾棒的功能性、新穎性和獨特性上進行了全面探索，形成了捲煙新材料領域的領先優勢。報告期內，由於捲煙行業不景氣，需求下降，捲煙新材料的銷售收入同比也出現一定程度的下滑，但爆珠和芯線兩個類型的業務仍然發展勢頭良好，市場認可度比較高。隨著捲煙市場壓力的減小，新產品的研發等，未來市場對捲煙新材料的需求將持續增長。

### 香原料業務回顧

截至二零一六年九月三十日止六個月，本集團香原料銷售收入為港幣231,618,000元，較去年同期的港幣136,687,000元增加約69.5%，佔整個集團的收入約12.5%。香原料業務營運盈利達港幣36,854,000元，同比增加約23.6%；EBIT率達約15.9%，去年同期為約21.8%。銷售收入及盈利上升主要是由於收購鹽城春竹之後其財務報表併入本集團合併報表；利潤率下降主要是由於收購鹽城春竹產生的無形資產攤銷及該部分業務毛利率較先前略低所致。香原料板塊是本集團去年在成功收購鹽城春竹之後新成立的板塊，主要包括廣東肇慶、鹽城春竹和永州山香，主打產品是各類天然和合成香原料。



## Management Discussion and Analysis (cont'd)

Due to the increasing pressure on the downturn of domestic economy, the food industry growth slowed down, which brought certain challenges to the development of the industry. During the reporting period, Guangdong Zhaoqing, adhering to the development strategy of "Big Customers, Big Brands", actively developed new customers while maintaining its relationship with the existing customers, achieving a steady growth in the overall sales. Exports remained stable with a 29% growth in the Southeast Asian market. It is now endeavouring to establish relationship with large customers and agents in Europe and the United States. Relying on the capital and technological advantages of the Group, Yancheng Chunzhu spent tremendous energy into R&D activities and focused on continuous innovation, thus resulting in a substantial increase in both production output and sales volume as compared with the corresponding period last year. Certain newly developed products were in short supply and became new growth points for the Company, which plans to expand production. Yongzhou Shanxiang actively adjusted its production and marketing strategies, especially a major breakthrough made in marketing of eugenol and recorded a relatively significant increase in sales volume in the first half of the year.

The aroma raw materials sector belongs to the fine chemical industry, but is different from a general one. Its major customer base comprises downstream flavor formula enterprises. As the country elevates environmental protection standards and manufacturing safety requirements, small-scale workshop-style factories will be bound to be phased out. The Group will seize the opportunity of industry consolidation and reinforce its efforts to develop the aroma raw materials business. In order to better adapt to the market and serve the customers, the Group plans to build a professional aroma raw materials production base with an annual production capacity of more than 10,000 tons, which will integrate the upstream and downstream industrial chains, diversify product lines, and create greater profit margins.

## 管理層討論及分析 (續)

上半年由於國內經濟下行壓力加大，下游工業發展增速減緩，給行業的發展帶來了一定的挑戰。報告期內，廣東肇慶繼續堅持「大客戶、大品牌」的合作戰略，在維持大客戶的同時，積極開拓新客戶，整體銷售平穩增長。出口保持穩定，其中東南亞市場增長29%，現正努力拓展歐美大客戶和代理商。鹽城春竹依靠本集團的資金和技術優勢，大力發展研發，不斷推陳出新，產量和銷量均較上年有較大幅度提升。部分研發的新產品供不應求，已成為公司新的增長點，並計劃進行擴大再生產。永州山香積極調整生產和行銷策略，其中丁香酚的推廣取得了較大的突破，上半年銷量有較大幅度的增長。

香原料行業屬於精細化工行業，但又不同於普通的精細化工行業。其主要的客戶群是下游的香精配方企業。隨著國家對環保和安全生產標準的提高，勢必淘汰小規模、作坊式的工廠。本集團將抓住行業調整的機遇，大力發展香原料事業。為更好地適應市場及服務客戶，本集團計劃建立一個年產萬噸以上的專業香料生產基地，整合上下游產業鏈，豐富產品線，創造更大的利潤空間。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### Review of the innovative tobacco products business

For the six months ended 30 September 2016, sales revenue of the Group's business of innovative tobacco products was HKD161,085,000, representing a significant increase of approximately 97 times compared with HKD1,647,000 for the corresponding period last year and accounting for approximately 8.7% of the Group's total revenue. Operating loss of the innovative tobacco products business amounted to HKD67,666,000. The significant increase in sales revenue was mainly due to the consolidation of VMR's financial statements into the Group's consolidated financial statements upon the acquisition. However, VMR was still in loss position during the reporting period.

Following acquisition of VMR, an American independent e-cigarette producer, the Group carried out integration with SPV in terms of R&D, warehousing, procurement and sales. VMR is mainly responsible for the European and American market, while SPV is mainly responsible for the domestic and surrounding markets. With respect to brand building, VMR launched its Vertx series products this year. Many designs of the series products, such as leakage-free design, plug and play atomizer, touch-screen-based pressure regulation technology and battery information display function, all use the disruptive technologies of e-cigarettes and lead the trend of e-cigarettes. With respect to channel building, the Group endeavored to establish an integrated online and offline sales network. Besides opening of more SPV brand flagship stores on e-commerce giant JD.com Inc and Tmall.com, the Group also actively introduced world-famous e-cigarette brands in an effort to build an e-cigarette platform. With the introduction of the platform and the deepening of channels building, the e-cigarette sales made certain progress in the first half of this year.

As for offline development, SPV has set up a strategic partnership with Sunpower Group and successfully extended presence to many of Sunpower flagship stores all over the country and Brookstone stores. On top of that, SPV brand physical store, located at Global Harbor Shanghai, was officially opened in July 2016. As the first e-cigarette brand at Global Harbor Shanghai, SPV aimed to bring a new fashion experience to all the consumers. From electronic smoking devices to high-quality tobacco oil, and all kinds of parts and components, customers' real one-stop shopping becomes true.

### 新型煙草製品業務回顧

截至二零一六年九月三十日止六個月，本集團新型煙草製品業務的銷售收入為港幣161,085,000元，較去年同期的港幣1,647,000元大幅增加約97倍，佔整個集團的收入約8.7%。新型煙草製品業務虧損達港幣67,666,000元。銷售大幅上升是由於收購VMR之後其財務報表併入本集團合併報表，但該公司在報告期內仍處於虧損階段。

本集團在收購美國獨立電子煙經銷商VMR之後，在研發、倉儲、採購和銷售等方面與SPV進行了整合。VMR主要負責歐美市場，SPV則主要負責國內及周邊市場。品牌建設上，VMR今年有推出Vertx系列產品。該產品系列的諸多設計，包括無漏液設計、即插試霧化器、觸屏調壓技術、電量顯示功能等，均為電子煙領域的顛覆性技術，引領著電子煙的潮流。管道建設方面，本集團努力建立線上、線下完整的銷售網路。除了在京東、天貓上繼續開設SPV品牌旗艦店，還積極引入全球電子煙的知名品牌，努力打造電子煙平台。隨著平台品牌的引入和管道建設的深入，上半年電子煙銷售取得一定的進展。

線下方面，SPV已與知名零售商宏圖三胞建立戰略夥伴關係，並成功進駐宏圖三胞位於全國範圍內的多家旗艦店和Brookstone專門店。除此之外，SPV品牌位於上海月星環球港的全新實體店已於二零一六年七月正式開業。作為首家進駐上海月星環球港的電子煙品牌，SPV努力帶給廣大消費者全新的潮流體驗。從電子煙煙具到各式優質煙油，和各類電子煙零配件，讓消費者真正實現一站式購買。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### R&D and innovation capabilities

The Group has a leading R&D platform in the fields of tobaccos, flavours and fragrances and a R&D team of international calibre. 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 as authorised by the STMA, and overseas R&D centres in Germany. 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 its peers in the domestic industry. As for its R&D investment, for the six months ended 30 September 2016, R&D expenses of the Group were approximately HKD130,496,000, accounting for approximately 7.0% of its total sales revenue, which increased further from that of approximately 6.6% for the corresponding period last year.

As for the flavours and fragrances segment, Guangzhou Huabao, with its R&D efforts over the years, had successfully resolved key issues in developing the supercritical extracted flavours in the first half of the year and would start industrial production subsequently. In addition, the microencapsulation technology, developed by Guangzhou Huabao independently, could make products high-temperature resistance, good performance and allows for customization of the microencapsulated flavour, which is thus expected to erect technical barriers and become a high margin product. With regards to the aroma raw materials segment, Yancheng Chunzhu invested more in R&D and the new purchased R&D equipment Micro-channel Reactor (微通道反應器) could provide support for its new high-tech products. Its self-developed product Galbanum (格蓬脂) has been launched into the market, and were well recognized by the market.

As for RTL technology, through its R&D efforts over the years, the Group, after years of research, has successfully developed a new processing technology-coordinated dilation of microwave and vapour (微波蒸汽協同膨脹處理技術), which improved treatment of tobacco stems, enhanced quality of cigarette products and reduced production wastage. Such an achievement has great significance and long-term value in enhancing the industry's independent innovation capabilities for workmanship and technologies, and in shaping up core processing technologies for the Chinese-style cigarettes. Meanwhile, the Group also made a breakthrough progress in low-temperature materials and new filters for cigarettes. The R&D of low-temperature cigarette materials is of great significance for promoting the development of the RTL technology and innovation of the low-temperature cigarette technology.

### 研發和創新能力

本集團在煙草、香精及香原料等領域擁有領先的研發平台和具備國際經驗的研發團隊。本集團於上海建立了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可的煙草薄片生產及研發基地，並於德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準。研發投入方面，截至二零一六年九月三十日止六個月，本集團研發費用約為港幣130,496,000元，佔銷售收入總額的比例為約7.0%，相比去年同期佔比約6.6%，進一步加大了投入。

香精板塊方面，廣州華寶經過多年的研究開發，終於在今年上半年成功攻克了熟香超臨界萃取的難關，後續將開始實現工業化生產。另外，廣州華寶獨創的微膠囊包埋技術，產品耐高溫性能好，且能實現微膠囊香型定制，有望成為有技術壁壘的高利潤產品。香原料方面，鹽城春竹加大研發投入，新購進的研發設備微通道反應器為高技術含量的新產品開發提供了設備支援。其自主研發的格蓬脂已投入市場銷售，並獲得市場高度認可。

再造煙葉技術方面，通過多年的研究，本集團成功開發出新型的微波蒸汽協同膨脹處理技術，提升了煙梗處理效果，提高了捲煙產品品質，降低了損耗。該研究對於提高行業工藝技術自主創新能力，形成中式捲煙核心加工技術，具有十分重要的意義和長遠價值。同時，本集團在低溫捲煙材料和新型濾嘴等方面，也取得了突破性的進展。低溫捲煙材料的研發對於推動再造煙葉技術的發展及低溫捲煙技術的創新有著重要意義。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### FUTURE PROSPECTS

Although the current domestic and overseas economic and operating environment remains complicated, the management is still cautiously optimistic about the business outlook for the full year. The management believes that, with the inventory backlog of tobacco leaves and cigarettes further cleared, the Group's business will continue to develop steadily in the second half of the year. In respect of capital operations, the Group believes that it is very important for the Group to build multiple capital platforms in order to develop itself into an investment holding group. In the future, the Group will continue to push forward the relevant projects.

In line with the development and strategic upgrading of the Company, the Group encourages company assets securitization and put its matured and well established business segments into the capital market through multi-channels by way of securitization, so that these business segments will be able to develop their own operating mechanism and face the market independently. In 2016, the Board of Directors of the Group considered the feasibility of a proposed spin-off and separate listing of the flavours and fragrances business by way of proposed A shares listing of the spin-off company on a stock exchange in the PRC. Currently, the Stock Exchange has confirmed that the Group could proceed the proposed spin-off and the proposed A share listing and granted waiver from strict compliance with applicable requirements in relation to the assured entitlement of A shares to the then shareholders under Listing Rules. However, the proposed spin-off and the proposed A share listing are still subject to the approval from relevant PRC regulators, including China Securities Regulatory Commission, and fulfillment of other relevant conditions.

With the rise of the Chinese economy, the steady progress of RMB internalization, the capital market in China will play an even more important role in the world. The management would like to take this opportunity to create an additional finance platform for the flavours segment in order to enable it to operate more independently and professionally and to fully realize its core value in the future. On the one hand, new finance platforms and new supervising regulatory authorities will strengthen the Group's corporate governance; on the other hand, they will also help the Group to build a strong foundation for establishing multi-layered finance platforms.

### 未來展望

目前雖然國內外經濟和經營環境複雜，但管理層對全年營運前景仍持謹慎樂觀的態度，相信下半年隨著煙葉和捲煙庫存進一步消化，本集團的業務將持續穩步發展。資本運作方面，本集團仍然認為構建多個資本平台對於發展成為投資控股集團非常重要，將來會繼續不斷推進相關項目。

為配合公司的發展和戰略升級，本集團鼓勵公司資產證券化，並將旗下成熟、有條件的板塊，通過證券化的手段通過多渠道推向資本市場，使其能夠建立獨立的營運機制，真正面向市場。二零一六年，本集團董事會考慮建議分拆食用及日化香精，並將其股份以獨立A股上市方式於中國證券交易所上市的可能性。目前，聯交所已經確認本集團可以繼續進行建議分拆並於A股獨立上市的申請，並在上市規則下豁免有關向現有股東保證A股配額的適用規定。但有關建議仍有待取得相關中國監管機構（包括中國證監會）的批准和滿足其他相關條件。

隨著中國經濟的崛起，人民幣國際化的穩步推進，中國的資本市場在全球擔當著越來越重要的角色，管理層希望借此機會增加一個新的融資平台，讓香精板塊今後能更獨立地、專業化地營運，並將其核心價值充分體現出來。新的融資平台，新的監管機構，一方面可以增強集團的公司管治，另一方面也將為本集團打造多層次融資平台打下良好基礎。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### FINANCIAL REVIEW

#### Analysis of interim results for the six months ended 30 September 2016

##### Sales revenue

The Group's sales revenue amounted to HKD1,859,477,000 for the six months ended 30 September 2016, representing an increase of 9.8% as compared with HKD1,693,019,000 for the corresponding period last year. The increase in the sales revenue is mainly attributable to significant increase of sales revenue of tobacco raw materials as compared with the corresponding period last year, and increase in sales revenue of aroma raw materials and innovative tobacco products due to consolidation of financial statements of Yancheng Chunzhu and VMR after last year's acquisitions. However, sales revenue from flavours and fragrances segment fell due to the sluggishness of macroeconomics. For the six months ended 30 September 2016, sales revenue from flavours and fragrances decreased by 14.3% to HKD1,070,724,000; sales revenue from tobacco raw materials increased by 32.0% to HKD394,585,000; sales revenue from aroma raw materials increased by 69.5% to HKD231,618,000; sales revenue from innovative tobacco products reached HKD161,085,000.

##### Cost of goods sold

The Group's cost of goods sold amounted to HKD648,634,000 for the six months ended 30 September 2016, representing an increase of 24.4% as compared with HKD521,283,000 for the corresponding period last year.

##### Gross profit and gross profit margin

The gross profit of the Group increased from HKD1,171,736,000 for the six months ended 30 September 2015 to HKD1,210,843,000 for the six months ended 30 September 2016, representing an increase of 3.3%. The Group's gross profit margin for the first half of the year is about 65.1%, representing a decrease of 4.1 percentage points as compared with 69.2% for the corresponding period last year. This was mainly due to sales proportion of products with relatively lower gross profit increased as compared with the corresponding period last year.

### 財務狀況回顧

截至二零一六年九月三十日止六個月的中期業績分析

#### 營業額

截至二零一六年九月三十日止六個月，本集團的銷售額達到港幣1,859,477,000元，較上年同期的港幣1,693,019,000元，增加9.8%。銷售額的增加，主要是由於煙用原料銷售收入較去年同期大幅上升，以及香原料板塊和新型煙草板塊在去年分別收購鹽城春竹及VMR而併入其財務報表致使銷售額上升，但由於宏觀經濟不景氣，香精板塊銷售收入下滑。截至二零一六年九月三十日止期間，香精的銷售額減少了14.3%至港幣1,070,724,000元；煙用原料的銷售額增加了32.0%至港幣394,585,000元；香原料的銷售額增加了69.5%至港幣231,618,000元；新型煙草的銷售額達港幣161,085,000元。

#### 銷售成本

截至二零一六年九月三十日止六個月，本集團的銷售成本為港幣648,634,000元，較上年同期的港幣521,283,000元增加了24.4%。

#### 毛利和毛利率

本集團的毛利由截至二零一五年九月三十日止六個月的港幣1,171,736,000元增加至截至二零一六年九月三十日止六個月的港幣1,210,843,000元，增加了3.3%。而本集團上半年的毛利率達65.1%，比上一財政年度上半年的69.2%下降了4.1個百分點，主要是由於毛利相對較低的產品銷售額佔比較去年同期高。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### Other income and other gains – net

Other income and other gains – net of the Group was HKD138,922,000 for the six months ended 30 September 2016, representing an increase of HKD68,707,000 as compared with HKD70,215,000 for the six months ended 30 September 2015. The increase in other income and other gains – net was mainly attributable to the increase in gain on disposal of financial assets at fair value through profit or loss, increase in government grants and decrease in foreign exchange loss as compared with corresponding period last year.

### 其他收入及其他收益 – 淨額

截至二零一六年九月三十日止六個月，本集團的其他收入及其他收益為港幣138,922,000元，較截至二零一五年九月三十日止六個月的港幣70,215,000元增加了港幣68,707,000元。其他收入及其他收益 – 淨額的增加主要是由於出售以公允值計量且其變動計入損益的金融資產之收入較去年同期高，政府津貼增加及匯兌虧損較去年同期減少所致。

### Selling and marketing expenses

The selling and marketing expenses of the Group comprised mainly travelling expenses, transportation cost, advertising and promotion expenses, salaries and office expenses. The selling and marketing expenses of the Group for the six months ended 30 September 2016 were HKD154,069,000, representing an increase of 29.9% as compared with HKD118,603,000 for the corresponding period last year. Selling and marketing expenses to total sales revenue for the six months ended 30 September 2016 and 2015 amounted to approximately 8.3% and 7.0% respectively. The increase in such ratio was mainly attributable to the acquisition of VMR and Yancheng Chunzhu whose financial statements were consolidated into the Group's consolidated financial statements.

### 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、廣告及宣傳費、薪金及辦公費用等。本集團截至二零一六年九月三十日止六個月的銷售及市場推廣開支為港幣154,069,000元，較上年度的港幣118,603,000元，增加了29.9%。於截至二零一六年及二零一五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8.3%及7.0%，該比例的增加主要是由於收購VMR和鹽城春竹之後其財務報表併入本集團合併報表所致。

### Administrative expenses

The Group's administrative expenses amounted to HKD533,141,000 for the six months ended 30 September 2016, representing an increase of 36.9% as compared with HKD389,539,000 for the corresponding period last year. The ratio of administrative expenses to total sales was approximately 28.7%, representing an increase of 5.7 percentage points as compared with 23.0% for the corresponding period last year. The increase in the ratio of administrative expenses to total sales revenue was mainly attributable to an increase in administrative expenses for innovative tobacco products; an increase in amortisation expense of intangible assets arising from acquisition of VMR and Yancheng Chunzhu whose financial statements were consolidated into the Group's consolidated financial statements.

### 行政開支

本集團的行政開支在截至二零一六年九月三十日止六個月為港幣533,141,000元，較上年度同期的港幣389,539,000元，增加了36.9%。而行政開支所佔銷售總額的比例為約28.7%，較去年同期的23.0%增加了5.7個百分點。行政開支金額及佔銷售比例增加的主要原因是因收購VMR及鹽城春竹之後其財務報表併入本集團合併報表所致。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### Operating profit

The operating profit of the Group for the six months ended 30 September 2016 was HKD662,555,000, representing a decrease of approximately 9.7% as compared with HKD733,809,000 for the corresponding period last year, while the operating profit margin decreased by 7.7 percentage points to approximately 35.6% during the first half of the year from approximately 43.3% for the first half of last year. The decrease in operating profit was mainly attributable to the increase of selling expenses, marketing promotion expenses and administrative expenses.

### Income tax expenses

The income tax expenses of the Group for the six months ended 30 September 2016 was HKD139,806,000, representing a decrease of 25.4% as compared with HKD187,318,000 for the corresponding period last year. Income tax rate of the current period was approximately 20.4%, representing a decrease of 4.2 percentage points as compared with the corresponding period of last year. It was mainly attributable to the decrease of withholding tax resulting from distribution of profits by PRC subsidiaries as compared with the corresponding period of last year.

### Profit attributable to the equity holders of the Company

Profit attributable to the equity holders of the Company was HKD557,753,000 for the six months ended 30 September 2016, representing a decrease of 1.3% as compared with HKD565,340,000 for the corresponding period last year.

### Net current asset value and financial resources

As at 30 September 2016, the net current asset value of the Group was HKD6,677,929,000 (31 March 2016: HKD5,259,154,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 30 September 2016, the Group's cash and bank balances amounted to HKD4,811,254,000 (31 March 2016: HKD3,521,708,000). The Group neither had any forex hedging products nor structured investment products.

### 營運盈利

本集團營運盈利在截至二零一六年九月三十日止六個月為港幣662,555,000元，較上年同期的港幣733,809,000元，減少了約9.7%。而本集團的營運盈利率則由上一年度同期的約43.3%下降7.7個百分點至本年度的約35.6%。營運盈利的減少主要是由於銷售費用、市場推廣開支和行政費用大幅增加所致。

### 稅務開支

本集團的稅務開支在截至二零一六年九月三十日止六個月為港幣139,806,000元，較去年同期的港幣187,318,000元，減少了約25.4%。本期所得稅稅率約為20.4%，較去年同期減少了4.2個百分點，主要是由於本期子公司分配利潤至母公司之預提所得稅較去年同期減少所致。

### 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二零一六年九月三十日止六個月為港幣557,753,000元，較去年同期的港幣565,340,000元減少了1.3%。

### 流動資產淨值和財務資源

於二零一六年九月三十日，本集團的流動資產淨值為港幣6,677,929,000元（二零一六年三月三十一日：港幣5,259,154,000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。於二零一六年九月三十日，本集團的銀行及庫存現金為港幣4,811,254,000元（二零一六年三月三十一日：港幣3,521,708,000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。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### Bank borrowings and gearing ratio

As at 30 September 2016, the Group had bank borrowings of HKD87,692,000 (31 March 2016: HKD18,002,000), all of which were due within one year and unsecured loans. For the six months ended 30 September 2016, the average annual interest rate of such unsecured loans was 4.1% (2015: 1.9%); the average annual interest rate of the secured loans which had been fully repaid was 6.5% (2015: 6.3%). As at 30 September 2016, the Group's gearing ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was 0.8%, which was slightly increased from 0.2% as of 31 March 2016.

### 銀行貸款及負債比率

於二零一六年九月三十日，本集團的銀行借貸總額為港幣87,692,000元（二零一六年三月三十一日：港幣18,002,000元），全部於一年內到期償還，且全部為無抵押貸款。截至二零一六年九月三十日止六個月，該無抵押貸款的平均年息率為4.1厘（二零一五年：1.9厘）；而已全數清還的抵押貸款的平均年息率為6.5厘（二零一五年：6.3厘）。於二零一六年九月三十日，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0.8%，比二零一六年三月三十一日的0.2%稍微上升。

### Trade receivables turnover period

Trade receivables turnover period is calculated on the basis of the average amount of trade receivables 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 2016, the Group's average trade receivables turnover period was 107 days, representing an increase of 18 days as compared with 89 days for the last financial year ended 31 March 2016, and an increase of 7 days as compared with 100 days for the corresponding period last year. The increase of the trade receivables turnover days was mainly attributable to the relocation of the flavours and fragrances business which caused the changes of the company name and in turn resulted in the delay of issuing invoices.

### 應收賬周轉期

應收賬周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。截至二零一六年九月三十日止六個月，本集團的平均應收賬周轉期為107日，比較截至二零一六年三月三十一日止上一財政年度的89日上升了18日，而相比去年同期的應收賬周轉期的100日上升了7日，指標大幅上升主要是由於香精業務遷址致使公司名稱變化從而延遲開票所致。

### Trade payables turnover period

Trade payables 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 2016, the Group's average trade payables turnover period was 96 days, representing a decrease of 17 days as compared with 113 days for the last financial year ended 31 March 2016, and representing a decrease of 19 days as compared with 115 days for the corresponding period last year. The decrease in trade payable turnover day was mainly attributable to acquisitions of Yancheng Chunzhu and VMR with relatively short turnover period, which affected the Group's consolidated figures.

### 應付賬周轉期

應付賬周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。截至二零一六年九月三十日止六個月，本集團的平均應付賬周轉期為96日，比較截至二零一六年三月三十一日止上一財政年度的113日下降了17日，而相比去年同期的應付賬周轉期的115日下降了19日，主要因為新收購的鹽城春及VMR的應付賬周轉期比較短而影響集團的綜合數字。



## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### *Inventory and inventory turnover period*

As at 30 September 2016, the Group's inventory balance amounted to HKD834,821,000 (31 March 2016: HKD834,024,000). For the six months ended 30 September 2016, 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 a decrease of 11 days as compared with 243 days for the last financial year ended 31 March 2016. The decrease in inventory turnover period was mainly attributable to the effectiveness of the Group's implementation of destocking policy.

### *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, with the exception of only a certain amount of imported raw materials and equipment which are denominated in foreign currency such as USD or EUR. The Group's bank deposits are mainly denominated in RMB, USD and HKD. The management concurs the view of the People's Bank of China on the exchange rate of RMB, i.e., the exchange rate of RMB has the capability to continuously remain basically stable within reasonable range of equilibrium.

### *Pledge of assets*

As at 30 September 2016, the secured bank loan of the Group had been fully repaid.

### *Capital Commitments*

As at 30 September 2016, 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 in the financial statements amounted to approximately HKD130,246,000 (31 March 2016: HKD166,714,000), with investment in high-tech fund amounted to HKD102,901,000.

### *Contingent liabilities*

According to the information available to the Board, the Group had no contingent liabilities as at 30 September 2016.

### *存貨和存貨周轉期*

本集團的存貨結餘於二零一六年九月三十日為港幣834,821,000元(二零一六年三月三十一日:港幣834,024,000元)。在截至二零一六年九月三十日止六個月,存貨周轉期(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,比較截至二零一六年三月三十一日止上一個財政年度的243日下降了11日,主要是由於集團實施去庫存政策稍見成效。

### *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。本集團持有的銀行存款主要為人民幣、美元及港幣。管理層認同中國人民銀行對人民幣匯率的看法,即人民幣匯率有條件繼續在合理均衡水平上保持基本穩定。

### *資產抵押*

於二零一六年九月三十日,本集團的抵押貸款已全數清還。

### *資本承擔*

於二零一六年九月三十日,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130,246,000元(二零一六年三月三十一日:港幣166,714,000元),主要為高科技創新基金的投資約港幣102,901,000元。

### *或然負債*

根據可供董事會查閱的資料,本集團於二零一六年九月三十日並無任何重大的或然負債。

## Management Discussion and Analysis (cont'd)

## 管理層討論及分析 (續)

### HUMAN RESOURCES

As at 30 September 2016, the Group employed a total of 2,312 employees in the PRC, Hong Kong, Germany, U.S., Botswana and Korea. By external recruitment and internal nomination approach to recruit talents, the Group established a comprehensive recruitment system. In respect of building the reserve talent pool, the Group ensured healthy and systematic growth of the reserve talent team through regular internal recruitment and training courses, providing new talents for the Group at appropriate time.

Departments of the Group carried out different training activities from time to time according to different work requirements so as to improve the quality and capability of its employees. In the first half of this year, the Group organized administrative line training and human resources system training, which improved the professional qualities of the department employees in order to meet the company's requirements on the employees' continuous improvement under the new circumstances, so as to achieve the mutual development between the Company and its employees. In July 2016, the Group provided a two-week induction training for fresh graduates to help them quickly adapt to the new working environment of Huabao. The second phase of the third session of the training program of the High Potential Talent Project (HPTP) undertaken in the first half of this year tried to provide a reliable source of talents for the sake of the Group's rapid development.

### 人力資源

於二零一六年九月三十日，本集團在中國大陸、香港、德國、美國、博茲瓦納及韓國共聘用員工2,312人。集團採用外部招聘和內部推薦的方式招募人才，已建立了一套完善的招聘機制。在後備人才庫的建設方面，通過定期的內部招聘及培訓課程，保證後備人才隊伍健康及有序成長，適時為集團注入新力量。

集團各部門根據工作需求不定期地開展不同範疇的培訓活動，以提高員工的業務素質。今年上半年先後組織舉行集團行政條線培訓、集團人力資源系統培訓，提高了職能部門員工的業務素質，以適應新形勢下公司發展對員工不斷提升的要求，從而很好的實現了企業與員工的共同發展。今年七月份本集團舉行了為期兩周的應屆大學生入職培訓，以幫助新員工儘快融入華寶。並於上半年展開了第三屆第二期HPTP (High Potential Talent Project) 高潛質人才發展項目培訓，爭取為本集團的高速發展提供堅實的人才保障。

## Other Information

### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2016, the interests and short positions of the Directors and chief executives 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 Directors 董事姓名	Capacity 身份	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
CHU Lam Yiu 朱林瑤	Held through controlled corporations (Note 1) 透過受控制公司持有 (附註1)	1,279,262,415	41.18%
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	3,000,000	0.10%
LEE Luk Shiu 李祿兆	Beneficial owner 實益擁有人	100,000	0.003%

Note 1: 1,279,262,415 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.

#### (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 Option Scheme" section stated below.

Save as disclosed above, as at 30 September 2016, none of the Directors nor their close associates had any interests or short positions in the 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

於二零一六年九月三十日，董事及最高行政人員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及淡倉；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及淡倉如下：

#### (a) 本公司之普通股好倉

Name of Directors 董事姓名	Capacity 身份	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
CHU Lam Yiu 朱林瑤	Held through controlled corporations (Note 1) 透過受控制公司持有 (附註1)	1,279,262,415	41.18%
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	3,000,000	0.10%
LEE Luk Shiu 李祿兆	Beneficial owner 實益擁有人	100,000	0.003%

附註1: 本公司之1,279,262,415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。

#### (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「購股權計劃」一節內。

除上文所披露者外，於二零一六年九月三十日，概無任何董事或彼等之緊密聯繫人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）之股份、相關股份或債券中擁有任何權益或淡倉。

## Other Information (cont'd)

### SHARE OPTION SCHEME

As per an ordinary resolution passed at the Company's annual general meeting held on 9 August 2016, the Company terminated the share option scheme adopted on 22 September 2006 ("2006 Share Option Scheme") and adopted a new share option scheme ("New Share Option Scheme") on 9 August 2016 (the "Adoption Date"). The New Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date (can be terminated before expiration), the terms of the New Share Option Scheme are substantially the same as those of the 2006 Share Option Scheme. As at 30 September 2016, no share options had been granted under the New Share Option Scheme. The outstanding options granted under the 2006 Share Option Scheme prior to its termination shall continue to be valid and subject to the provisions of the 2006 Share Option Scheme.

As at 30 September 2016, the number of share options ("Share Options") granted by the Company pursuant to the 2006 Share Option Scheme which are valid and outstanding amounted to 17,799,717, representing approximately 0.57% of the issued share capital of the Company upon full exercise of the Share Options.

## 其他資料 (續)

### 購股權計劃

根據本公司於二零一六年八月九日舉行的股東週年大會上通過之普通決議案，本公司終止於二零零六年九月二十二日採納之購股權計劃（「二零零六年購股權計劃」），並於二零一六年八月九日（「採納日期」）採納一項新購股權計劃（「新購股權計劃」）。新購股權計劃自採納日期起十年內有效（可提前終止），其條款與二零零六年購股權計劃大致相若。截至二零一六年九月三十日，本公司無根據新購股權計劃授出購股權。根據二零零六年購股權計劃終止前已授出之尚未行使的購股權將繼續有效，並受二零零六年購股權計劃之條文所規限。

於二零一六年九月三十日，本公司根據二零零六年購股權計劃所授出而仍然有效及尚未行使的購股權（「購股權」）數目合共17,799,717股，購股權尚獲悉數行使將佔本公司已發行股本約0.57%。

## Other Information (cont'd)

## 其他資料 (續)

Details of Share Options granted, exercised, cancelled and lapsed during the reporting period under the 2006 Share Option Scheme are set out as follows:

於報告期內，根據二零零六年購股權計劃批授、行使、註銷及失效的購股權詳情如下：

Grantee 承授人	Grant Date 授出日期	Exercise Price 行使價	Exercisable Period 可行使日期	Number of Share Options 購股權數目				Balance as at 30 September 2016 於二零一六年 九月三十日 結餘
				Balance as at 1 April 2016 於二零一六年 四月一日結餘	Granted during the reporting period 報告期內 批授	Exercised during the reporting period 報告期內 行使	Cancelled/ lapsed during the reporting period 報告期內 註銷/失效	
		HKD 港幣						
<b>Independent Non-executive Directors</b> <b>獨立非執行董事</b>								
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	100,000	-	-	-	100,000
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
<b>Other Participants</b> <b>其他參與者</b>								
	10 October 2006 二零零六年十月十日	3.09	10/10/2006-9/10/2016	6,100,000	-	-	-	6,100,000
	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	8,250,000	-	-	(1,800,000)	6,450,000
	30 December 2015 二零一五年十二月三十日	2.75	1/12/2016-31/12/2016	4,349,717	-	-	-	(Note 1) 4,349,717 (附註1)
<b>Total</b> <b>合計</b>				<b>19,599,717</b>	<b>-</b>	<b>-</b>	<b>(1,800,000)</b>	<b>17,799,717</b>

Note 1: On 30 December 2015, the Company granted not more than 4,349,717 Option Shares to a consultant ("Consultant") for payment of service fee to the Consultant on full completion of services ("Services") by the Consultant, or such lesser amount representing the part of Services completed by the Consultant pursuant to a service contract ("Service Contract"). As at 30 September 2016 which being the expiry date of the Service Contract, the fair value of the part of Services completed under the Service Contract by the Consultant was RMB3,000,000 (approximately HKD3,588,000). Based on the Services completed, the Consultant would be entitled to 1,304,915 Share Options only and the remaining 3,044,802 Share Options to which the Consultant was not entitled would be cancelled before 31 December 2016.

註1: 於二零一五年十二月三十日，本公司按服務合同（「服務合同」）授出不超過4,349,717股購股權股份予一位顧問（「顧問」）作為支付顧問完成全部服務（「服務」）的服務費（或按顧問完成部份服務所佔的較少總額）。截至二零一六年九月三十日（服務合同的屆滿日期），顧問根據服務合同已完成的部份服務之公允值為人民幣3,000,000元（約港幣3,588,000元）。按所完成的服務，顧問將有權獲取的購股權只有1,304,915股，而其餘顧問無權獲取的3,044,802股購股權將於二零一六年十二月三十一日之前註銷。

## Other Information (cont'd)

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in Note 13 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 2016, other than the interests disclosed in the section headed "Directors' interests in shares, underlying shares and debentures", the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following 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 主要股東名稱	Capacity 身份	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
Lazard Asset Management LLC	Investment manager 投資經理	270,538,341	8.71%

## 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13所披露者外，本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

於二零一六年九月三十日，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

## Other Information (cont'd)

### CORPORATE GOVERNANCE

#### Compliance with the Corporate Governance Code

The Board 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.

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 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.

## 其他資料 (續)

### 企業管治

#### 遵守《企業管治守則》

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。

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。儘管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，惟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。

## Other Information (cont'd)

### Environmental, Social and Governance Reporting

In view of the amendments of Appendix 27 of the Listing Rules regarding disclosures in relation to Environmental, Social and Governance (“ESG”) matters, the Group has appointed an independent third party consultant as adviser assisting the Group to prepare its first ESG report for the purpose of meeting the related corporate governance requirements.

### 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 2016 of the Company are set out below:

1. Mr. POON Chiu Kwok was appointed as an independent non-executive director of Greentown Service Group Co., Ltd. (listed on the Stock Exchange on 12 July 2016) with effect from 13 June 2016.
2. Ms. MA Yun Yan was appointed as a member of the Ninth Listing Committee of Shenzhen Stock Exchange on 7 September 2016 for a term of two years.
3. Mr. WU Chi Keung was appointed as an independent non-executive director for each of COFCO Meat Holdings Limited (listed on the Stock Exchange on 1 November 2016) with effect from 23 June 2016; and Zhou Hei Ya International Holdings Company Limited (listed on the Stock Exchange on 11 November 2016) with effect from 24 October 2016.

### 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 2016.

## 其他資料 (續)

### 環境、社會及管治報告

鑑於上市規則附錄二十七修訂了有關環境、社會及管治(「環境、社會及管治」)事宜之披露，本集團已委聘一名獨立第三方顧問擔任顧問，協助本集團編製其首份環境、社會及管治報告，從而符合相應的企業管治要求。

### 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，於本公司截至二零一六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. 潘昭國先生獲委任為綠城服務集團有限公司(二零一六年七月十二日於聯交所上市)之獨立非執行董事，自二零一六年六月十三日起生效。
2. 麻雲燕女士於二零一六年九月七日受聘擔任深圳證券交易所第九屆上市委員會委員，任期兩年。
3. 胡志強先生分別獲委任為中糧肉食控股有限公司(二零一六年十一月一日於聯交所上市)之獨立非執行董事，自二零一六年六月二十三日起生效；以及周黑鴨國際控股有限公司(二零一六年十一月十一日於聯交所上市)之獨立非執行董事，自二零一六年十月二十四日起生效。

### 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，作為本公司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二零一六年九月三十日止六個月內已遵守標準守則所規定之標準。



## Other Information (cont'd)

### INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2016 (2015: Nil).

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

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### 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 2016 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 comprises all of the INEDs of the Company, 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 Group's unaudited condensed consolidated interim financial information for the six months ended 30 September 2016.

By Order of the Board  
**CHU Lam Yiu**  
*Chairwoman and CEO*

Hong Kong, 17 November 2016

## 其他資料 (續)

### 中期股息

董事會不建議就截至二零一六年九月三十日止六個月派發任何中期股息 (二零一五年：無)。

### 購買、出售或贖回本公司之上市證券

於截至二零一六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。

### 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，於截至二零一六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組成。審核委員會連同董事會已審閱並批准本集團截至二零一六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，二零一六年十一月十七日

## Review Report

## 審閱報告



羅兵咸永道

### REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF HUABAO INTERNATIONAL HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

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)*

### Introduction

We have reviewed the interim financial information set out on pages 35 to 74 which comprises the condensed consolidated statement of financial position of Huabao International Holdings Limited (the "Company") and its subsidiaries as at 30 September 2016 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement 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.

### 引言

本核數師(以下簡稱「我們」)已審閱列載於第35至74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」)及其子公司於二零一六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, 17 November 2016

## 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，二零一六年十一月十七日

## Condensed Consolidated Statement of Financial Position

## 簡明綜合財務狀況表

(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)

	Note 附註	As at 30 September 2016 二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 二零一六年 三月三十一日 Audited 經審核
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	1,212,216	1,307,819
Land use rights	7	177,863	185,688
Intangible assets	7	3,132,511	3,261,635
Investments in associates	8	363,535	337,616
Available-for-sale financial assets	5	263,514	222,488
Deferred income tax assets	9	74,429	79,788
		<b>5,224,068</b>	5,395,034
<b>Current assets</b>			
Inventories		834,821	834,024
Trade and other receivables	10	1,585,665	1,440,690
Financial assets at fair value through profit or loss	11	221,740	229,149
Available-for-sale financial assets		–	165,617
Restricted bank deposit		–	117,130
Short-term time deposits		64,562	220,527
Cash and cash equivalents		4,746,692	3,184,051
		<b>7,453,480</b>	6,191,188
<b>Total assets</b>		<b>12,677,548</b>	11,586,222
<b>Equity</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	12	310,666	310,666
Reserves	14	876,882	813,203
Retained earnings		9,549,617	9,063,371
		<b>10,737,165</b>	10,187,240
<b>Non-controlling interests</b>		<b>1,051,134</b>	343,178
<b>Total equity</b>		<b>11,788,299</b>	10,530,418
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	9	78,543	85,329
Trade and other payables	16	35,155	38,441
		<b>113,698</b>	123,770
<b>Current liabilities</b>			
Borrowings	15	87,692	18,002
Trade and other payables	16	541,353	794,679
Current income tax liabilities		146,506	119,353
		<b>775,551</b>	932,034
<b>Total liabilities</b>		<b>889,249</b>	1,055,804
<b>Total equity and liabilities</b>		<b>12,677,548</b>	11,586,222

The notes on pages 40 to 74 are an integral part of this condensed consolidated interim financial information.

第40頁至74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

(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)

		<b>Unaudited 未經審核</b>	
		<b>For the Six months ended 30 September</b>	
		<b>截至九月三十日止六個月</b>	
		<b>2016</b>	2015
		二零一六年	二零一五年
	Note 附註		
Sales	6	<b>1,859,477</b>	1,693,019
Cost of goods sold		<b>(648,634)</b>	(521,283)
<b>Gross profit</b>		<b>1,210,843</b>	1,171,736
Other income and other gains – net	17	<b>138,922</b>	70,215
Selling and marketing expenses		<b>(154,069)</b>	(118,603)
Administrative expenses		<b>(533,141)</b>	(389,539)
<b>Operating profit</b>		<b>662,555</b>	733,809
Finance income		<b>24,577</b>	34,668
Finance costs		<b>(2,605)</b>	(6,948)
Finance income – net		<b>21,972</b>	27,720
Share of profit/(loss) of associates and a jointly controlled entity		<b>1,970</b>	(1,239)
<b>Profit before income tax</b>		<b>686,497</b>	760,290
Income tax expense	19	<b>(139,806)</b>	(187,318)
<b>Profit for the period</b>		<b>546,691</b>	572,972
<b>Attributable to:</b>			
Equity holders of the Company		<b>557,753</b>	565,340
Non-controlling interests		<b>(11,062)</b>	7,632
		<b>546,691</b>	572,972
<b>Earnings per share for profit attributable to the Company's equity holders for the period</b>			
Basic (HK cents)	20(a)	<b>17.95</b>	18.20
Diluted (HK cents)	20(b)	<b>17.95</b>	18.18

The notes on pages 40 to 74 are an integral part of this condensed consolidated interim financial information.

第40頁至74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

(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)

		<b>Unaudited</b> 未經審核	
		<b>For the Six months ended</b> <b>30 September</b>	
		截至九月三十日止六個月	
		<b>2016</b>	2015
		二零一六年	二零一五年
<b>Profit for the period</b>	本期間盈利	<b>546,691</b>	572,972
<b>Other comprehensive income:</b>	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	<b>937</b>	(12,472)
Currency translation difference on foreign operations	海外業務之貨幣換算差額	<b>(271,157)</b>	(334,641)
<b>Other comprehensive loss for the period, net of tax</b>	本期間除稅後其他全面虧損	<b>(270,220)</b>	(347,113)
<b>Total comprehensive income for the period, net of tax</b>	本期間除稅後全面收益總額	<b>276,471</b>	225,859
<b>Total comprehensive income attributable to:</b>	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	<b>295,755</b>	226,645
Non-controlling interests	非控制性權益	<b>(19,284)</b>	(786)
		<b>276,471</b>	225,859

## Condensed Consolidated Statement of Changes in Equity

## 簡明綜合權益變動表

(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)

		Unaudited 未經審核					
		Attributable to equity holders of the Company 本公司權益持有人應佔					
	Note	Share capital	Reserves	Retained earnings	Total	Non-Controlling interests	Total equity
	附註	股本	儲備	保留盈利	總計	非控制性權益	總權益
<b>Balance at 1 April 2015</b>	於二零一五年四月一日	310,432	1,188,606	7,670,008	9,169,046	234,796	9,403,842
<b>Total comprehensive income for the six months ended 30 September 2015</b>	截至二零一五年九月三十日止六個月的全面收益總額	-	(338,695)	565,340	226,645	(786)	225,859
<b>Transactions with owners in their capacity as owners:</b>	與本公司擁有人的交易：						
Dividends paid and payable to non-controlling interests	向非控制性權益已付及派付的股息	-	-	-	-	(10,977)	(10,977)
Appropriation from net profit	自純利撥付	-	46,700	(46,700)	-	-	-
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	234	9,631	-	9,865	-	9,865
<b>Total transactions with owners</b>	<b>與擁有人交易總額</b>	234	56,331	(46,700)	9,865	(10,977)	(1,112)
<b>Balance at 30 September 2015</b>	於二零一五年九月三十日	310,666	906,242	8,188,648	9,405,556	223,033	9,628,589
<b>Balance at 1 April 2016</b>	於二零一六年四月一日	<b>310,666</b>	<b>813,203</b>	<b>9,063,371</b>	<b>10,187,240</b>	<b>343,178</b>	<b>10,530,418</b>
<b>Total comprehensive income for the six months ended 30 September 2016</b>	截至二零一六年九月三十日止六個月的全面收益總額	-	(261,998)	557,753	295,755	(19,284)	276,471
<b>Transactions with owners in their capacity as owners:</b>	與本公司擁有人的交易：						
Dividends paid and payable to non-controlling interests	向非控制性權益已付及派付的股息	-	-	-	-	(3,472)	(3,472)
Appropriation from net profit	自純利撥付	-	71,507	(71,507)	-	-	-
Additional investment in a non-wholly owned subsidiary	額外注資於非全資附屬公司	22(a)	(9,371)	-	(9,371)	9,371	-
Issue of new shares by a subsidiary to non-controlling interests	附屬公司向非控制性權益發行新股	22(b)	262,345	-	262,345	721,341	983,686
Share-based payment – Value of consultancy service	股份為基礎的支付 — 顧問服務價值	-	1,196	-	1,196	-	1,196
<b>Total transactions with owners</b>	<b>與擁有人交易總額</b>	-	325,677	(71,507)	254,170	727,240	981,410
<b>Balance at 30 September 2016</b>	於二零一六年九月三十日	<b>310,666</b>	<b>876,882</b>	<b>9,549,617</b>	<b>10,737,165</b>	<b>1,051,134</b>	<b>11,788,299</b>

The notes on pages 40 to 74 are an integral part of this condensed consolidated interim financial information.

第40頁至74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

(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)

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2016 二零一六年	2015 二零一五年
<b>Cash flows from operating activities</b>	<b>經營活動之現金流量</b>		
Cash generated from operations	營運產生之現金	451,377	713,829
Income tax paid	已付所得稅	(114,396)	(195,053)
<b>Net cash generated from operating activities</b>	<b>營運活動產生之現金淨額</b>	<b>336,981</b>	518,776
<b>Cash flows from investing activities</b>	<b>投資活動之現金流量</b>		
Acquisitions of associates	收購聯營公司	(148,470)	(101,890)
Proceeds from disposal of a jointly controlled entity	出售共同控制實體所得款	-	6,434
Additions to available-for-sale financial assets	新增可供出售金融資產	(160,391)	(21,617)
Proceeds from disposals of available-for-sale financial assets	出售可供出售金融資產	282,926	-
Purchases of financial assets at fair value through profit or loss	購入按公允價值列賬在損益賬處理的金融資產	-	(330,162)
Proceeds from disposal of financial assets at fair value through profit or loss	出售按公允價值列賬在損益賬處理的金融資產	-	218,729
Purchases of property, plant and equipment, land use right and intangible assets	購入物業、機器及設備、土地使用權及無形資產	(30,339)	(50,864)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	189	300
Release/(increase) in restricted bank deposit	提取/(新增)受限制現金	117,130	(114,104)
Short-term time deposits released/(placed)	提取/(存入)短期定期存款	148,865	(3,195)
Dividend received	已收股息	10,343	20,805
Interest received	已收利息	15,221	44,914
<b>Net cash generated from/(used in) investing activities</b>	<b>投資活動產生/(所用)之現金淨額</b>	<b>235,474</b>	(330,650)
<b>Cash flows from financing activities</b>	<b>融資活動之現金流量</b>		
Dividends paid to non-controlling interests	向非控制性權益支付股息	(11,152)	(7,992)
Receipts from the issue of new shares to non-controlling interests	向非控制性權益發行新股之所得款	983,686	-
Proceeds from issue of shares upon exercise of share options	行使購股權而發行的新股所得款	-	9,865
New short-term bank borrowings	新增短期銀行借貸	94,661	-
Repayment of short-term bank borrowings	償還短期銀行借貸	(24,971)	(154,120)
Interest paid	已付利息	(2,591)	(7,216)
<b>Net cash generated from/(used in) financing activities</b>	<b>融資活動產生/(所用)之現金淨額</b>	<b>1,039,633</b>	(159,463)
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加淨額</b>	<b>1,612,088</b>	28,663
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物	3,184,051	2,674,289
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	(49,447)	(120,028)
<b>Cash and cash equivalents at 30 September</b>	<b>於九月三十日之現金及現金等價物</b>	<b>4,746,692</b>	2,582,924

The notes on pages 40 to 74 are an integral part of this condensed consolidated interim financial information.

第40頁至74頁的附註為本簡明綜合中期財務資料的整體部份。



## 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 Company is an investment holding company. The Company and its subsidiaries (the “Group”) are mainly engaged in the research and development, production, distribution and sale of flavours and fragrances, tobacco raw materials, aroma raw materials and innovative tobacco products in the People’s Republic of China (the “PRC”). Ms. Chu Lam Yiu, who is the Chairwoman of the Board of Directors, holds approximately 41% beneficial equity interest in the Company as at 30 September 2016, 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 17 November 2016.

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 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. 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 2016, 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、煙用原料、香原料及新型煙草製品。朱林瑤女士乃本公司之董事局主席，於二零一六年九月三十日，朱女士持有本公司約41%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二零一六年十一月十七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

本公司截至二零一六年九月三十日止六個月的簡明綜合中期財務資料已根據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」)而編製的截至二零一六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 2016, 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 has 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二零一六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：

	<b>Effective for annual periods beginning on or after</b> 之後開始的年度期間起生效
HKAS 12 (Amendment) "Income Taxes" 香港會計準則第12號(修改)「所得稅」	1 January 2017 二零一七年一月一日
HKAS 7 (Amendment) "Statement of Cash Flows" 香港會計準則第7號(修改)「現金流量表」	1 January 2017 二零一七年一月一日
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
HKFRS 16 "Leases" 香港財務報告準則第16號「租賃」	1 January 2019 二零一九年一月一日
HKFRS 10 and HKAS 28 (Amendments) "Sales 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的資產出售或投入」	To be confirmed 待確定

Management is currently assessing the impact of the above new and amended standards to the Group's consolidated financial statements.

管理層現正評估該等新修改之準則對本集團的綜合財務報表的影響。

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

(All amounts in HK dollar thousands unless otherwise stated)

### 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 2016.

### 5. FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price 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 2016.

There have been no changes in the risk management policies since 31 March 2016.

#### 5.2 Liquidity risk

As at 30 September 2016, the Group's net debt is zero (31 March 2016: 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)

### 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，與截至二零一六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價格風險）、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二零一六年三月三十一日止年度的年度財務報表一併閱讀。

自二零一六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

於二零一六年九月三十日，本集團之債務淨額為零（二零一六年三月三十一日：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 categorises financial instruments carried at fair value based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined 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).

Included in level 1 within the fair value hierarchy as at 30 September 2016 and 31 March 2016 were those listed equity securities that were classified as the financial assets at fair value through profit or loss. The fair values of these financial instruments traded in active markets were based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Included in level 3 within the fair value hierarchy as at 30 September 2016 and 31 March 2016 were the available-for-sale financial assets. There were no transfers into or out of level 3.

There are no other financial instruments that were measured at fair value as at 30 September 2016 and 31 March 2016.

The Group has adopted the market approach in valuing available-for-sale financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets.

#### 5.3 公允價值估計

以下對以公允價值計量的金融工具進行分類，乃根據在公允價值層級中輸入估值技巧的級別厘定。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)。

於二零一六年九月三十日及二零一六年三月三十一日，第一類公允價值架構內包括了分類為以公允價值計量且其變動計入損益的金融資產之上市股本證券。在活躍市場買賣的金融工具的公允價值根據資產負債表日的市場報價列賬。當報價可即時和定期從證券交易所、交易商、經紀、業內人士、定價服務者或監管代理獲得，而該等報價代表按公平交易基準進行的實際和常規市場交易時，該市場被視為活躍。本集團持有的金融資產的市場報價為當時買方報價。

於二零一六年九月三十日及二零一六年三月三十一日，第三類公允價值架構內之金融資產包括可供出售金融資產。並無從第三類公允價值架構內轉入或轉出。

於二零一六年九月三十日及二零一六年三月三十一日，並無其他金融工具乃按公允價值計量。

可供出售金融資產的估值乃採用市場法。市場法利用相同或類似之資產價格和市場交易所產生的其他相關資料的估值技術。

## 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)

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

#### 5.4 使用重大不可觀察輸入的公允價值計量(第三層)

		Available-for-sale financial assets 可供出售 金融資產
At 1 April 2016	於二零一六年四月一日	388,105
Additions	新增	160,391
Disposals	減少	(282,926)
Fair value change, before tax	除稅前之公允淨值變動	1,855
Currency translation differences	貨幣換算差額	(3,911)
At 30 September 2016	於二零一六年九月三十日	263,514

There were no changes in valuation techniques during the period.

期內，估值技巧並無變動。

#### 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.

#### 5.5 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 Fair value of financial assets and liabilities measured at amortised cost

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

#### 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。

## 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. TURNOVER AND SEGMENT INFORMATION

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

- Flavours and fragrances;
- Tobacco raw materials;
- Aroma raw materials; and
- Innovative tobacco products.

The chief operating decision-makers have been identified as the executive directors (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

During current reporting period, the Group conducted an internal organizational restructuring. As a result of the restructuring, the operating segments changed in response to the change in internal reporting. The original flavours segment and fragrances segment were combined into a new segment – flavours and fragrances segment. Reconstituted tobacco leaves segment and new materials segment were combined into a new segment – tobacco raw materials segment. In addition, VMR Products, LLC and its subsidiaries ("VMR"), the subsidiary acquired in last financial year, together with other existing entities with similar business formed a new segment – innovative tobacco products segment. Aroma raw materials segment remains unchanged. The comparative figures of last corresponding period have been restated according to the new segment information.

### 6. 營業額及分部資料

本集團的經營分為四項主要營運分部：

- 香精；
- 煙用原料；
- 香原料；及
- 新型煙草製品。

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。

於本報告期內，集團進行了內部組織架構重組。營運分部因應架構重組導致內部報告改動而有所改變。原來的食用香精分部及日用香精分部合併為一個新的經營分部－香精分部。煙草薄片分部及新材料分部合併為一個新的經營分部－煙用原料分部。此外，於去年收購之附屬公司 VMR Products, LLC 及其子公司（「VMR」）與經營業務相同之公司組成一個新的經營分部－新型煙草製品分部，香原料分部維持不變，去年同期的比較數字已根據新的分部資料重分類。

## 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. TURNOVER AND SEGMENT INFORMATION (continued)

The Executive Directors consider the business from the operation's perspective and assess the performance of flavours and fragrances, tobacco raw materials, aroma raw materials and innovative tobacco products segments:

- (1) Flavours and fragrances segment includes research and development, production and sale of flavours and fragrances products.
- (2) Tobacco raw materials segment includes research and development, production and sale of paper-making reconstituted tobacco leaves and new materials products that are innovative, functional and applicable to tobacco industry.
- (3) Aroma raw materials segment includes research and development, manufacture and sale of aroma raw materials products that are extracted from natural materials or generated from chemical process.
- (4) Innovative tobacco products segment includes research and development, production and sale of e- cigarette.

The Executive Directors assess the performance of the operating segments based on a measure of operating profit.

### 6. 營業額及分部資料 (續)

執行董事從經營活動角度考慮業務及評估香精、煙用原料、香原料及新型煙草製品之分部業務表現：

- (1) 香精業務包括研發、生產及銷售香精產品。
- (2) 煙用原料業務包括研發、生產及銷售造紙法煙草薄片產品及創新、具功能性等適用於煙草行業的新材料產品。
- (3) 香原料業務包括研發、生產及銷售香原料產品，香原料乃通過化學反應合成或天然提取的「帶香物質」。
- (4) 新型煙草製品業務包括研發、生產及銷售電子霧化煙。

執行董事從經營活動角度考慮業務，並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. TURNOVER AND SEGMENT INFORMATION (continued)

### 6. 營業額及分部資料(續)

The segment information for the six months ended 30 September 2016 is presented below:

截至二零一六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 2016 截至二零一六年九月三十日止六個月					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型煙草製品	Others 其他	Total 總計
Total turnover	總營業額	1,103,124	401,672	234,261	161,113	1,465	1,901,635
Inter-segment sales	分部間銷售	(32,400)	(7,087)	(2,643)	(28)	-	(42,158)
Segment turnover – net	分部營業額 – 淨額	1,070,724	394,585	231,618	161,085	1,465	1,859,477
Segment result	分部業績	609,469	131,014	36,854	(67,666)	(47,116)	662,555
Finance income	財務收入						24,577
Finance costs	融資成本						(2,605)
Finance income – net	財務收入 – 淨額						21,972
Share of profit of associates	應佔聯營公司之盈利						1,970
Profit before income tax	除稅前盈利						686,497
Income tax expense	所得稅						(139,806)
Profit for the period	本期間盈利						546,691
Depreciation	折舊	22,821	46,652	6,953	2,522	161	79,109
Amortisation	攤銷	13,111	4,385	9,520	18,907	1,509	47,432

  

		Unaudited 未經審核 As at 30 September 2016 於二零一六年九月三十日					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型煙草製品	Others 其他	Total 總計
Segment assets	分部資產	6,883,461	2,304,125	649,612	415,414	2,424,936	12,677,548



## 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. TURNOVER AND SEGMENT INFORMATION (continued)

### 6. 營業額及分部資料 (續)

The segment information for the six months ended 30 September 2015 is presented below:

截至二零一五年九月三十日止六個月的分部資料呈列如下：

		Unaudited (restated) 未經審核 (重列) For the six months ended 30 September 2015 截至二零一五年九月三十日止六個月					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型煙草製品	Others 其他	Total 總計
Total turnover	總營業額	1,258,838	320,930	139,144	1,649	5,822	1,726,383
Inter-segment sales	分部間銷售	(8,839)	(22,066)	(2,457)	(2)	-	(33,364)
Segment turnover – net	分部營業額 – 淨額	1,249,999	298,864	136,687	1,647	5,822	1,693,019
Segment result	分部業績	680,522	106,181	29,826	(40,368)	(42,352)	733,809
Finance income	財務收入						34,668
Finance costs	融資成本						(6,948)
Finance income – net	財務收入 – 淨額						27,720
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						(1,239)
Profit before income tax	除稅前盈利						760,290
Income tax expense	所得稅						(187,318)
Profit for the period	本期間盈利						572,972
Depreciation	折舊	24,678	49,565	4,165	235	137	78,780
Amortisation	攤銷	13,286	5,720	1,603	5	122	20,736

The segment assets as at 31 March 2016 are presented below:

於二零一六年三月三十一日的分部資產呈列如下：

		Audited (restated) 經審核 (重列) As at 31 March 2016 於二零一六年三月三十一日					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型煙草製品	Others 其他	Total 總計
Segment assets	分部資產	5,415,740	2,545,688	777,189	450,826	2,396,779	11,586,222

## 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. TURNOVER AND SEGMENT INFORMATION (continued)

Segment result represents the profit earned by each segment without inclusion of unallocated 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 2016 and 31 March 2016 are mainly located in the PRC.

Revenues from external customers are derived from the sales of flavours and fragrances, tobacco raw materials and aroma raw materials to customers mainly located in the PRC, and the sales of innovative tobacco products to customers mainly located in the U.S..

Revenue derived from sales made to one single largest external customer for the six months ended 30 September 2016 amounted to 13% (30 September 2015: 18%) of the Group's total revenue. These revenues are attributable to flavours and fragrances segment.

### 6. 營業額及分部資料(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，於二零一六年九月三十日及二零一六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香精、煙用原料及香原料予國內客戶，以及銷售新型煙草製品予美國客戶。

來源於最大外部單一客戶於截至二零一六年九月三十日止六個月的收入佔集團總收入的13% (二零一五年九月三十日：18%)。這些收入是由香精分部產生的。

## 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						
		Property, plant and equipment (excluding construction in progress)	Construction in progress	Total property, plant and equipment	Land use rights	Goodwill	Other intangible assets	Total intangible assets
		物業、機器 及設備(不含 在建工程)	在建工程	物業、機器及 設備總計	土地使用權	商譽	其他 無形資產	無形 資產總計
Note	附註							
<b>For the six months ended</b>		<b>截至二零一五年</b>						
<b>30 September 2015</b>		<b>九月三十日止六個月</b>						
At 1 April 2015	於二零一五年四月一日	1,264,575	140,920	1,405,495	194,060	2,735,468	161,899	2,897,367
Additions	添置	18,670	20,082	38,752	771	-	579	579
Transfers	轉移	80,296	(80,296)	-	-	-	-	-
Disposals	出售	(369)	-	(369)	-	-	-	-
Depreciation and amortisation	折舊及攤銷	(78,780)	-	(78,780)	(3,185)	-	(17,551)	(17,551)
Currency translation differences	貨幣換算差額	(43,328)	(3,106)	(46,434)	(6,041)	(89,617)	(2,599)	(92,216)
		1,241,064	77,600	1,318,664	185,605	2,645,851	142,328	2,788,179
<b>For the six months ended</b>		<b>截至二零一六年</b>						
<b>30 September 2016</b>		<b>九月三十日止六個月</b>						
At 1 April 2016	於二零一六年四月一日	1,264,490	43,329	1,307,819	185,688	2,743,476	518,159	3,261,635
Additions	添置	15,461	8,311	23,772	488	-	1,511	1,511
Transfers	轉移	24,454	(24,906)	(452)	-	-	452	452
Disposals	出售	(2,482)	-	(2,482)	-	-	(63)	(63)
Provisions for impairment	減值撥備	-	(1,111)	(1,111)	-	-	-	-
Depreciation and amortisation	折舊及攤銷	(79,109)	-	(79,109)	(3,044)	-	(44,388)	(44,388)
Currency translation differences	貨幣換算差額	(30,489)	(5,732)	(36,221)	(5,269)	(81,226)	(5,410)	(86,636)
		1,192,325	19,891	1,212,216	177,863	2,662,250	470,261	3,132,511

## 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. INVESTMENTS IN ASSOCIATES

The Group has interests in three individually immaterial associates as at 30 September 2016. The following table analyses, in aggregate, the movements of the carrying amount of the Group's investments in these associates, and its share of results of these associates.

An analysis of the movements of equity investments in associates is as follows:

### 8. 於聯營公司之投資

於二零一六年九月三十日，本集團於三個別重大的聯營公司擁有權益。下表為本集團於該等聯營公司的投資及其於該等聯營公司應佔業績的合計賬面值變動的分析。

於聯營公司的權益投資變動分析如下：

	Note	Unaudited 未經審核 For the six months ended 30 September 2016 截至二零一六年 九月三十日 止六個月
	附註	
At 1 April	於四月一日	337,616
Share of profit of associates	應佔聯營公司盈利	1,970
Acquisition of equity interest in Beijing Yunjiwuyu Technology Co. Ltd. ("Yunjiwuyu")	收購北京雲基物宇科技股份有限公司(「雲基物宇」)之股權	35,425
Currency translation differences	貨幣換算差額	(11,476)
At 30 September 2016	於九月三十日	363,535

## 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. INVESTMENTS IN ASSOCIATES (continued)

- (a) As at 30 September 2016, the Group had interests in the following associates:

Name	Country of incorporation	% of ownership Interests	Principal activities
名稱	註冊成立國家	所持權益百分比	主要業務
Guizhou Huangguoshu Golden Leaf Technology Co., Ltd. ("Huangguoshu Golden Leaf") 貴州黃果樹金葉科技有限公司 (「黃果樹金葉」)	PRC 中國	40%	Pre-operating 籌備開業中
Yunnan Hongta Blue Eagle Paper Co., Ltd. 雲南紅塔藍鷹紙業有限公司	PRC 中國	25.1%	Manufacture and sales of cigarette paper and auxiliary products 生產和銷售捲煙用紙及輔助用品
Yunjiwuyu 雲基物宇	PRC 中國	20%	Provision of software development services and sales of self-developed softwares 提供軟件開發服務及銷售自行開發之軟件及電子產品

- (b) In May 2016, the Group purchased 20% of the equity interest in Yunjiwuyu at a consideration of RMB30,000,000 (equivalent to approximately HKD35,425,000).

### 8. 於聯營公司之投資 (續)

- (a) 於二零一六年九月三十日，本集團於以下聯營公司擁有權益：

- (b) 集團於2016年5月以人民幣30,000,000 (約港幣35,425,000元) 收購雲基物宇20%之股權。

## 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. DEFERRED INCOME TAX ASSETS/LIABILITIES

The movements in the deferred income tax are as follows:

### 9. 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				
		Unrealised profits arising from intra-group sales	Recoverable tax loss	Others	Total	Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC	Valuation surplus of assets and recognition of intangible assets	Total	
		Note							
		附註	集團內公司間銷售所產生的集團內未變現盈利	可彌補虧損	其他	總計	於中國國內的資產評估盈餘及無形資產的確認	公司預期匯出的股息所產生之預提所得稅	總計
At 1 April 2015	於二零一五年四月一日		65,194	-	-	65,194	65,877	6,730	72,607
Recognised in other comprehensive income	於其他全面收益確認		-	-	-	-	(4,758)	-	(4,758)
Recognised in the income statement	於損益表確認	19	8,250	-	-	8,250	7,077	(6,730)	347
Currency translation differences	貨幣換算差額		(2,501)	-	-	(2,501)	(1,371)	-	(1,371)
At 30 September 2015	於二零一五年九月三十日		70,943	-	-	70,943	66,825	-	66,825
At 1 April 2016	於二零一六年四月一日		70,583	6,991	2,214	79,788	85,329	-	85,329
Recognised in other comprehensive income	於其他全面收益確認		-	-	-	-	918	-	918
Recognised in the income statement	於損益表確認	19	(2,910)	-	1,085	(1,825)	(4,687)	-	(4,687)
Currency translation differences	貨幣換算差額		(3,224)	(225)	(85)	(3,534)	(3,017)	-	(3,017)
At 30 September 2016	於二零一六年九月三十日		64,449	6,766	3,214	74,429	78,543	-	78,543

Deferred income tax assets are recognised for temporary differences mainly arising from unrealised profits from intra-group sales, and calculated under the liability method using the tax rate which are enacted or substantively enacted by the balance sheet date.

集團內公司間銷售所產生的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。

## 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. DEFERRED INCOME TAX ASSETS/LIABILITIES (continued)

Deferred income tax liabilities arose from the valuation surplus of property, plant and equipment, land use rights, intangible assets, available-for-sale financial assets; recognition of intangible assets as a result of acquisition of subsidiaries; changes in fair value of financial assets at fair value through profit or loss 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 between the PRC and Hong Kong. However, the 5% treaty rate is not automatically granted. The taxpayer needs to apply to the relevant tax bureau for an approval for the treaty rate. The Directors estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies and the approval for the treaty rate will be obtained. Therefore, deferred income tax liabilities had been provided based on 5% or 10% 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 2016, deferred income tax liabilities of HKD343,151,000 (31 March 2016: HKD343,470,000) have not been recognised for the withholding tax that would otherwise be payable on the undistributed profits of certain PRC subsidiaries.

### 9. 遞延所得稅資產／負債 (續)

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、無形資產和可供出售金融資產的評估盈餘、無形資產的確認、以公允價值計量且其變動計入損益的金融資產的公允價值變動而產生，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，可享有較優惠的稅率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的直接母公司。因此，遞延所得稅負債乃按預期匯出香港之盈利以5%或10%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。

於二零一六年九月三十日，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343,151,000元（二零一六年三月三十一日：港幣343,470,000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)

### 10. TRADE AND OTHER RECEIVABLES

### 10. 貿易及其他應收款項

		Note	As at 30 September 2016 於二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 於二零一六年 三月三十一日 Audited 經審核
Trade receivables	貿易應收款項	(a)	1,216,993	994,949
Less: Provision for impairment of receivables	減：應收款項減值撥備		(20,131)	(13,763)
Trade receivables – net	貿易應收款項 – 淨額		1,196,862	981,186
Notes receivable	應收票據		86,305	192,647
Prepayments and other receivables	預付款項及其他應收款項		285,954	231,930
Advances to staff	員工墊款		9,815	15,054
Others	其他		6,729	19,873
			1,585,665	1,440,690

Except for prepayments of HKD69,690,000 (31 March 2016: HKD44,028,000), trade and other receivables balances are financial assets categorised 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69,690,000元(二零一六年三月三十一日：港幣44,028,000元)外，貿易及其他應收款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款項乃於一年內或於通知時清還。故貿易及其他應收款項賬面值與公允值相若。



## 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)

### 10. TRADE AND OTHER RECEIVABLES (continued)

- (a) The credit period granted to customers generally ranges from 0 to 180 days. At 30 September 2016 and 31 March 2016, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on the invoice date was as follows:

### 10. 貿易及其他應收款項(續)

- (a) 授予客戶的信貨期一般為0至180日。於二零一六年九月三十日及二零一六年三月三十一日，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 2016 於二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 於二零一六年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	<b>1,067,782</b>	869,233
91 – 180 days	91至180日	<b>77,397</b>	55,538
181 – 360 days	181至360日	<b>33,141</b>	41,803
Over 360 days	360日以上	<b>38,673</b>	28,375
		<b>1,216,993</b>	994,949

As at 30 September 2016, unbilled trade receivables of HKD594,090,000 (31 March 2016: HKD371,792,000) was categorised in the aging of 0-90 days.

於二零一六年九月三十日，未開發票之貿易應收為港幣594,090,000元(二零一六年三月三十一日：港幣371,792,000元)已包括在0-90日賬齡內。

## 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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

### 11. 以公允價值計量且其變動計入損益的金融資產

	<b>As at 30 September 2016</b>	As at 31 March 2016
	於二零一六年 九月三十日	於二零一六年 三月三十一日
	<b>Unaudited</b>	Audited
	未經審核	經審核
Listed equity securities, PRC, at market value, denominated in RMB	<b>221,740</b>	229,149
上市股本證券，中國大陸， 按市值以人民幣計值		

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other income and other gains – net" in the consolidated income statement (Note 17).

按公允價值透過損益列賬之財務資產之公允價值變動乃記入綜合損益表之「其他收入及其他收益－淨額」內(附註17)。

The fair values of all equity securities are based on their current bid prices in an active market, and they are categorised within level 1 of fair value hierarchy.

上市股本證券之公允價值乃該等證券於活躍市場的買入價，且在公允價值層級中屬於第一層。

### 12. SHARE CAPITAL

### 12. 股本

	<b>Unaudited</b>		
	未經審核		
	<b>Ordinary shares of HKD0.10 each</b>		
	每股面值港幣0.10元之普通股		
	<b>Number</b>	<b>of shares</b>	<b>HKD'000</b>
	股份數目	股份數目	港幣千元
	Note		
	附註		
Issued and fully paid:			
At 1 April 2015		3,104,317,961	310,432
Issue of shares upon exercise of share options	13	2,340,000	234
At 30 September 2015, 1 April 2016 and 30 September 2016		<b>3,106,657,961</b>	<b>310,666</b>
於二零一五年九月三十日，二零一六年四月一日及二零一六年九月三十日			

## 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)

### 13. SHARE-BASED PAYMENT

Movements in the number of shares under share-based payment outstanding during the period are set out below:

### 13. 股份為基礎的支付

於期內，以股份為基礎的支付下未行使的股份數目之變動列示如下：

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2016 二零一六年 Number of share options (‘000) 股份數目 (股數以千計)	2015 二零一五年 Number of share options (‘000) 股份數目 (股數以千計)
Share option	購股權		
At 1 April	於四月一日	15,250	17,590
Exercised	已行使	–	(2,340)
Lapsed	已失效	(1,800)	–
Sub-total	小計	13,450	15,250
Share award	股份獎勵		
At 1 April and 30 September	於四月一日及九月三十日	4,350	–
Total	總計	17,800	15,250

#### (a) Share option scheme

On 10 October 2006 and 25 October 2006, the Group granted 97,200,000 and 30,400,000 share options with an exercise price of HKD3.09 per share and vesting periods of 0 to 3 years to employees and directors respectively. On 17 October 2007, the Group granted 13,900,000 and 3,600,000 share options with an exercise price of HKD6.65 per share and vesting periods of 0.5 to 3 years to employees and a director respectively. On 14 April 2008, the Group granted 10,400,000 share options to two directors with an exercise price of HKD6.39 per share and vesting periods of 0 to 3 years. The options have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash. The fair value of the share options at the grant date was determined using the Black-Scholes valuation model.

#### (a) 購股權

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，予現有僱員及董事。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，予現有僱員及一名董事。及於二零零八年四月十四日，本集團授予現有兩名董事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。購股權的公允價值於授出日由Black-Scholes評估模型確認。

## 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)

### 13. SHARE-BASED PAYMENT (continued)

#### (a) Share option scheme (continued)

- (i) The weighted average exercise prices per share are HKD5.02 and HKD4.91 as at 1 April 2016 and 2015.
- (ii) During the period ended 30 September 2015, the weighted average market share price of the exercised 2,340,000 share options before the share option exercise date and the weighted average exercise prices per share were HKD8.20 and HKD4.22 respectively.
- (iii) Share options lapsed was due to resignation of an employee. The weighted average exercise price per share is HKD6.65 for the share options lapsed during the period ended 30 September 2016.
- (iv) The weighted average exercise prices per share are HKD4.80 and HKD5.02 as at 30 September 2016 and 2015 respectively.

Share options outstanding as at 30 September 2016 are analysed as follows:

Grantee	承授人	Exercise price in HKD per share 行使價港元 (每股計)	Number of share options ('000) 購股權數目 (股數以千計)	Expiry date 失效日期
Directors	董事	3.09	900	24 October 2016 2016年10月24日
Employees	僱員	3.09	6,100	9 October 2016 2016年10月9日
Employees	僱員	6.65	6,450	16 October 2017 2017年10月16日
<b>At 30 September 2016</b>	<b>於二零一六年九月三十日</b>		<b>13,450</b>	

All share options outstanding as at 30 September 2016 and 2015 are currently exercisable.

### 13. 股份為基礎的支付 (續)

#### (a) 購股權 (續)

- (i) 於二零一六年及二零一五年四月一日，加權平均行使價分別為每股港幣5.02元及港幣4.91元。
- (ii) 截至二零一五年九月三十日止期間已行使之購股權數目為2,340,000股，緊接其行使前之加權平均收市價及其加權平均行使價分別為每股港幣8.20元及港幣4.22元。
- (iii) 購股權失效是由於僱員離職。截至二零一六年九月三十日止期間，失效的購股權之加權平均行使價為港幣6.65元。
- (iv) 於二零一六年及二零一五年九月三十日，加權平均行使價分別為港幣4.80元及港幣5.02元。

於二零一六年九月三十日未行使購股權之分析如下：

於二零一六年及二零一五年九月三十日，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)

### 13. SHARE-BASED PAYMENT (continued)

#### (b) Share award

On 30 December 2015, the Company granted not more than 4,349,717 awarded shares to a consultant ("Consultant") for payment of service fee to the Consultant on full completion of services ("Services") by the consultant, or such lesser amount representing the part of Services completed by the Consultant pursuant to a service contract ("Service Contract"). It is considered as an equity-settled share-based payment and accounted for as restricted share award. As such, the services received are measured and accounted for at their fair values, which amounted to RMB10,000,000 (approximately HKD11,960,000) and expensed over the vesting period on a straight-line basis. The corresponding equity for the settlement of payment is also increased by the fair value of the services received.

As at 30 September 2016 which being the expiry date of the Service Contract, the fair value of the part of Services completed under the Service Contract by the Consultant was RMB3,000,000 (approximately HKD3,588,000). Based on the Service completed, the Consultant would be entitled to 1,304,915 awarded shares and the remaining 3,044,802 awarded shares to which the Consultant was not entitled would be cancelled before 31 December 2016.

Apart from the above, no shares outstanding are currently exercisable as at 30 September 2016.

### 13. 股份為基礎的支付 (續)

#### (b) 股份獎勵

於二零一五年十二月三十日，本公司按服務合同（「服務合同」）授出不少於4,349,717股獎勵性股份予一位顧問（「顧問」）作為支付顧問完成全部服務（「服務」）的服務費（或按顧問完成部份服務所佔的較少總額）。此乃以股份為基礎的支付並以受限制股份獎勵入賬。因此，此服務以其公允價值人民幣10,000,000元（約港幣11,960,000元）計量和入賬並於等候期內支出，而服務的公允價值會增加權益金額。

截至二零一六年九月三十日（服務合同的屆滿日期），顧問根據服務合同已完成的部份服務之公允價值為人民幣3,000,000元（約港幣3,588,000元）。按所完成的服務，顧問將有權獲取的獎勵性股份為1,304,915股，而顧問無權獲取的其餘的3,044,802股獎勵性股份將於二零一六年十二月三十一日之前註銷。

除上述外，於二零一六年九月三十日，並無未行使的股權可予以行使。

## 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)

### 13. SHARE-BASED PAYMENT (continued)

#### (c) Share option scheme of VMR

VMR, a non-wholly owned subsidiary of the Group, has operated a share option scheme which over 80,000 shares were authorised to be issued. All options vest over a three year period and expire five years from the date of grant. The fair value of the share options at the grant date was determined using the Black-Scholes valuation model.

Movements in the number of shares options outstanding during the period ended 30 September 2016 and their related weighted average exercise prices are set out below:

### 13. 股份為基礎的支付(續)

#### (c) VMR之購股權計劃

集團之非全資附屬公司VMR之購股權計劃的法定購股權為80,000股。所有已授出之購股權歸屬期為三年，合同規定購股權的期限為五年。購股權的公允價值於授出日由Black-Scholes評估模型確認。

截至二零一六年九月三十日止期間，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 2016 截至二零一六年九月三十日止六個月	
		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 2016	於二零一六年四月一日	219.72	66,094
Lapsed	已失效	196.97	(10,500)
At 30 September 2016	於二零一六年九月三十日	224.08	55,594

## 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)

### 13. SHARE-BASED PAYMENT (continued)

#### (c) Share option scheme of VMR (continued)

Share options outstanding as at 30 September 2016 and their related weighted average exercise prices are set out below:

Grantee	承授人	Exercise price in HKD per share 行使價港元 (每股計)	Number of share options ('000) 購股權數目 (股數以千計)	Expiry date 失效日期
Employees	僱員	165.02	12,100	3 December 2017 2017年12月3日
Employees	僱員	165.02	7,350	14 September 2018 2018年9月14日
Employees	僱員	752.50	7,000	1 July 2019 2019年7月1日
Employees	僱員	165.02	5,500	5 July 2020 2020年7月5日
Employees	僱員	129.96	23,644	17 December 2020 2020年12月17日
<b>At 30 September 2016</b>	<b>於二零一六年九月三十日</b>		<b>55,594</b>	

19,450 share options out of total outstanding options as at 30 September 2016 are currently exercisable.

截至二零一六年九月三十日，未行使的購股權當中，19,450股購股權可予以行使。

### 13. 股份為基礎的支付(續)

#### (c) VMR之購股權計劃(續)

於二零一六年九月三十日未行使購股權之分析如下：

## 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)

### 14. RESERVES

### 14. 儲備

		Unaudited 未經審核								
		Contributed surplus	Merger reserve	Share premium	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	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 2015	於二零一五年四月一日	288,191	(617,160)	456,158	1,677	5,853	40,606	711,805	301,476	1,188,606
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價值變動	-	-	-	-	-	-	-	(12,472)	(12,472)
Appropriation from net profit	自純利撥付	-	-	-	-	-	-	-	46,700	46,700
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	-	-	12,093	-	-	(2,462)	-	-	9,631
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	(326,223)	-	(326,223)
At 30 September 2015	於二零一五年九月三十日	288,191	(617,160)	468,251	1,677	5,853	38,144	385,582	335,704	906,242
At 1 April 2016	於二零一六年四月一日	<b>288,191</b>	<b>(617,160)</b>	<b>468,251</b>	<b>1,677</b>	<b>5,853</b>	<b>40,536</b>	<b>250,547</b>	<b>375,308</b>	<b>813,203</b>
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價值變動	-	-	-	-	-	-	-	937	937
Appropriation from net profit	自純利撥付	-	-	-	-	-	-	-	71,507	71,507
Additional investment in a non-wholly-owned subsidiary	額外注資於非全資附屬公司	-	-	-	-	-	-	-	(9,371)	(9,371)
Issue of new shares by a subsidiary to non-controlling interests	附屬公司向非控制性權益發行新股	-	-	-	-	-	-	-	262,345	262,345
Share-based payment – value of consultancy services	股份為基礎的支付 – 顧問服務價值	-	-	-	-	-	1,196	-	-	1,196
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	(262,935)	-	(262,935)
At 30 September 2016	於二零一六年九月三十日	<b>288,191</b>	<b>(617,160)</b>	<b>468,251</b>	<b>1,677</b>	<b>5,853</b>	<b>41,732</b>	<b>(12,388)</b>	<b>700,726</b>	<b>876,882</b>



## 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)

### 15. BORROWINGS

### 15. 貸款

		Note	As at 30 September 2016 於二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 於二零一六年 三月三十一日 Audited 經審核
Current	流動			
– Secured bank borrowings	– 有抵押銀行貸款	(a)	–	13,201
– Unsecured bank borrowings	– 無抵押銀行貸款	(b)	<b>87,692</b>	4,801
Total borrowings	總貸款		<b>87,692</b>	18,002

(a) The bank borrowings were secured by a pledge of land and buildings located in Jiangsu Province owned by a subsidiary, Yancheng City Chunzhu Aroma Co., Ltd. The borrowings were denominated in RMB, repayable within one year and had been fully repaid before 30 September 2016. During the period, the average interest rate of secured bank borrowings was 6.48% per annum (30 September 2015: 6.30%).

(b) The unsecured bank borrowings are repayable within one year. During the period, the average interest rate was 4.05% (30 September 2015: 1.86%) per annum.

Borrowings are financial liabilities categorised under “financial liabilities measured at amortised 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 2016 amounted to HKD1,120,000 (30 September 2015: HKD6,948,000).

(a) 有抵押銀行貸款乃由附屬公司鹽城市春竹香料有限公司所持有的位於江蘇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。該貸款已於二零一六年九月三十日前全數償還。於期內，有抵押銀行貸款平均利息為每年6.48厘（二零一五年九月三十日：6.30厘）。

(b) 無抵押銀行貸款需於一年內到期償還。於期內，該貸款平均利息為每年4.05厘（二零一五年九月三十日：1.86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。

截至二零一六年九月三十日止六個月的銀行貸款利息開支約為港幣1,120,000元（二零一五年九月三十日：港幣6,948,000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)

### 16. TRADE AND OTHER PAYABLES

### 16. 貿易及其他應付款項

		Note	As at 30 September 2016 於二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 於二零一六年 三月三十一日 Audited 經審核
Trade payables	貿易應付款項	(a)	324,075	371,263
Dividends payable	應付股息		978	8,947
Wages payable	應付工資		35,836	52,659
Other taxes payable	其他應付稅項		52,780	77,004
Accruals for expenses	應計開支		38,111	75,452
Advances from customers	客戶預付款		21,710	7,124
Payable for acquisition of an associate	收購一聯營公司之應付款項		–	116,806
Payable for licence fee	應付專利權費		35,155	43,462
Other payables	其他應付款項		67,863	80,403
			<b>576,508</b>	<b>833,120</b>

Except for other taxes payable of HKD52,780,000 (31 March 2016: HKD77,004,000), wages payable of HKD35,836,000 (31 March 2016: HKD52,659,000) and advances from customers of HKD21,710,000 (31 March 2016: HKD7,124,000), trade and other payables balances are financial liabilities categorised under "financial liabilities measured at amortised cost". The fair values of trade and other payables approximate their carrying amounts.

除其他應付稅款港幣52,780,000元(二零一六年三月三十一日:港幣77,004,000元)、應付工資港幣35,836,000元(二零一六年三月三十一日:港幣52,659,000元)及客戶預付款港幣21,710,000元(二零一六年三月三十一日:港幣7,124,000元)外，貿易及其他應付款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)

## 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)

### 16. TRADE AND OTHER PAYABLES (continued)

- (a) As at 30 September 2016 and 31 March 2016, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on the invoice dates was as follows:

		As at 30 September 2016 於二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 於二零一六年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	255,913	289,879
91 – 180 days	91至180日	46,395	56,234
181 – 360 days	181至360日	7,398	6,546
Over 360 days	360日以上	14,369	18,604
		<b>324,075</b>	371,263

### 16. 貿易及其他應付款項 (續)

- (a) 於二零一六年九月三十日及二零一六年三月三十一日，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：

### 17. OTHER INCOME AND OTHER GAINS – NET

### 17. 其他收入及其他收益 – 淨額

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月 2016 二零一六年	2015 二零一五年
Changes in fair value of financial assets at fair value through profit or loss	以公允值計量且其變動計入損益的金融資產的公允值變動	(5,985)	47,317
Profit/(loss) on disposal of financial assets at fair value through profit or loss	出售以公允值計量且其變動計入損益的金融資產之收益／(虧損)	65,952	(7,270)
Government grants	政府津貼	85,555	61,395
Currency exchange loss – net	貨幣匯兌虧損 – 淨額	(6,145)	(31,366)
Others	其他	(455)	139
		<b>138,922</b>	70,215

## 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)

### 18. EXPENSES BY NATURE

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

### 18. 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：

		<b>Unaudited</b> 未經審核		
		<b>For the six months ended</b> <b>30 September</b> 截至九月三十日止六個月		
		Note	<b>2016</b>	2015
		附註	二零一六年	二零一五年
Depreciation	折舊	7	<b>66,391</b>	65,063
Amortisation	攤銷	7	<b>45,966</b>	20,686
Employee benefit expenses	僱員福利開支		<b>227,956</b>	161,056
Research and development expenses	研究及發展開支	(a)	<b>130,496</b>	111,250
Lease rentals	租金		<b>25,290</b>	20,118
Travelling expenses	差旅開支		<b>55,865</b>	39,745
Utility expenses	公共設施開支		<b>36,420</b>	37,510
Delivery expenses	運輸開支		<b>22,311</b>	18,616

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

(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：

		<b>Unaudited</b> 未經審核		
		<b>For the six months ended</b> <b>30 September</b> 截至九月三十日止六個月		
		Note	<b>2016</b>	2015
		附註	二零一六年	二零一五年
Depreciation	折舊	7	<b>12,718</b>	13,717
Amortisation	攤銷	7	<b>1,466</b>	50
Employee benefit expenses	僱員福利開支		<b>47,669</b>	46,698

## 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. INCOME TAX EXPENSE

### 19. 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	
		2016 二零一六年	2015 二零一五年
	Note 附註		
Current income tax:	即期稅項		
– Hong Kong profits tax	– 香港所得稅 (a)	4,661	4,657
– PRC corporate income tax	– 中國企業所得稅 (b)	137,280	189,652
– Germany company income tax	– 德國企業所得稅 (c)	125	125
– Botswana company income tax	– 博茨瓦納企業所得稅 (d)	602	787
Deferred income tax	遞延所得稅 9	(2,862)	(7,903)
		<b>139,806</b>	187,318

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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% (2015: 15%) on the estimated assessable profit for the period.
- (d) Botswana company income tax has been provided at the rate of 15% (2015: 15%) on the estimated assessable profit for the period.
- (e) The subsidiary in the U.S. is a limited partnership and does not chargeable to income tax at partnership level. The corporate owners of the partnership pay tax on its share of the partnership's taxable income at the rate of 35% for the period.
- (f) No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions during the period.

- (a) 香港所得稅按本期間估計應課稅盈利以稅率16.5% (二零一五年：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% (二零一五年：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% (二零一五年：15%) 撥備。
- (e) 位於美國之附屬公司為有限合夥制並無須就其盈利課稅。企業之持有者須按其所佔企業本期應課稅盈利之份額繳交35%所得稅。
- (f) 本集團於有關期間在其他司法權區並無取得應課稅收入，故無為其他司法權區的所得稅作出撥備。

## 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)

### 20. 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.

### 20. 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。

		<b>Unaudited 未經審核</b>	
		<b>For the six months ended 30 September</b>	
		<b>截至九月三十日止六個月</b>	
		<b>2016</b>	2015
		二零一六年	二零一五年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	<b>557,753</b>	565,340
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數 (千計)	<b>3,106,658</b>	3,106,211
Basic earnings per share (HK cents per share)	每股基本盈利 (每股港仙)	<b>17.95</b>	18.20

#### (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 issued. For the period ended 30 September 2016, the awarded shares granted by the Company have potential dilutive effect on the earnings per share.

#### (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。在截至二零一六年九月三十日止期間，本公司授出之獎勵性股份對每股基本盈利有攤薄效應。

## 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)

### 20. EARNINGS PER SHARE (continued)

#### (b) Diluted (continued)

The weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised and awarded shares were granted. The number of shares that could have been issued upon the exercise of all dilutive share options and awarded share 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.

### 20. 每股盈利 (續)

#### (b) 攤薄 (續)

假定所有具有攤薄效應的購股權均已被行使及獎勵性股份均已授出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及獎勵性股份行使時的股份數目，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	
		2016 二零一六年	2015 二零一五年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	557,753	565,340
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)	3,106,658	3,106,211
Adjustment for:	調整：		
– Exercise of share options ('000)	– 行使購股權 (千計)	–	2,957
– Grant of awarded shares ('000)	– 授出獎勵性股份 (千計)	88	–
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)	3,106,746	3,109,168
Diluted earnings per share (HK cents per share)	每股攤薄盈利 (每股港仙)	17.95	18.18

### 21. DIVIDENDS

No interim dividend (2015:Nil) is proposed at the meeting of the Board held on 17 November 2016.

### 21. 股息

於二零一六年十一月十七日舉行的董事局會議不建議派發任何中期股息 (二零一五年：無)。

## 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)

### 22. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

### 22. 附屬公司所有者權益的變動(不改變控制權)

#### (a) Additional investment in VMR

In June 2016, High Praise Enterprises Limited, a wholly owned subsidiary, increased its investment in VMR at a consideration of USD9,080,000 (equivalent to approximately HKD70,720,000). After completion of additional investment, the Group's shareholding in VMR increased from 51.50% to 61.30% and the Group recognised an increase in non-controlling interests of approximately HKD9,371,000.

#### (a) 額外注資於VMR

於二零一六年六月，本公司之全資附屬公司，高嘉企業有限公司以現金代價美元9,080,000(約港幣70,720,000元)額外注資於VMR。額外注資後，本集團佔VMR之股權由51.50%增至61.30%，而VMR的非控制性權益增加了約港幣9,371,000元。

#### (b) Issue of new shares to non-controlling interests by Huabao Flavours & Fragrances Co., Ltd. ("Huabao Flavours")

On 9 September 2016, Smart Sino International Investment Holding (China) Co., Ltd, Shanghai Sunway Industrial Co., Ltd and Huabao Flavours (all being indirectly wholly owned subsidiaries of the Company) entered into an agreement with independent third parties ("investors") pursuant to which Huabao Flavours agreed to issue new shares (representing approximately 9.79% of total issued shares of Huabao Flavours as enlarged by the capital increase) at a total consideration of RMB846,924,000 (equivalent to approximately HKD983,686,000). Upon completion of the capital increase, the shareholdings of the Company (through its subsidiaries) in Huabao Flavours decreased from 100% to approximately 90.21%. The effect of change in ownership interest in Huabao Flavours on the equity attributable to owners of the Company during the period is summarised as follows:

#### (b) 華寶香精股份有限公司(「華寶香精」)向非控制性權益發行新股

於二零一六年九月九日，本公司之間接全資附屬公司，華烽國際投資控股(中國)有限公司，上海香悅科技發展有限公司及華寶香精與獨立第三方(「投資者」)簽署協議，華寶香精以人民幣846,924,000元(約港幣983,686,000元)向投資者發行華寶香精之新股份，佔擴大後全部已發行股份約9.79%。增資擴股後，本公司(透過其附屬公司)於華寶香精所持股權將由100%減少至約90.21%。期內就華寶香精所有者權益的變動對本公司權益持有人應佔權益的影響括要如下：

	Amount
	金額
Consideration received from non-controlling interests	983,686
Net assets attributable to non-controlling interests	(721,341)
Consideration received in excess of net assets value attributable to non-controlling interests recognised in equity	262,345

The Group recognised an increase in non-controlling interests of HKD721,341,000.

集團確認非控制性權益增加港幣721,341,000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)

### 23. COMMITMENTS

#### (a) Capital commitments

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

		As at 30 September 2016 於二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 於二零一六年 三月三十一日 Audited 經審核
Authorised but not contracted for:	已批准但未簽約：		
Property, plant and equipment	物業、機器及設備	10,676	11,031
Contracted but not provided for:	已簽約但未撥備：		
Property, plant and equipment	物業、機器及設備	27,345	36,594
Available-for-sale financial assets	可供出售金融資產	102,901	130,120
		<b>140,922</b>	<b>177,745</b>

#### (b) Operating lease commitments

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

		As at 30 September 2016 於二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 於二零一六年 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	32,107	30,946
Later than 1 year and not later than 5 years	超過1年但不超過5年	72,719	56,805
Later than 5 years	超過5年	31,909	10,474
		<b>136,735</b>	<b>98,225</b>

### 23. 承擔

#### (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：

#### (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：

## 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)

### 24 RELATED PARTY TRANSACTIONS

### 24. 關聯人士交易

#### (a) Name and relationship with related parties

#### (a) 關聯人士名稱與關係

Name 名稱	Relationship 關係
Huangguoshu Golden Leaf 黃果樹金葉	An associate indirectly held by the Company 本公司間接持有的聯營公司

#### (b) Balances with a related party

#### (b) 關聯人士結餘

		As at 30 September 2016 於二零一六年 九月三十日 Unaudited 未經審核	As at 31 March 2016 於二零一六年 三月三十一日 Audited 經審核
<i>Balances due from a related party:</i>	<i>應收關聯人士結餘：</i>		
- Huangguoshu Golden Leaf - other receivables	- 黃果樹金葉 - 其他應收款	56	17

The balance with a related party was 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)

## 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)

### 24 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 2016 and 2015 are shown below:

### 24. 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。於截至二零一六年及二零一五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	
		2016 二零一六年	2015 二零一五年
Fees, salaries and bonus	工資、薪酬及花紅	27,120	24,477
Employer's contributions to retirement benefit scheme	僱主就退休計劃供款	462	488
		<b>27,582</b>	24,965

## Glossary

## 詞彙

Board	The board of directors of the Company	董事會	本公司的董事會
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	首席財務官	首席財務官
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, Mainland or PRC	The People's Republic of China	中國或國內	中華人民共和國
Company	Huabao International Holdings Limited	本公司	華寶國際控股有限公司
Director(s)	The director(s) of the Company	董事	本公司董事
e-cigarette(s)	Electronic cigarette	電子煙	電子煙
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 the 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
FCCA	Fellow member of the 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	the Company and its subsidiaries	本集團	本公司及其附屬公司
Guangdong Jinye	Guangdong Golden Leaf Technology Development Co., Ltd	廣東金葉	廣東省金葉科技開發有限公司
Guangdong Zhaoqing	Zhaoqing Perfumery Co., Ltd. (Guangdong)	廣東肇慶	廣東省肇慶香料廠有限公司
Guangzhou Huabao	Guangzhou Huabao Food Co., Ltd.	廣州華寶	廣州華寶食品有限公司
HKD	Hong Kong dollars, the lawful currency of Hong Kong	港幣	港幣，香港法定貨幣
Hong Kong	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 Flavours	Huabao Flavours & Fragrances Co., Ltd. (formerly known as Huabao Food Flavour & Fragrance (Shanghai) Co., Ltd.)	華寶香精	華寶香精股份有限公司 (前稱華寶食用香精香料(上海)有限公司)
Huabao Kongque	Shanghai H&K Flavors & 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
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

## Glossary (cont'd)

## 詞彙 (續)

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
R&D	Research and development	研發	研究及發展
RMB	Renminbi, the lawful currency of the PRC	人民幣	人民幣，中華人民共和國法定貨幣
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) or ordinary share(s)	Ordinary share(s) of HKD0.10 each in the capital of the Company	股份或普通股	本公司股本中每股面值港幣0.10元的普通股
SPV	Standpoint Electronic Technology Development (Shanghai) Co., Ltd.	SPV	立場電子科技發展(上海)有限公司
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, the lawful currency of the United States of America	美元	美元，美國法定貨幣
VMR	VMR Products, LLC	VMR	VMR Products, LLC
Xiamen Amber	Xiamen Amber Daily Chemical Technology Co., Ltd.	廈門琥珀	廈門琥珀日化科技股份 有限公司
Yancheng Chunzhu	Yancheng City Chunzhu Aroma Co., Ltd.	鹽城春竹	鹽城市春竹香料有限公司
Yongzhou Shan Xiang Yunjiwuyu	Yongzhou Shan Xiang Flavour Co., Ltd. Beijing Yunjiwuyu Technology Co., Ltd.	永州山香 雲基物宇	永州山香香料有限公司 北京雲基物宇科技股份 有限公司

