



**Honworld Group Limited**

**老恒和釀造有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

(於開曼群島註冊成立的有限公司)

**Stock code 股份代號: 2226**

老  
恒  
和

**Annual Report 年報**

**2016**

\* For identification purposes only 僅供識別

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# FINANCIAL HIGHLIGHTS

## 財務摘要

- Revenue for the year ended 31 December 2016 amounted to approximately RMB831.1 million, representing an increase of 4.0% from approximately RMB798.9 million recorded in 2015.
  - Gross profit for the year ended 31 December 2016 amounted to approximately RMB445.7 million, representing a decrease of 1.1% from approximately RMB450.9 million recorded in 2015.
  - Profit attributable to ordinary equity holders of the parent for the year ended 31 December 2016 amounted to approximately RMB206.6 million, representing a decrease of 9.6% from approximately RMB228.5 million recorded in 2015.
  - The Board has recommended the payment of a final dividend of RMB7.2 cents per ordinary share for 2016.
- 截至二零一六年十二月三十一日止年度的收入為約人民幣831.1百萬元，較二零一五年錄得的約人民幣798.9百萬元增長4.0%。
  - 截至二零一六年十二月三十一日止年度的毛利為約人民幣445.7百萬元，較二零一五年錄得的約人民幣450.9百萬元下跌1.1%。
  - 截至二零一六年十二月三十一日止年度母公司普通權益持有人應佔利潤約為人民幣206.6百萬元，較二零一五年錄得的約人民幣228.5百萬元下降9.6%。
  - 董事會已建議就二零一六年派付期末股息每股普通股人民幣7.2分。

# FINANCIAL SUMMARY (5 YEARS)

## 財務概要 (5年)

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and prospectus, is set out below:

截取自己刊發之經審核財務報表及招股章程之本集團於過去五個財政年度之業績、資產及負債之摘要載列如下：

		Year ended 31 December 截至十二月三十一日止年度				
		2016	2015	2014	2013	2012
		二零一六年	二零一五年	二零一四年	二零一三年	二零一二年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>RESULTS</b>	<b>業績</b>					
REVENUE	收入	831,149	798,861	668,426	530,433	337,125
Cost of sales	銷售成本	(385,453)	(347,989)	(281,928)	(217,364)	(144,226)
GROSS PROFIT	毛利	445,696	450,872	386,498	313,069	192,899
Other income and gains	其他收入及收益	8,426	11,875	5,877	11,519	5,051
Selling and distribution expenses	銷售及經銷開支	(81,225)	(75,073)	(40,338)	(25,679)	(24,104)
Administrative expenses	行政開支	(83,065)	(80,265)	(81,444)	(74,094)	(22,899)
Other expenses	其他開支	(1,271)	(105)	(1,512)	(17)	(35)
Finance costs	融資成本	(40,606)	(32,609)	(22,858)	(17,646)	(15,463)
PROFIT BEFORE TAX	除稅前利潤	247,955	274,695	246,223	207,152	135,449
Income tax expense	所得稅開支	(41,319)	(46,167)	(34,620)	(32,945)	(37,011)
PROFIT FOR THE YEAR	年內利潤	206,636	228,528	211,603	174,207	98,438
Attributable to:	下列人士應佔：					
Owners of the parent	母公司擁有人	206,636	228,528	211,603	174,207	98,438

# FINANCIAL SUMMARY (5 YEARS) (CONTINUED)

## 財務概要 (5年) (續)

### ASSETS, LIABILITIES AND EQUITY

### 資產、負債及權益

		As at 31 December				
		於十二月三十一日				
		2016	2015	2014	2013	2012
		二零一六年	二零一五年	二零一四年	二零一三年	二零一二年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
TOTAL ASSETS	資產總值	3,164,133	2,298,666	1,936,466	728,669	478,197
TOTAL LIABILITIES	負債總額	(1,262,124)	(875,335)	(682,062)	(432,343)	(345,087)
TOTAL EQUITY	權益總額	1,902,009	1,423,331	1,254,404	296,326	133,110

# CHAIRMAN'S STATEMENT

## 主席報告

It is a great honour for me, on behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Honworld Group Limited (the “**Company**”) or “**Lao Heng He**”), to present the annual report of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the financial year ended 31 December 2016.

## BUSINESS REVIEW

We are one of the leading manufacturers of condiment products in the People's Republic of China (the “**PRC**” or “**China**”). We offer high quality and healthy cooking wine as well as other condiments, including soy sauce, vinegar, soybean paste and fermented bean curd. In 2016, we were awarded various honours including “Top 100 Business Enterprises in Zhejiang” (“浙江商貿百強企業”), “Crucial Development Enterprises of Zhejiang Province” (“浙江省重點培育企業”), “Three Famous Development Pilot Enterprises of Zhejiang Province” (“浙江省「三名」培育試點企業”), “Quality Award of Huzhou City Government” (“湖州市市政府質量獎”) and “Premier Consumer Product of 2016 in the PRC” (“全國「二零一六年消費金品」”). Moreover, we have been selected as the supplier of food ingredients for the G20 Hangzhou Summit.

In 2016, as retail channels of regional small retailers and catering channels are important components of the sales channels of our condiment industry. In accordance with the market trend, the Group considered that expanding the business in such channels can bring about attractive growth opportunities in the future. Moreover, as the declining trend of revenue and profit of the supermarket industry is still unable to contain, the Group has adopted new distribution strategy to explore our sales and marketing channels in diversifying manner. The focus of sales and marketing this year has been shifted from supermarkets distribution channel to integrating the retail channels of dispersed regional small retailers and to exploring catering channels and e-commerce channels. Moreover, diversified sales channels are beneficial to the sustainable development of the Group. In order to support the Company's diversified channel development strategy, on the one hand, we have invested more resources in the building up of sales team and channel expansion. The sales and marketing promotional employees employed by our Group increased from 61 as of 31 December 2015 to 240 as of 31 December 2016; on the other hand, we have devoted approximately RMB50.0 million to appoint Mr. Nicholas Tse as our brand ambassador of “Lao Heng He” cooking wine in Mainland China and sponsored Chef Nic (十二道鋒味), a cooking reality show hosted by Mr. Nicholas Tse; we also devoted RMB27.0 million in media advertising. We believe that driven by the marketing resources we invested, the popularity of Mr. Nicholas Tse and the influence of our media advertisement will more effectively promote the “Lao Heng He” brand to the public and thereby enhancing our reputation, complementing our future sales and marketing efforts, and establishing a strong foundation for our endeavor in expanding diversified market channels and future sales growth.

本人非常榮幸地代表老恒和釀造有限公司（「本公司」或「老恒和」）董事會（「董事會」），提呈本公司及其子公司（統稱「本集團」）或（「我們」）截至二零一六年十二月三十一日止財年的年報。

## 業務回顧

我們是中華人民共和國（「中國」）的領先調味品生產商之一。我們供應優質、健康的料酒以及其他調味品，包括醬油、醋、黃豆醬、腐乳等產品。我們於二零一六年獲得浙江商貿百強企業、浙江省重點培育企業、浙江省「三名」培育試點企業、湖州市市政府質量獎和全國「二零一六年消費金品」等多項榮譽。同時，我們還入選為G20杭州峰會食材供應商。

於二零一六年，區域性的小型商戶零售渠道及餐飲渠道乃調味品行業銷售渠道的重要組成部分，本集團根據市場趨勢認為擴大我們於該等渠道的業務能在未來帶來具吸引力的增長商機。加上超市行業營收和利潤下滑的趨勢仍無法遏制，因此本集團採納新的經銷策略，多元化開拓市場營銷渠道，本年度的營銷重點從商超渠道分銷轉移至整合分散的區域性小型商戶零售渠道，並開拓餐飲渠道和電商渠道。此外，多元化的銷售渠道有利於本集團的可持續發展。為了配套公司多元化的渠道發展戰略，一方面，我們在銷售隊伍建設及渠道拓展方面投入了更多的資源，本集團聘用的銷售及市場推廣僱員自二零一五年十二月三十一日的61名增加至二零一六年十二月三十一日的240名；另一方面，我們已投入約人民幣50.0百萬元聘請謝霆鋒先生擔任「老恒和」料酒中國大陸地區形象代言人並贊助以謝霆鋒先生為主持的美食真人秀「十二道鋒味」及投入人民幣27.0百萬元至媒體廣告。我們相信，在我們投放的營銷資源的推動下，謝霆鋒先生的知名度及媒體廣告的影響力將能更有效地向公眾促推「老恒和」品牌，從而提升公司知名度並作為對我們未來營銷工作的補充，以及為進一步拓展多元化市場渠道和未來銷售的增長奠定堅實的基礎。

## CHAIRMAN'S STATEMENT (CONTINUED)

### 主席報告 (續)

As a result of the expansion of the sales and marketing channel, we have adjusted our product mix correspondingly to better cope with the change in marketing and sales strategy. In this connection, the proportion of sales of our medium-range products had a certain degree of growth compared with that in 2015. On the other hand, as we focused in diversifying our sales and marketing channels this year, our sales and marketing resources devoted in the supermarket channel has decreased as a result.

In 2016, our key product, cooking wine, continued to be our major source of revenue, representing 74.7% of the total revenue. We focused our sales and marketing promotion resources on enhancing sales of our cooking wine, to capitalize on the market strength of "Lao Heng He" ("老恒和") brand to explore diversified sales channel.

The Company has attained the goal for base wine stock disclosed in the Interim Report of 2015; basically, the base wine stock is able to satisfy the demand of the Company's business in the future.

Through our distribution networks, we continued to deeply penetrate our products to third and fourth-tier cities and expand our customer base with the goal of distributing our products all over China. We have approximately 531 new distributors (of which 193 are in Eastern China, 135 are in Central and North Western China, 96 are in Southern China, 69 are in Northern China and 38 are in North Eastern China). Our customers are mainly located in Eastern China, Southern China and Northern China. As at 31 December 2016, we have a total of 898 distributors.

For the year ended 31 December 2016, the Group's revenue reached approximately RMB831.1 million (2015: RMB798.9 million), representing an increase of approximately 4.0% over 2015. Profit attributable to the ordinary equity holders of the parent was approximately RMB206.6 million for the year ended 31 December 2016 (2015: RMB228.5 million), representing a decrease of approximately 9.6% over 2015, which is mainly attributable to the increase in advertising expenses and finance costs and the decrease in gross profit margin.

In 2016, we improved and expanded our production facilities at our plants in Huzhou City, Zhejiang Province, acquired new production equipment and implemented various technical improvements to our production process. This will equip us to cope with the continuous growing market demand for green and healthy condiment products of premium quality. On the other hand, in order to reduce the risk arising from the increasing capital expenditure scale, we increased prepayments for non-current assets to lock up the costs of major materials related to capital expenditure.

由於營銷渠道的拓展，我們也相應地調整產品組合來更好地應對營銷策略的變化，我們的中端產品的銷售佔比因此較二零一五年有一定幅度的增長。另一方面，由於我們本年主要致力於營銷渠道多元化，因而導致我們在商超渠道所投放的營銷資源有所下降。

於二零一六年，我們的主要產品料酒繼續成為我們的主要收入來源，佔總收入的74.7%。我們的銷售及市場推廣資源主要用於加強對料酒產品的銷售，利用「老恒和」品牌的市場優勢，開拓多元化的銷售渠道。

公司已經達成二零一五年中期報告披露的基酒儲備目標，基酒儲備量基本能滿足未來公司業務的需求。

我們持續地通過我們的經銷網絡，向三四線城市深入滲透我們的產品，拓寬客戶基礎，旨在將我們的產品經銷至全國各地。我們新增約531名經銷商（193名設於華東、135名設於華中及中國西北、96名設於華南、69名設於華北及38名設於中國東北）。我們的客戶主要位於華東、華南及華北。於二零一六年十二月三十一日，我們總共有898名的經銷商。

截至二零一六年十二月三十一日止年度，本集團收入達到約人民幣831.1百萬元（二零一五年：人民幣798.9百萬元），較二零一五年增長約4.0%。截至二零一六年十二月三十一日止年度，母公司普通權益持有人應佔利潤約為人民幣206.6百萬元（二零一五年：人民幣228.5百萬元），較二零一五年減少約9.6%，主要是由於廣告開支、融資成本的增加和毛利率的下降所致。

於二零一六年，我們改造和擴張位於浙江省湖州市廠房內的生產設施，購置新的生產設備，並對生產過程推行多項技術改進措施。這將使我們能為應對市場上對綠色健康及口味優質的調味品需求的不斷增長做好準備。另一方面，為了減少資本支出規模增大帶來的風險，我們增加了非流動資產之預付款項，鎖定資本支出相關的主要材料成本。

# CHAIRMAN'S STATEMENT (CONTINUED)

## 主席報告 (續)

Our profitability is mainly affected by the product price and our cost of sales, our sales and marketing strategy and the product structure and mix. We are actively monitoring any potential risk factors that may impact on our financial results, and trying to mitigate any increasing costs and expenses with more efficient operation, higher profit margins and better product mix. However, the Group does face certain risks in its business development, which include: 1) risk of significant increase in the cost of production, such as increase in the prices of agricultural sideline products, packaging cost or labour cost; 2) negative impact on our sales due to the changing consumer habits for condiment products; 3) the greater-than-expected cost from market expansion; 4) the possibility of failure of our new products to obtain market recognition in the short run; and 5) increasing complexity of managing sales policies and credit terms due to rapid expansion of our distributors.

## FUTURE PROSPECTS

Looking into 2017, we will maintain the strategy of improving and diversifying our products, amidst the challenges brought by the complex and changing market conditions to the development of our industry, in order to maintain a steady growth of our business and continue to generate returns for our shareholders. Condiment products, being plentiful in terms of type and with a range of diversity, are not only the necessities closely associated with diet, but also closely linked with the development of industries such as the catering and food processing. In this connection, we hope to allocate resources in a more sensible manner through diversifying our distribution channels, so as to optimise the mix of these distribution channels and establish a strong foundation for growth in our sales in the coming years.

In the course of the “New Normal” (“新常態”), the Chinese Central Government advocates a sustainable domestic consumption-led growth and quality improvement over quantitative growth by aiding the technology upgrade of traditional manufacturing and respecting craftsmanship. Accordingly, a consumption upgrade of condiment products will be a trend in the future. We are optimistic towards our potential in the condiments market with our naturally-brewed condiment products of safer, healthier and higher quality.

Meanwhile, with the call for “Reform of the Supply Side” (“供給側改革”) by the Chinese Government, there will be a breakthrough for the condiments industry which has a low concentration and where great difference in development exists. In this connection, with the excellent brand awareness, modernised traditional craftsmanship, mature quality management and monitoring system and comprehensive system for research and development, products of our “Lao Heng He” brand will be afforded more room of development, which further pull away our distance from our competitors in terms of level of development.

As a result of the foregoing, we believe products of our “Lao Heng He” brand will continue to expand in China.

我們的盈利能力主要受產品訂價及我們的銷售成本、我們的營銷策略及產品架構及組合所影響。我們正積極監控可能影響我們財務業績的任何潛在風險因素，並試圖憑藉更高效的營運及利潤率以更佳產品組合緩和任何成本和費用的增加。然而，本集團在業務發展過程中同樣面臨一定風險，包括：1)生產成本大幅上漲的風險，如農副產品價格、包裝成本或勞工成本增加；2)消費者消費調味產品的習慣的轉變，為我們的銷售帶來負面影響；3)市場的拓展成本較公司預計大；4)我們的新產品短期內可能無法獲得市場認可；及5)由於經銷商數量的快速增長，增加銷售政策及信貸期限管理的複雜性。

## 未來前景

展望二零一七年，雖然市場環境仍將複雜多變，給行業發展帶來一定的挑戰，我們仍將繼續堅持產品升級以及多元化的戰略，致力保持穩定的增長，繼續為股東帶來回報。豐富而又多元化的調味品不單是與飲食密切關聯的生活必需品，還與餐飲及食品加工等等行業的發展緊密相連，因此我們希望通過多元化銷售渠道，更合理配置資源來優化經銷渠道組合，為未來幾年的銷售增長奠定基礎。

在新常態下，中國中央政府鼓勵本土消費主導的可持續發展模式，扶持傳統製造業的技術升級，推崇工匠精神，提倡數量增長的同時更應注重品質提升。因此，調味品產品的消費升級將是未來的趨勢，我們對更優質、更安全和更加健康的天然釀造的調味品的市場潛力持續看好。

與此同時，在國家「供給側改革」的號召下，集中度低和發展水平差異較大的調味品行業的格局將會被打破，具有優秀的品牌知名度、現代化的傳統工藝、成熟的質量管控體系和完善的產品研發體系的「老恒和」品牌產品將會獲得更多的發展空間，進一步拉開與其他競爭對手的發展水平差距。

因此，我們認為我們的「老恒和」品牌的產品在中國將繼續增長。



# CHAIRMAN'S STATEMENT (CONTINUED)

## 主席報告 (續)

### GOALS AND STRATEGIES

In 2017, our business strategy will pursue the “DIVERSIFIED” (“多元化”) strategy, focusing our investment and resources on exploring sales channels and our product offerings. We focus on our sales strategy around our consumers and endeavour to achieve higher customer loyalty. We focus on providing safer and healthier naturally-brewed condiment products with premium quality to consumers.

We are determined to fortify our position in the condiments industry through expanding our sales channel in diversifying manner, with the assistance of our leadership position in the cooking wine industry. In order to better accommodate our strategy to expand our channels in diversifying manner and deepen the penetration of our distribution network to third and fourth-tier cities, we plan to continue to ensure appropriate allocation of resources in sales and marketing and advertising spending, to raise our customers' awareness to the products of our “Lao Heng He” brand, and also to focus on introducing the excellent quality and healthiness of our products to our consumers. To better improve the experience of our customers, we will build two sales teams. The first sales team will focus on exploring for and serving our distributors, and supervising the implementation of our sales policies, and the second distributor team will focus on serving marketing and distribution policies of our key products and key outlets and promoting our products to consumers. In respect of the expansion of distributors, we will continue to cooperate with capable distributors among our diversified channels, and continue to actively improve the market share of our “Lao Heng He” brand in the PRC market. “Lao Heng He” aims to become the top choice for consumers.

We also aim at improving the modernised traditional craftsmanship, optimizing the quality management and monitoring system, and increasing the capability in product research and development, through research and development and innovation of traditional production techniques, to ensure the consistent quality of excellence of “Lao Heng He” brand.

### 目標及策略

於二零一七年，我們的業務將奉行「多元化」策略，將投資及資源用於拓展銷售渠道和產品供應。我們的銷售策略仍以消費者為中心，致力實現較高的客戶忠誠度。我們專注於向消費者提供更優質、更安全和更健康的天然釀造的調味品。

我們的經營目標為通過我們在料酒行業的龍頭地位拓展多元化的銷售渠道，提升公司在調味品行業的市場地位。為了更好地配套我們的多元化拓展渠道的策略並將經銷網絡更深入地滲透至三四線城市，我們計劃將繼續保證配置的適當的營銷資源及廣告支出，以提升客戶對我們「老恒和」品牌產品的認知，並專注於向消費者介紹我們產品的優質健康特性。為了更好地提升客戶體驗，我們將打造兩個銷售團隊，首個銷售團隊將專注於開發及服務我們的經銷商及監督我們的銷售政策的實施情況；第二個經銷商團隊將專注於服務我們重點產品、重點網點的營銷及分銷政策及向消費者推介我們的產品。在經銷商拓展方面，我們將在不斷地在多元化發展的渠道中與有實力的經銷商合作，繼續積極地提升「老恒和」品牌在中國市場的市場佔有率。「老恒和」矢志成為消費者的首選。

我們亦旨在通過對傳統生產技術的研發和創新，改良現代化的傳統工藝、優化質量管控體系和提升產品研發能力來保證「老恒和」品牌的一貫的優良品質。

# CHAIRMAN'S STATEMENT (CONTINUED)

## 主席報告 (續)

We have been improving our research and development capabilities to focus on standardization of production process, new product development and product improvement to prepare ourselves for future development opportunities as well as guard against the increase of raw material price and change in market demand. In response to the rising manufacturing and logistics costs resulted from the influence of policies like greener environment, structural adjustment, relaxation of overcapacity and reduction of inventory (重環保、調結構、去產能、去庫存) since 2016, we have raised the price of certain products of the Group by 10% in February 2017. In the future, the Company will appropriately adjust the selling price of our products according to the market conditions from time to time.

We also pay close attention from time to time and act actively towards the following risks that may be brought about by the growth. We will adopt fine measures and upgrade the information technology system in our management to respond to the management and administrative complexity brought about by the fast expansion of our sales team. We will provide all-rounded and systematic training to our sales personnel to respond to the possible negative impact on the sales of our Group's products brought about by the sales personnel of insufficient quality. We will improve our credit risk management system to respond to the complexity of sales policies and credit terms management brought about by the expansion in number of distributors. We will build information sharing platform to strengthen internal communications to respond to the negative impact on our sales and our distributors, which is caused by the difference in pricing policy in different geographical locations that leads to cross-sales of products to other exclusively-authorized distribution areas.

## APPRECIATION

I would like to take this opportunity to express my sincere gratitude to our Shareholders, Board members, management team and all our employees, as well as our business partners and customers for their continuous support and contribution to the Group.

**Chen Weizhong**  
*Chairman of the Board*

30 March 2017

我們一直提升我們的研究及開發能力，專注於生產流程標準化、新產品開發及產品改良，令我們隨時把握未來發展機遇，並可應對原材料價格的上漲和市場需求的變化。為了應對自二零一六年以來在重環保、調結構、去產能、去庫存等政策影響下導致的製造成本及物流成本上漲，我們已在二零一七年二月將本集團的部分產品漲價10%。未來公司將不時的根據市場情況適當地調整我們產品的銷售價格。

我們亦時刻關注並積極應對增長可能帶來的如下風險。我們將推進精細化管理並升級信息化管理系統來應對我們由於銷售團隊快速擴大而帶來的管理及行政上的複雜性，我們將對銷售人員採取全面系統的培訓來應對銷售人員素質不足可能對本集團產品銷售產生的負面影響，我們將提升信用風險管理體系來應對經銷商增加而帶來的銷售政策及信貸期限管理複雜性，我們將建設信息共享平台加強內部溝通來應對不同地區不同定價政策可能導致產品交叉銷售至其他獨家授權經銷地區而對銷售以及經銷商產生負面影響。

## 致謝

本人謹藉此機會由衷感謝我們的股東、董事會成員、管理團隊及全體員工，以及我們業務夥伴及客戶對本集團一如既往的支持和貢獻。

**陳衛忠**  
*董事會主席*

二零一七年三月三十日

# CORPORATE INFORMATION

## 公司資料

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chen Weizhong (*Chairman and CEO*)  
Mr. Sheng Mingjian  
Mr. Wang Chao

#### Non-executive Director

Mr. Sun Qingdong

#### Independent Non-executive Directors

Mr. Shen Zhenchang  
Mr. Lei Jiasu  
Mr. Ma Chaosong

### COMPANY SECRETARY

Mr. Au Wai Keung

### AUTHORISED REPRESENTATIVES

Mr. Chen Weizhong  
Mr. Au Wai Keung

### AUDIT COMMITTEE

Mr. Ma Chaosong (*Chairman*)  
Mr. Lei Jiasu  
Mr. Shen Zhenchang  
Mr. Sun Qingdong

### REMUNERATION COMMITTEE

Mr. Shen Zhenchang (*Chairman*)  
Mr. Lei Jiasu  
Mr. Ma Chaosong

### 董事會

#### 執行董事

陳衛忠先生 (*主席及首席執行官*)  
盛明健先生  
王超先生

#### 非執行董事

孫卿東先生

#### 獨立非執行董事

沈振昌先生  
雷家驩先生  
馬朝松先生

### 公司秘書

區偉強先生

### 授權代表

陳衛忠先生  
區偉強先生

### 審核委員會

馬朝松先生 (*主席*)  
雷家驩先生  
沈振昌先生  
孫卿東先生

### 薪酬委員會

沈振昌先生 (*主席*)  
雷家驩先生  
馬朝松先生

# CORPORATE INFORMATION (CONTINUED)

## 公司資料 (續)

### NOMINATION COMMITTEE

Mr. Lei Jiasu (*Chairman*)  
Mr. Ma Chaosong  
Mr. Shen Zhenchang

### AUDITORS

Ernst & Young  
*Certified Public Accountants*  
22nd Floor  
1 Tim Mei Avenue  
Central  
Hong Kong

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Balidian Town  
Food and Industrial Park  
Wuxing District, Huzhou City  
Zhejiang 313000, PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 606-607, 6th Floor  
China Merchants Building  
152-155 Connaught Road Central  
Sheung Wan  
Hong Kong

### 提名委員會

雷家驊先生 (*主席*)  
馬朝松先生  
沈振昌先生

### 核數師

安永會計師事務所  
*執業會計師*  
香港  
中環  
添美道1號  
22樓

### 註冊辦事處

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### 中國總部及主要營業地點

中國浙江省  
湖州市吳興區  
八里店鎮食品工業園  
郵編：313000

### 香港主要營業地點

香港  
上環  
干諾道中152-155號  
招商局大廈6樓  
606-607室

## CORPORATE INFORMATION (CONTINUED)

### 公司資料 (續)

#### PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
Zhili Branch  
No. 583, 587, 589 Zhenbei Road  
Zhili Town  
Huzhou City, Zhejiang Province  
PRC

Bank of China Limited  
Huzhou Branch  
No. 208, Renmin Road  
Huzhou City, Zhejiang Province  
PRC

Agricultural Bank of China Limited  
Huzhou Branch  
No. 88, Renmin Road  
Huzhou City, Zhejiang Province  
PRC

#### LEGAL ADVISER AS TO HONG KONG LAW

Li & Partners  
22nd Floor, World-wide House  
Central, Hong Kong

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

#### 主要往來銀行

中國工商銀行股份有限公司  
織里支行  
中國  
浙江省湖州市  
織里鎮  
珍貝路583、587、589號

中國銀行股份有限公司  
湖州市分行  
中國  
浙江省湖州市  
人民路208號

中國農業銀行股份有限公司  
湖州分行  
中國  
浙江省湖州市  
人民路88號

#### 香港法律顧問

李偉斌律師行  
香港中環  
環球大廈22樓

#### 主要股份過戶登記處

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## CORPORATE INFORMATION (CONTINUED) 公司資料(續)

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### STOCK CODE

Stock code: 2226  
Board lot: 500 shares

### WEBSITE

<http://www.hzlaohenghe.com>

### 香港證券登記處

香港中央證券登記有限公司  
香港  
灣仔  
皇后大道東183號  
合和中心17樓  
1712-1716號室

### 股份代號

股份代號：2226  
買賣單位：500股

### 網址

<http://www.hzlaohenghe.com>

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## 董事及高級管理人員履歷

Below are brief profiles of the current directors (“**Directors**”, each a “**Director**”) and senior management of the Group.

以下載列本集團現任董事（「**董事**」）及高級管理層的簡介。

Name 姓名	Age 年齡	Position 職位	Date of appointment as Director 獲委任為董事日期
<b>Executive Directors</b> 執行董事			
Chen Weizhong 陳衛忠	45	Chairman of the Board, executive Director and chief executive officer 董事會主席、執行董事及首席執行官	13 May 2013 二零一三年五月十三日
Sheng Mingjian 盛明健	42	Executive Director and vice general manager 執行董事及副總經理	17 December 2013 二零一三年十二月十七日
Wang Chao 王超	39	Executive Director and managing director of sales and marketing 執行董事及銷售及市場推廣董事總經理	17 December 2013 二零一三年十二月十七日
<b>Non-executive Director</b> 非執行董事			
Sun Qingdong 孫卿東	31	Non-executive Director 非執行董事	23 June 2016 二零一六年六月二十三日
<b>Independent non-executive Directors</b> 獨立非執行董事			
Shen Zhenchang 沈振昌	70	Independent non-executive Director 獨立非執行董事	17 December 2013 二零一三年十二月十七日
Lei Jiasu 雷家驩	61	Independent non-executive Director 獨立非執行董事	17 December 2013 二零一三年十二月十七日
Ma Chaosong 馬朝松	44	Independent non-executive Director 獨立非執行董事	17 December 2013 二零一三年十二月十七日

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

## 董事及高級管理人員履歷 (續)

### EXECUTIVE DIRECTORS

**Mr. Chen Weizhong (陳衛忠)**, aged 45, is the chairman of the Board, founder, chief executive officer (“CEO”) of the Group and the executive Director. He is primarily responsible for our Group’s overall strategic planning, recipes use and control, distribution network expansion and overall business operations. He has over 20 years of experience in the condiment industry in the PRC and possesses unique information regarding the research, development and intellectual property related to our products, including the trade-secret recipes of fermentation starter and cooking wine spices.

Mr. Chen started his career in the condiment industry as early as 1990 and has accumulated extensive experience in the condiment industry since then, especially in production, research and development, and sales and marketing. Before founding our Group in 2005, he was the chairman and general manager of Zhejiang Zhong Wei Brewing Co., Ltd. (“**Zhong Wei**”) from 1995 to 2012. Mr. Chen completed a business administration advance class at Zhejiang University (浙江大學工商管理高級研修班) in 2008.

Mr. Chen has been a member of the China Condiment Industrial Association (中國調味品協會) since 2008. He is also the chairman of the Huzhou Rice Wine Industrial Association (湖州黃酒協會) since 2012.

**Mr. Sheng Mingjian (盛明健)**, aged 42, is our vice general manager and executive Director. Mr. Sheng is primarily responsible for the management of our Group’s financing activities and assisting Mr. Chen to manage the overall business operations. He has more than 10 years of experience in the condiment industry, and has extensive management experience in capital and business operations. Before joining our Group in 2006, he was the general manager of Zhong Wei from 2001 to 2006.

**Mr. Wang Chao (王超)**, aged 39, is our managing director of sales and marketing and executive Director. Mr. Wang is primarily responsible for our Group’s sales and marketing. He has 15 years of experience in the condiment industry. Mr. Wang joined Huzhou Lao Heng He Brewing Factory (湖州老恒和釀造廠) (currently Huzhou Lao Heng He Brewery Co., Ltd. (“**Huzhou Lao Heng He**”)) in 1998 where he worked in various departments, including business operation department and finance department. Since 2006, Mr. Wang worked in management positions in Huzhou Lao Heng He’s customer service centre and sales and marketing department. Mr. Wang graduated from Zhejiang Electronic Polytechnic School (浙江省電子工業學校), a technical middle school in 1998.

### 執行董事

陳衛忠先生，45歲，為董事會主席、本集團創始人、首席執行官（「首席執行官」）及執行董事。彼主要負責本集團的整體策略規劃、配方運用及控制、經銷網絡擴張及總體業務經營。彼在中國的調味品行業擁有逾20年的經驗，並在與我們產品有關的研究、開發及知識產權方面擁有獨家資料，包括酒藥及料酒香辛料的商業秘密配方。

陳先生早在一九九零年已進入調味品行業，並自此起於調味品行業（特別是在生產、研究與開發以及銷售及市場推廣方面）積累了豐富的經驗。在於二零零五年成立本集團之前，彼於一九九五年至二零一二年期間擔任浙江中味釀造有限公司（「中味」）的主席兼總經理。陳先生於二零零八年完成浙江大學工商管理高級研修班的學習。

陳先生自二零零八年起為中國調味品協會的成員。彼亦自二零一二年起擔任湖州黃酒協會主席。

盛明健先生，42歲，為我們的副總經理及執行董事。盛先生主要負責管理本集團的融資活動及協助陳先生管理總體業務經營。彼在調味品行業擁有逾10年經驗，並在資本及業務營運方面擁有豐富的管理經驗。在於二零零六年加入本集團之前，彼於二零零一年至二零零六年期間擔任中味的總經理。

王超先生，39歲，為我們的銷售及市場推廣董事總經理及執行董事。王先生主要負責本集團的銷售及市場推廣事務。彼在調味品行業擁有15年的經驗。王先生於一九九八年加入湖州老恒和釀造廠（現稱湖州老恒和釀造有限公司（「湖州老恒和」）），曾於該廠的多個部門工作，包括業務營運部門及財務部門。自二零零六年起，王先生於湖州老恒和的客戶服務中心以及銷售及市場推廣部擔任管理職務。王先生於一九九八年畢業於一所中等專業學校浙江省電子工業學校。



## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### 董事及高級管理人員履歷 (續)

#### NON-EXECUTIVE DIRECTOR

**Mr. Sun Qingdong**, aged 31, is our non-executive Director. Mr. Sun possesses enriched knowledge and experience in the capital market and investment industry.

Mr. Sun is a vice president of Lunar Capital since May 2015. Lunar Capital is a leading private equity fund focused on investing in China related consumer businesses. Mr. Sun focuses on consumer and retail industry related investment. Prior to joining Lunar Capital, from July 2010 to March 2015, Mr. Sun worked in the China team of UBS Securities Co. Limited as associate director and executed multiple types of capital market deals domestically and overseas. Mr. Sun received a bachelor of mathematics and a master of economics and finance in June 2007 and March 2010 respectively from Shanghai Jiao Tong University.

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Shen Zhenchang (沈振昌)**, aged 70, is our independent non-executive Director. Mr. Shen has more than 40 years of experience in the cooking wine industry. From 1971 to 2006, Mr Shen worked with China Shaoxing Rice Wine Group (中國紹興黃酒集團有限公司) (previously known as Shaoxing City Rice Wine Corporation (紹興市釀酒總公司)). Before his retirement from China Shaoxing Rice Wine Group in 2006, Mr. Shen was the director of its office of general affairs.

Mr. Shen is a member of China Brewing Industry Association (rice wine branch) (中國釀酒工業協會黃酒分會), where he has been the deputy council director and secretary general since 2000.

Additionally, Mr. Shen currently serves as a member of National Wine Brewing Standard Technology Committee (全國釀酒標準化技術委員會), a judge at the reviewing committee of China Alcoholic Drinks Association Science Technology Award (中國酒業協會科學技術獎), and the deputy director of the editorial board of China Rice Wine magazine (《中國黃酒》).

#### 非執行董事

孫卿東，31歲，為我們的非執行董事。孫先生於資本市場及投資行業具備的豐富的知識與經驗。

孫先生自二零一五年五月起擔任Lunar Capital之副總裁。Lunar Capital為一家專注中國消費者市場投資的領先私募股權基金。孫先生專注於有關消費者及零售行業市場之投資。於二零一零年七月至二零一五年三月期間，於加入Lunar Capital之前，孫先生於UBS Securities Co. Limited之中國團隊擔任副總監，並完成國內外多種資本市場之交易。孫先生分別於二零零七年六月及二零一零年三月獲得上海交通大學之數學學士學位及經濟與金融學碩士學位。

#### 獨立非執行董事

沈振昌先生，70歲，為我們的獨立非執行董事。沈先生在料酒行業擁有逾40年經驗。自一九七一年至二零零六年，沈先生於中國紹興黃酒集團有限公司(前稱為紹興市釀酒總公司)任職。於二零零六年從中國紹興黃酒集團有限公司退休之前，沈先生擔任該公司總務處主任。

沈先生為中國釀酒工業協會黃酒分會會員，彼自二零零零年起擔任該分會的副理事長兼秘書長。

此外，沈先生目前為全國釀酒標準化技術委員會委員、中國酒業協會科學技術獎評委會委員以及《中國黃酒》雜誌的編委會副主任。

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED) 董事及高級管理人員履歷 (續)

**Mr. Ma Chaosong (馬朝松)**, aged 44, is our independent non-executive Director. Mr. Ma is a senior accountant (issued by the Beijing Senior Specialized Technique Qualification Evaluation Committee on 6 January 2006), certified public accountant (issued by the Chinese Institute of Certified Public Accountants on 28 September 1999), certified tax agent (issued by China Certified Tax Agents Association on 11 May 2012) and certified public valuer (issued by the Ministry of Finance of the PRC on 24 April 2012) in China. Since 2000 Mr. Ma has been the chairman of Beijing Xin Li Heng Tax Agency Co., Ltd. (北京信利恒稅務師事務所有限責任公司). He has more than 11 years of experience in auditing, accounting and taxation. In May 2011, Mr. Ma was appointed as an independent director of China National Complete Plant Import & Export Corp. Ltd. (中成進出口股份有限公司) (SZSE: 000151). From 1997 to 1999, Mr. Ma was a project manager at Zhong Ce Accounting Firm (中測會計師事務所).

In 1997, Mr. Ma graduated from the Research Institute of Fiscal Science, Ministry of Finance of the PRC (中國財政部財政科學研究所), with a master's degree in accounting. He graduated from Renmin University of China (中國人民大學) in 1994 with a bachelor's degree in accounting.

**Mr. Lei Jiasu (雷家驩)**, aged 61, is our independent non-executive Director. Currently, Mr. Lei is the director of the Research Centre of Chinese Enterprise Growth and Economic Security in Beijing Tsinghua University (清華大學中國企業成長與經濟安全研究中心). Since 1996, he has been a lecturer in the School of Economics and Management of Beijing Tsinghua University (清華大學經濟管理學院). Between 1994 and 1996, he worked as a post-doctoral researcher in Beijing Tsinghua University. From 1983 to 1989, Mr. Lei taught as a lecturer in Xi'an Electronic and Technology University (西安電子科技大學).

In 2001, Mr. Lei was awarded the title of professor by Beijing Tsinghua University. He graduated as a doctoral research fellow from the School of Economics and Management of Beijing Tsinghua University (清華大學經濟管理學院) in 1993.

馬朝松先生，44歲，為我們的獨立非執行董事。馬先生為中國的高級會計師（於二零零六年一月六日獲北京市高級專業技術資格評審委員會頒發）、執業會計師（於一九九九年九月二十八日獲中國註冊會計師協會頒發）、註冊稅務師（於二零一二年五月十一日獲中國註冊稅務師協會頒發）及註冊資產評估師（於二零一二年四月二十四日獲中國財政部頒發）。自二零零零年以來，馬先生擔任北京信利恒稅務師事務所有限責任公司的主席。彼在審計、會計及稅務方面擁有逾11年經驗。於二零一一年五月，馬先生獲委任為中成進出口股份有限公司（深交所：000151）的獨立董事。自一九九七年至一九九九年，馬先生擔任中測會計師事務所的項目經理。

馬先生於一九九七年畢業於中國財政部財政科學研究所，獲頒會計碩士學位。彼於一九九四年畢業於中國人民大學，獲頒會計學士學位。

雷家驩先生，61歲，為我們的獨立非執行董事。雷先生目前為清華大學中國企業成長與經濟安全研究中心主任。彼自一九九六年起擔任清華大學經濟管理學院講師。於一九九四年至一九九六年期間，彼為清華大學的博士後研究員。於一九八三年至一九八九年期間，雷先生在西安電子科技大學擔任講師。

在二零零一年，雷先生獲清華大學授予教授職稱。彼於一九九三年獲清華大學經濟管理學院博士學位。

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### 董事及高級管理人員履歷 (續)

#### SENIOR MANAGEMENT

#### 高級管理層

Name 姓名	Age 年齡	Year joined 加入年份	Position 職位
Chen Weizhong 陳衛忠	45	2005 二零零五年	Chairman of the Board, executive Director and chief executive officer 董事會主席、執行董事及首席執行官
Sheng Mingjian 盛明健	42	2006 二零零六年	Executive Director and vice general manager 執行董事及副總經理
Wang Chao 王超	39	2006 二零零六年	Executive Director and managing director of sales and marketing 執行董事及銷售及市場推廣董事總經理
Wan Peiyao 萬培耀	45	2005 二零零五年	Director of production 生產部主管
Zhao Yaqin 趙雅琴	39	2005 二零零五年	Financial controller 財務總監

**Mr. Chen Weizhong (陳衛忠)**, aged 45, is the chairman of the Board, CEO and executive Director. His biographical details are set out above under the section headed "Profile of Directors and Senior Management – Executive Directors" to this annual report.

**陳衛忠先生**，45歲，為董事會主席、首席執行官及執行董事。彼之履歷詳情載於本年報上文「董事及高級管理人員履歷 – 執行董事」一節。

**Mr. Sheng Mingjian (盛明健)**, aged 42, is our vice general manager and executive Director. His biographical details are set out above under the section headed "Profile of Directors and Senior Management – Executive Directors" to this annual report.

**盛明健先生**，42歲，為我們的副總經理及執行董事。彼之履歷詳情載於本年報上文「董事及高級管理人員履歷 – 執行董事」一節。

**Mr. Wang Chao (王超)**, aged 39, is our managing director of sales and marketing and executive Director. His biographical details are set out above under the section headed "Profile of Directors and Senior Management – Executive Directors" to this annual report.

**王超先生**，39歲，為我們的銷售及市場推廣董事總經理及執行董事。彼之履歷詳情載於本年報上文「董事及高級管理人員履歷 – 執行董事」一節。

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED) 董事及高級管理人員履歷 (續)

**Mr. Wan Peiyao (萬培耀)**, aged 45, is our director of production department. He is primarily responsible for the Group's production management. He has more than 11 years of experience in the condiment and cooking wine industry. Mr. Wan joined our Group in 2005, and has worked in various departments including workshop operation department, cooking wine production department and plant operation department. Prior to joining our Group, Mr. Wan was the plant manager and executive assistant to the general manager of Huzhou Ganchang Wine Company (湖州乾昌酒業有限公司) from 2000 to 2005. Mr. Wan passed the test for first-class sommelier of PRC (國家一級品酒師) in December 2012.

Mr. Wan graduated from Zhejiang University of Technology (浙江工業大學) with a bachelor's degree in industrial engineering (biochemistry) in 1995.

**Ms. Zhao Yaqin (趙雅琴)**, aged 39, is our financial controller. Ms. Zhao is responsible for the Group's financing, account and tax matters. She has more than 11 years of experience in the areas of financial management, accounting practices and tax arrangements. She joined our Group in 2005 as manager of our finance department and became our financial controller in 2012. Prior to joining our Group, Ms. Zhao was the manager of finance department of Zhong Wei from 2003 to 2005.

Ms. Zhao received a diploma in accounting from Central Radio and Television University (中央廣播電視大學) in 2006.

萬培耀先生，45歲，為我們的生產部主管。彼主要負責本集團的生產管理。彼於調味料及料酒行業擁有逾11年經驗。萬先生於二零零五年加入本集團，曾於工場經營部、料酒生產部及工廠經營部等多個部門任職。於加入本集團前，自二零零零年至二零零五年期間，萬先生曾任湖州乾昌酒業有限公司工廠經理及總經理執行助理。萬先生於二零一二年十二月通過國家一級品酒師測試。

萬先生於一九九五年畢業於浙江工業大學，獲得工業工程（生物化學）學士學位。

趙雅琴女士，39歲，為我們的財務總監。趙女士負責本集團的財務、會計及稅務事務。彼於財務管理、會計實務及稅務籌劃領域擁有逾11年經驗。彼於二零零五年加入本集團，擔任財務部經理，並於二零一二年擔任財務總監。於加入本集團前，趙女士曾於二零零三年至二零零五年期間擔任中味的財務部經理。

趙女士於二零零六年取得中央廣播電視大學會計文憑。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論與分析

### BUSINESS REVIEW

For details of our business review, please refer to the section on “Chairman’s Statement” on pages 5 to 9 to this annual report.

### FINANCIAL REVIEW

#### Overview

The key financial indicators of the Group are as follows:

### 業務回顧

有關我們業務回顧之詳情，請參閱本年報第5至9頁的「主席報告」一節。

### 財務回顧

#### 概覽

本集團的主要財務指標如下：

		Year ended 31 December 截至十二月三十一日止年度		
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	Year-on-year Change 按年變動 %
<b>Income statement items</b>	<b>收益表項目</b>			
Sales	銷售額	831,149	798,861	4.0%
Gross profit	毛利	445,696	450,872	(1.1%)
Profit attributable to owners of the parent	母公司持有人應佔利潤	206,636	228,528	(9.6%)
Earnings before interest, taxes, depreciation and amortization (“EBITDA”)	除利息、稅項、折舊及攤銷前利潤（「除利息、稅項、折舊及攤銷前利潤」）	321,658	335,168	(4.0%)
Earning per share (RMB cents) (Note (a))	每股盈利（人民幣分）（附註(a)）	38.4	44.1	(12.9%)
<b>Selected financial ratios</b>	<b>節選財務比率</b>			
Gross profit margin (%)	毛利率(%)	53.6%	56.4%	(5.0%)
Net profit margin attributable to ordinary equity holders of the parent (%)	母公司普通權益持有人應佔淨利潤率(%)	24.9%	28.6%	(12.9%)
EBITDA margin (%)	除利息、稅項、折舊及攤銷前利潤率(%)	38.7%	42.0%	(7.9%)
Return on equity holders' equity (%)	權益持有人權益回報(%)	10.9%	16.1%	(32.3%)
Gearing ratio (Note (b))	資本負債比率（附註(b)）	32.5%	30.9%	5.2%

Notes:

- (a) Please refer to Note 12 to the financial statements of this annual report for the calculation of earnings per share.
- (b) The gearing ratio is based on net debt divided by total equity and net debt as at 31 December 2016. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, interest-bearing bank and other borrowings and other long term liabilities.

附註：

- (a) 有關每股盈利的計算方法，請參閱本年報的財務報表附註12。
- (b) 於二零一六年十二月三十一日，資本負債比率按淨債務除以總權益及淨債務計算。淨債務包括總債務減現金及現金等價物。總債務包括應付貿易款項、其他應付款項及應計項目、計息銀行及其他借款及其他長期負債。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

### Revenue

The revenue of the Group, increased by 4.0% from RMB798.9 million in 2015 to RMB831.1 million in 2016, primarily reflecting an increase in the sales of our cooking wine products and other products, and a decrease in sales of our soy sauce products and vinegar products.

### 收入

本集團的收入由二零一五年的人民幣798.9百萬元增加4.0%至二零一六年的人民幣831.1百萬元，主要由於我們料酒產品和其他類產品的銷售額增加和醬油產品和醋製品的銷售下降所致。

### Sales Analysis by Product Categories

### 按產品類別計的銷售分析

		Year ended 31 December 截至十二月三十一日止年度					
		2016 二零一六年		2015 二零一五年		Change	
		Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change	
		收入	佔總收入 百分比	收入	佔總收入 百分比	變化	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Cooking wine	料酒						
Premium	特級	95,055	11%	130,439	16%	(35,384)	(27.1%)
High-end	高端	87,536	11%	110,260	14%	(22,724)	(20.6%)
Medium-range	中端	413,729	50%	329,921	41%	83,808	25.4%
Mass-market	平價	24,700	3%	10,632	1%	14,068	132.3%
Subtotal	小計	621,020	75%	581,252	72%	39,768	6.8%
Soy sauce	醬油	98,720	12%	107,982	14%	(9,262)	(8.6%)
Vinegar	醋	74,266	9%	87,043	11%	(12,777)	(14.6%)
Other products	其他產品	37,143	4%	22,584	3%	14,559	64.2%
Total	合計	831,149	100%	798,861	100%	32,288	4.0%

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

Revenue from cooking wine products increased by 6.8% from RMB581.3 million for the year of 2015 to RMB621.0 million for the year of 2016, mainly due to the increase in revenue from our medium-range cooking wine products. With our efforts in enhancing the brand image of “Lao Heng He” cooking wine with “naturally-brewed” concept, promoting the brand awareness of “Lao Heng He” by advertisements and the efforts of diversified distribution channel of our group to deeply penetrate to third and fourth-tier cities, the sales of our cooking wine products kept increasing in 2016, especially our medium-range products, such as Lao Heng He Cooking Wine (老恒和料酒) and Scallion & Ginger Cooking Wine (蔥薑料酒).

Revenue from the Group’s soy sauce products and vinegar products decreased by 8.6% and 14.6%, respectively, from RMB108.0 million and RMB87.0 million for the year of 2015 to RMB98.7 million and RMB74.3 million for the year of 2016, respectively. The decrease is mainly attributable to the decrease in our sales and marketing resources devoted in the supermarket channel in 2016.

Revenue from other products increased by 64.2% from RMB22.6 million for the year of 2015 to RMB37.1 million for the year of 2016, which was mainly due to the significant increase in sales of soybean paste product of the Group.

We believe the outstanding performance of our sales are largely attributed to (i) enhanced advertisements to promote market recognition of “Lao Heng He” brand; (ii) diversified channels to explore our sales network to deeply penetrate into third and fourth-tier cities; (iii) consistent superior quality of “Lao Heng He” products; (iv) growing consumer consciousness of food safety and preference for naturally brewed cooking wine products which we introduced to the market; and (v) rising disposable income level of household in the PRC.

### Cost of Sales

Our cost of sales increased by 10.8% from RMB348.0 million in 2015 to RMB385.5 million in 2016. The increase in cost of sales was mainly due to the combined effect of the increase in revenue and decrease in the gross profit margin as a result of the decrease in the proportion of sales of high-end products with higher gross profit caused by the increase in the proportion of sales of medium-range products.

料酒產品之收入由二零一五年之人民幣581.3百萬元上升6.8%至二零一六年之人民幣621.0百萬元，該增長主要由於我們之中端料酒產品收入上升所致。在我們通過「純天然釀造」之理念提升「老恒和」料酒品牌形象，廣告推廣「老恒和」品牌的知名度和將本集團的產品通過多元化的分銷渠道深入滲透至三四線城市的努力之下，二零一六年我們的料酒產品的銷量持續上升，尤其是我們的中端產品，如老恒和料酒和蔥薑料酒。

本集團醬油產品和醋製品之收入由二零一五年之人民幣108.0百萬元和人民幣87.0百萬元分別下降8.6%和14.6%至二零一六年之人民幣98.7百萬元和人民幣74.3百萬元。該減少主要由於於二零一六年對商超渠道所投放的營銷資源下降所致。

其他產品收入由二零一五年人民幣22.6百萬元增加64.2%至二零一六年人民幣37.1百萬元，主要由於本集團的黃豆醬產品的銷售大幅增加所致。

我們認為我們銷售額的表現很大程度上受惠於：(i)加強廣告推廣「老恒和」品牌的市場知名度；(ii)通過多元化的渠道拓展將我們的銷售網絡深入滲透至三四線城市；(iii)「老恒和」產品一貫的優越品質；(iv)消費者食品安全意識不斷提升，並更青睞我們引入市場的天然釀造料酒產品；及(v)中國家庭的可支配收入水平提升。

### 銷售成本

我們的銷售成本由二零一五年之人民幣348.0百萬元增加10.8%至二零一六年之人民幣385.5百萬元。銷售成本的增加主要是由於收入上升和中端產品銷售佔比上升使得毛利較高的高端產品銷售佔比下降所導致的毛利率下降的綜合影響所致。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

### Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 1.1% from RMB450.9 million in 2015 to RMB445.7 million in 2016. The gross profit margin decreased from 56.4% in 2015 to 53.6% in 2016, primarily due to the decrease in the proportion of sales of high-end products with higher gross profit caused by the increase in the proportion of sales of medium-range products.

### Other Income and Gains

Other income and gains decreased by 29.4% from RMB11.9 million in 2015 to RMB8.4 million in 2016. Other income and gains primarily include subsidy received, gains from sales of materials and interest income. The decrease in other income and gains was primarily due to the decrease in gain upon expiry of warrants, and offset by the increase in government subsidy received.

### Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising expenses, marketing expenses, promotion expenses, travelling expenses, and remuneration of our sales employees.

Our selling and distribution expenses increased from RMB75.1 million in 2015 to RMB81.2 million in 2016, and the distribution expenses as a percentage of the Group's revenue increased from 9.4% for 2015 to 9.8% for 2016, which is attributable to (i) increase in advertisements and promotion activities to expand the market shares of the products of our Group and our brand; (ii) the increase in the size of the sales and marketing team of our Group in order to strengthen our sales and marketing team to promote business development.

### Administrative Expenses

The administrative expenses increased by 3.5% from RMB80.3 million in 2015 to RMB83.1 million in 2016. This increase is attributable to the increase in research and development expenses as our Group made endeavour in research and development to improve the technological contents of the manufacturing craftsmanship and quality of the products of our Group.

### 毛利及毛利率

由於上述原因，我們的毛利由二零一五年的人民幣450.9百萬元減少1.1%至二零一六年的人民幣445.7百萬元。毛利率由二零一五年的56.4%下跌至二零一六年的53.6%，主要由於中端產品銷售佔比上升使得毛利較高的高端產品銷售佔比下降所致。

### 其他收入及收益

其他收入及收益由二零一五年人民幣11.9百萬元減少29.4%至二零一六年的人民幣8.4百萬元。其他收入及收益主要包括收到的補貼、物料銷售收益及利息收入。其他收入及收益減少主要由於到期認股權證收益減少，及被收到的政府補貼增加抵銷所致。

### 銷售及經銷開支

銷售及經銷開支主要包括廣告開支、營銷開支、推廣開支、差旅開支及我們銷售僱員的酬金。

我們的銷售及經銷開支由二零一五年的人民幣75.1百萬元增加至二零一六年的人民幣81.2百萬元，而經銷開支佔本集團收入的百分比由二零一五年的9.4%增加至二零一六年的9.8%，乃由於(i)為拓展本集團產品及品牌市場佔有率而增加廣告及推廣活動，(ii)為強化銷售及營銷團隊以推動業務發展而擴大本集團銷售及營銷人員隊伍。

### 行政開支

行政開支由二零一五年的人民幣80.3百萬元增長3.5%至二零一六年的人民幣83.1百萬元。行政開支增加乃由於本集團加大了科研投入來提高本集團產品的生產工藝和品質的技術含量而導致研發費用上升所致。



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

### Finance Cost

Finance cost increased by 24.5% from RMB32.6 million in 2015 to RMB40.6 million in 2016. The increase in finance cost primarily reflected an increase in interest expenses from RMB32.6 million for the year of 2015 to RMB40.6 million for the year of 2016 as a result of an increase in the average balance of our bank and other borrowings in 2016 to support the expansion of our business and exploration of diversified sales channels.

### Profit before Tax

Due to the aforesaid reasons, the profit before tax decreased by 9.7% from RMB274.7 million in 2015 to RMB248.0 million in 2016.

### Income Tax Expense

The corporate income tax of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2015: 25%) on the taxable profits, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to the approval from the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition, Huzhou Laohenghe Brewery Co., Limited (湖州老恒和釀造有限公司) and Huzhou Laohenghe Wine Co., Limited (湖州老恒和酒業有限公司), both being wholly-owned subsidiaries of the Company, were granted the “New and Advanced Technology Enterprise” status and were entitled to the preferential tax rate of 15% for the three consecutive years commencing from 2016, which remained the same as compared to that of 2015 (2015: 15%).

Income tax expense decreased slightly by 10.6% from RMB46.2 million in 2015 to RMB41.3 million in 2016, mainly due to the decrease in profit before tax.

### 融資成本

融資成本由二零一五年的人民幣32.6百萬元增加24.5%至二零一六年的人民幣40.6百萬元。融資成本的增加主要反映了我們於二零一六年的平均銀行和其他借款餘額增加以支持我們業務擴展和銷售渠道多元化的拓展，導致利息費用由二零一五年的人民幣32.6百萬元增加至二零一六年的人民幣40.6百萬元。

### 除稅前利潤

由於上述原因，除稅前利潤由二零一五年的人民幣274.7百萬元減少9.7%至二零一六年的人民幣248.0百萬元。

### 所得稅開支

有關本集團中國內地經營業務的企業所得稅，已經根據相關現行法律、詮釋及慣例按稅率25%（二零一五年：25%）對應課稅利潤作出撥備。

根據全國高新技術企業認定管理工作領導小組辦公室發出的批文，本公司全資附屬公司湖州老恒和釀造有限公司及湖州老恒和酒業有限公司獲得「高新技術企業」資格，並可於自二零一六年起計連續三個年度享受15%的優惠稅率，與二零一五年相比保持相同（二零一五年：15%）。

所得稅開支由二零一五年的人民幣46.2百萬元略減少10.6%至二零一六年的人民幣41.3百萬元，主要由於除稅前利潤減少所致。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

### Profit Attributable to Ordinary Equity Holders of the Parent

Profit attributable to ordinary equity holders of the parent decreased by 9.6% from RMB228.5 million in 2015 to RMB206.6 million in 2016, which is mainly attributable to the increase in advertising expenses as a result of the aforesaid reasons.

### Earnings per Share Attributable to Ordinary Equity Holders of the Parent

Basic earnings per share decreased from RMB44.1 cents for 2015 to RMB38.4 cents for 2016. Decrease in earnings per share was attributable to the decrease in profit attributable to ordinary equity holders of the parent and the increase in weighted-average number of issued shares.

### Net Profit Margin

Net profit margin decreased by 3.7 percentage points from 28.6% in 2015 to 24.9% in 2016. The decrease in net profit margin was mainly attributable to a decrease in gross profit margin and an increase in selling and distribution expenses and finance costs as a result of the aforesaid reasons.

## FINANCIAL AND LIQUIDITY POSITION

### Prepayments for Non-current Assets

Prepayments for non-current assets of the Group primarily include the following two aspects: (1) prepayments to equipment manufacturers in respect of customizing wine storage equipment and production equipment for the Group; and (2) prepayments to major contractors of the projects before entering into formal construction contracts. Prepayments for non-current assets were primarily used for locking up the costs of major materials related to capital expenditure so as to reduce the risk to the Group due to the increasing capital expenditure scale.

Prepayments for non-current assets increased from RMB113.5 million as at 31 December 2015 to RMB335.4 million as at 31 December 2016. The increase in prepayments for non-current assets was mainly attributable to our plan to diversify our product structure and expand production capability of condiments in the coming year.

### 母公司普通股權益持有人應佔利潤

母公司普通股權益持有人應佔利潤由二零一五年的人民幣228.5百萬元減少9.6%至二零一六年的人民幣206.6百萬元，主要是由於上述原因導致的廣告開支的增加所致。

### 母公司普通權益持有人應佔每股盈利

每股基本盈利由二零一五年的人民幣44.1分減少至二零一六年的人民幣38.4分，每股盈利的減少乃由於母公司普通股權益持有人應佔利潤減少和已發行股份加權平均數上升所致。

### 淨利潤率

淨利潤率由二零一五年的28.6%下跌3.7個百分點至二零一六年的24.9%。淨利潤率下跌主要由於上述原因導致毛利率下跌及銷售及經銷開支和融資成本上升所致。

## 財務及流動資金狀況

### 非流動資產之預付款項

本集團的非流動資產之預付款項主要包括如下兩個方面：(1)為集團定制儲酒設備和生產設備而向設備製造商預付的款項；以及(2)在正式的施工合同簽署前，向工程主要的承建單位支付的預付款項。該非流動資產之預付款項的主要目的是為了鎖定資本支出相關的主要材料成本，以減少資本支出規模增大對集團帶來的風險。

非流動資產之預付款項由二零一五年十二月三十一日的人民幣113.5百萬元增加至二零一六年十二月三十一日的人民幣335.4百萬元。非流動資產之預付款項的增加乃由於我們計劃於未來一年多元化產品結構，擴大調味品產能所致。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

### Trade Receivables

Trade receivables increased from RMB142.0 million as at 31 December 2015 to RMB162.5 million as at 31 December 2016 and the turnover days of trade receivables decreased from 75 days in 2015 to 67 days in 2016, mainly reflecting an increase in the proportion of sales to category C and D distributors which has shorter credit period. Details of the ageing analysis of trade receivables are set out in Note 16 to the financial statements in this annual report.

We implemented a multi-category distributor system to manage distribution of its products since 2011. We classified its distributors into Category A (the highest), B, C and D based on their distribution scale and capabilities.

### Inventories

Inventories increased from RMB945.5 million as at 31 December 2015 to RMB1,088.4 million as at 31 December 2016, primarily due to an increase in work in progress. A substantial part of our inventories were contributed by work in progress, which mainly represented base wine, base soy sauce, semi-finished soybean paste and base vinegar in the brewing period. Due to the long production cycle and short sales cycle, we need to keep an abundant stock of well-aged base wine to cope with the rapid sales growth in the future. The Company has attained the goal for base wine stock disclosed in the Interim Report of 2015; basically, the base wine stock is able to satisfy the demand of the Company's business in the future. In 2016, we increased the inventories of base soy sauce, semi-finished soybean paste and base vinegar to cope with the future growth in sales bringing by the maturity of diversified distribution channel.

We monitor the level of inventory maintained by our distributors on a regular basis. Our sales representatives maintain frequent telephone or email communications with each of our Category A, B, C and D distributors, review their monthly inventory reports and visit their warehouses on a regular basis. Our sales representatives visit the warehouses of our Category A and B distributors at least on a monthly basis and those of Category C and D distributors at least every three months to ensure that they keep optimal stock level and our products are sold to end customers within the shelf life. We generally expect our distributors to maintain sufficient stock for 5 to 20 days of supply. In the event a distributor maintains stocks of more than 20 days of supply, the relevant sales representatives will assist such distributor in marketing and promotional activities and suggest orders with a smaller amount to be placed for the succeeding periods to minimize excess inventory.

### 應收貿易款項

應收貿易款項由二零一五年十二月三十一日的人民幣142.0百萬元增加至二零一六年十二月三十一日的人民幣162.5百萬元，應收貿易款項週轉天數從二零一五年的75天降至二零一六年的67天，主要反映向信貸期較短的C類及D類經銷商作出的銷售佔比增加。應收貿易款項賬齡分析詳情載於本年報的財務報表附註16。

自二零一一年起，我們實施多類別經銷商系統以管理其產品經銷。我們根據經銷商的經銷規模及能力將其分為A類（最高）、B類、C類及D類。

### 存貨

存貨由二零一五年十二月三十一日的人民幣945.5百萬元增至二零一六年十二月三十一日的人民幣1,088.4百萬元，主要由於在製品增加。我們存貨的絕大部分為在製品，主要指處於釀造期的基酒、基醬油、黃豆醬半成品及基醋。由於較長的生產週期及較短的銷售週期，我們需保持大量經過長年陳釀的基酒存貨，以應對未來快速的銷售增長。公司已經達成二零一五年中期報告披露的基酒儲備目標，基酒儲備量基本能滿足未來公司業務的需求。同時，我們於二零一六年還增加了基醬油、黃豆醬半成品和基醋的存量，來應對未來多元化經銷渠道成熟而帶來的銷售增長。

我們定期監控經銷商維持的存貨水平。我們的銷售代表與各個A類、B類、C類及D類經銷商保持頻繁的電話或電郵聯繫、審閱彼等的月度存貨報告並定期拜訪彼等的倉庫。我們的銷售代表至少每月拜訪一次其A類及B類經銷商的倉庫，以及至少每三個月拜訪一次C類及D類經銷商的倉庫，以確保彼等維持最佳的存貨水平，並確保我們的產品乃在保質期內出售予終端消費者。我們通常期望我們的經銷商維持足以供應5至20天的存貨。倘若某經銷商所維持存貨的供應天數超過20天，相關銷售代表將協助該經銷商進行市場推廣及促銷活動，並建議在隨後期間下訂額較小的訂單，盡量降低過剩存貨。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

As at 31 December 2016, our inventories with a carrying amount of RMB525.3 million (31 December 2015: RMB366.1 million) were pledged to secure general banking facilities granted to us.

於二零一六年十二月三十一日，我們已抵押賬面值人民幣525.3百萬元的存貨(二零一五年十二月三十一日：人民幣366.1百萬元)，作為授予我們一般銀行融資的擔保。

### Borrowings

As at 31 December 2016, our total borrowings amounted to RMB849.0 million (31 December 2015: RMB644.8 million) including finance lease payables with a carrying amount of RMB34.4 million (31 December 2015: 55.0 million).

### 借款

於二零一六年十二月三十一日，我們借款總額為人民幣849.0百萬元(二零一五年十二月三十一日：人民幣644.8百萬元)，包括賬面值為人民幣34.4百萬元(二零一五年十二月三十一日：人民幣55.0百萬元)的融資租賃應付款項。

### Foreign Currency Risks

The Group mainly operates in the PRC and conducts its operations mainly in Renminbi. The Group will closely monitor the fluctuations of the Renminbi exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. For the year ended 31 December 2016, the Group has not engaged in hedging activities for managing foreign exchange rate risk.

### 外幣風險

本集團主要在中國營運，大部分業務以人民幣進行。本集團將密切監察人民幣匯率的波動，並審慎考慮於適當時候進行貨幣掉期安排，以對沖相應的風險。截至二零一六年十二月三十一日止年度，本集團並未進行管理外匯匯率風險的對沖活動。

### Liquidity and Financial Resources

As at 31 December 2016, we had cash and cash equivalents of RMB291.8 million (31 December 2015: RMB186.0 million). As at 31 December 2016, we had interest-bearing bank borrowings of an aggregate amount of RMB849.0 million (31 December 2015: RMB644.8 million), which were denominated in RMB with interest rates from 3.92% to 5.70% per annum.

### 流動資金及財務資源

於二零一六年十二月三十一日，我們的現金及現金等價物為人民幣291.8百萬元(二零一五年十二月三十一日：人民幣186.0百萬元)。於二零一六年十二月三十一日，我們的計息銀行借款合共為人民幣849.0百萬元(二零一五年十二月三十一日：人民幣644.8百萬元)，均以人民幣計值，按年利率介乎3.92%至5.70%計息。

We estimate that a more prudent monetary policy would be implemented in China in 2017, which might result in tightened money supply from banks and an increase in bank interest rate. With the aim to ensure sufficient funds for our future business development and better control of our finance costs, we increased the cash balances to reduce our future needs for credit funds.

我們預計二零一七年中國將會執行更穩健的貨幣政策，而導致銀行信貸資金供給的緊縮和銀行信貸利率的提高。為了保證我們未來業務發展有充足的資金並更好地控制我們的融資成本，我們提升了貨幣資金餘額而來減少未來對信貸資金的需求。

Our principal sources of liquidity include cash generated from business operation, bank borrowings, other borrowings and the proceeds from the Subscription (as defined below). We used cash from such sources for working capital, production facility expansions, other capital expenditures and debt repayment. We expect these uses will continue to be our principal uses of cash in the future, and that our cash flow will be sufficient to fund our ongoing business requirements. Meanwhile, we have decided to further broaden our financing channel to improve our capital structure.

我們流動資金的主要來源包括業務營運產生的現金、銀行借款、其他借款及認購事項(見下文定義)所得款項。我們過去將來自該等來源的現金用於營運資金、生產設施擴張、其他資本支出及償債需要。我們預期該等用途將繼續為我們未來的主要現金用途，及預期我們的現金流量將足以滿足我們持續經營業務的需求。同時，我們已決定進一步拓寬我們的融資渠道以改善我們的資本架構。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

On 23 June 2016, the Company completed a placing of 60,000,000 ordinary shares at a placing price of HK\$6 per share to Natural Seasoning (Hong Kong) Limited (the “Subscriber”) in accordance with the subscription agreement dated 2 June 2016 (the “Subscription”). The Subscriber is a company incorporated in Hong Kong with limited liability and its principal activity is owning and operating companies or businesses focused in the condiments market in the PRC. The Subscriber and its ultimate beneficial owner are independent third parties. For further details of the Subscription, please refer to the announcements of the Company dated 2 June 2016 and 23 June 2016, respectively. The net proceeds after deduction of relevant expenses (including but not limited to legal expenses and disbursements) from the Subscription were approximately HK\$356,100,000, representing a net price of approximately HK\$5.935 per share. The Company planned to use net proceeds from the Subscription for general working capital of the Group.

### GEARING RATIO

The gearing ratio of the Group was 32.5% as at 31 December 2016, representing an increase of 1.6 percentage points over 2015.

The gearing ratio is based on net debt divided by total equity and net debt as at 31 December 2016. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, interest-bearing bank and other borrowings and other long term liabilities.

### CAPITAL COMMITMENT

Capital commitment as at 31 December 2016 amounted to approximately RMB56.1 million (31 December 2015: RMB30.2 million), which was mainly related to construction in progress for expansion of plant and machinery.

於二零一六年六月二十三日，本公司根據日期為二零一六年六月二日之認購協議，完成向 Natural Seasoning (Hong Kong) Limited (「認購方」) 配售60,000,000股普通股，配售價為每股股份6港元(「認購事項」)。認購方為於香港註冊成立的有限公司，其主要業務為持有及運營中國調味品市場相關的企業或業務。認購方及其最終實益擁有人均為獨立第三方。有關認購事項之更多詳情，請分別參閱本公司日期為二零一六年六月二日及二零一六年六月二十三日之公佈。認購事項之所得款項扣除相關開支(包括但不限於法律開支及開銷)淨額約為356,100,000港元，代表淨價約為每股股份5.935港元。本公司計劃利用認購事項所得款項淨額作為本集團的一般營運資金。

### 資本負債比率

於二零一六年十二月三十一日，本集團資本負債比率為32.5%，較二零一五年上升1.6個百分點。

資本負債比率按二零一六年十二月三十一日之淨債務除以總權益及淨債務計算得出。淨債務包括總債務減現金及現金等價物。總債務包括應付貿易款項、其他應付款項及應計項目、計息銀行及其他借款及其他長期負債。

### 資本承擔

於二零一六年十二月三十一日的資本承擔為約人民幣56.1百萬元(二零一五年十二月三十一日：人民幣30.2百萬元)，主要與擴建廠房及增設機械的在建工程有關。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

### CONTINGENT LIABILITIES

As at 31 December 2016, we did not have any material contingent liability.

### PLEDGE OF ASSETS

As at 31 December 2016, our inventories with a carrying amount of RMB525.3 million, property, plant and equipment with a carrying amount of RMB97.2 million, leasehold land with a carrying amount of RMB40.4 million, trade receivables with a carrying amount of RMB23.1 million and time deposits with a carrying amount of RMB159.0 million were pledged to secure general banking facilities granted to us.

Except as disclosed in this annual report, we have not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third party. It does not have any interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or engage in leasing or hedging or research and development or other service with it.

### MATERIAL ACQUISITION AND DISPOSAL

The Company has no material acquisition and disposal as at 31 December 2016.

### FUTURE PROSPECTS

For details of the Group's business outlook, please refer to the section headed "Chairman's Statement" on pages 5 to 9 of this annual report.

### 或有負債

於二零一六年十二月三十一日，我們並無任何重大或有負債。

### 資產質押

於二零一六年十二月三十一日，我們抵押賬面值為人民幣525.3百萬元的存貨、賬面值為人民幣97.2百萬元的物業、廠房及設備、賬面值為人民幣40.4百萬元的租賃土地、賬面值為人民幣23.1百萬元的貿易應收款項及賬面值為人民幣159.0百萬元的定期存款，作為授予我們一般銀行融資的質押。

除本年報所披露者外，我們並無訂立任何資產負債表外擔保或其他承擔，以擔保任何第三方的付款責任。其並不擁有向其提供融資、流動資金、市場風險或信貸支持，或為其從事租賃或對沖或研發或其他服務的任何未合併實體的任何權益。

### 重大收購及出售事項

於二零一六年十二月三十一日，本公司概無任何重大收購及出售事項。

### 未來前景

關於本集團業務前景的詳情，請參閱本年報第5至9頁的「主席報告」一節。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

### MARKET RISKS

#### Credit Risk

The Group's major concentration of credit risk arises from the Group's exposure to a substantial number of trade receivables, prepayments and other receivables, time deposits, and cash and cash equivalents. The Group's trade receivables are typically unsecured and derived from revenue earned from customers in the PRC, which are exposed to credit risk. The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit limit, and has strict control over credit limits of trade and other receivables.

In addition, the balance of trade receivables is monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Notes 16 and 17 to the financial statements in this annual report.

#### Liquidity Risk

The Group has established an appropriate liquidity risk management policy to maintain sufficient cash and cash equivalents and have available funding through capital contribution and bank borrowings. The Company's management also monitors the utilization of bank borrowings and ensures compliance with loan covenants. For details on the maturity profile of the Group's financial liabilities as at 31 December 2016, please refer to Note 33 to the financial statements in this annual report.

#### Risk of Increasing Capital Expenditure Scale

The primary capital expenditure of the Group was used for building plants, acquiring production and wine storage equipment for the purpose of expanding production capability. In recent years, the Group continued to optimize the production process and expand production capability of condiment products. If the operating condition declines in the future, the annual profit may decrease due to increase in fixed operating costs as a result of the aforesaid reasons.

### 市場風險

#### 信用風險

本集團信用風險主要集中在本集團所面臨的大量應收貿易款項、預收及其他應收款項、定期存款及現金及現金等價物產生的風險。本集團應收貿易款項一般為無抵押及來自賺取中國客戶的收入，惟面臨信用風險。本集團已制定相關政策確保產品出售予有適當信用額度的客戶，且嚴格控制貿易及其他應收款項的信用額度。

此外，本集團持續監察應收貿易款項結餘的情況，而本集團的壞賬風險並不重大。有關本集團因貿易及其他應收款項產生的信用風險的進一步數據已於本年報財務報表附註16及17披露。

#### 流動性風險

本集團已設立適當的流動性風險管理政策，以維持充足的現金及現金等價物並透過注資及銀行借款取得資金。本公司管理層亦監控銀行借款的動用及確保遵守貸款契約。有關本集團於二零一六年十二月三十一日之金融負債的到期情況詳情，請參閱本年報財務報表附註33。

#### 資本支出規模增大的風險

集團的主要資本支出主要用於建設廠房、購置生產和儲酒設備而來達到擴大產能的目的。近年來，本集團一直在不斷優化生產流程和擴大調味品產品的產能。由於前述原因導致的運營固定成本增加，在未來經營情況出現下滑時，可能會導致年度利潤的下跌。

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 管理層討論與分析 (續)

### EMPLOYEES AND WELFARE CONTRIBUTION

As at 31 December 2016, the Group had approximately 561 full-time employees (31 December 2015: 303). The employees' remuneration packages are determined with reference to their experience and qualifications and general market conditions. The remuneration policies, bonus, evaluation systems and training programs for employees of our Group were implemented continuously according to policies disclosed in the 2015 annual report and no change has been made in 2016.

The total remuneration paid to the Group's employees (excluding Directors' and chief executive's remuneration) for the year ended 31 December 2016 amounted to approximately RMB31.8 million (2015: approximately RMB21.4 million), which included the Group's contribution to the employee benefit plan for the year 2016 of RMB4.3 million (2015: RMB2.7 million). Details of the employee benefit expense are disclosed in Note 6 to the financial statements in this annual report.

The following table sets forth the Group's full-time employees by function as at 31 December 2016:

### 僱員及福利繳費

於二零一六年十二月三十一日，本集團共聘有大約561名全職僱員（二零一五年十二月三十一日：303名）。僱員薪酬方案乃參考彼等的經驗及資質以及總體市況而釐定。本集團僱員的薪酬政策、花紅、評估體系及培訓計劃繼續按照於二零一五年年報披露的政策執行，且於二零一六年概無變動。

於截至二零一六年十二月三十一日止年度支付予本集團僱員之薪酬總額（不包括董事及最高行政人員薪酬）為約人民幣31.8百萬元（二零一五年：約人民幣21.4百萬元），包括本集團於二零一六年就僱員福利計劃作出的供款人民幣4.3百萬元（二零一五年：人民幣2.7百萬元）。僱員福利開支詳情披露於本年報財務報表附註6。

下表載列本集團截至二零一六年十二月三十一日按職能劃分的全職僱員：

**As at 31 December 2016**  
截至二零一六年十二月三十一日

	<b>Number of employees</b>	<b>% of total</b>
	僱員人數	佔總數百分比

Production	生產	227	40.5%
Management and administration	管理及行政管理	17	3.0%
Sales and marketing	銷售及營銷	240	42.8%
Quality control, research and development and others	質量控制、研發及其他	77	13.7%
<hr/>			
Total	總計	561	100.00%



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 管理層討論與分析 (續)

The Group has designed an evaluation system to assess the performance of its employees. This system forms the basis for determination of employees' salaries, bonuses and promotions. We believe the salaries and bonuses that our Group's employees receive are competitive with market rates. Under applicable PRC laws and regulations, our Group is subject to social insurance contribution plans, work-related injury insurance and maternity insurance schemes.

We place a strong emphasis on providing training to our employees in order to enhance their technical and product knowledge as well as comprehension of industry quality standards and work place safety standards. We also provide regular on-site and off-site training to help our employees to improve their skills and knowledge. These training courses range from further educational studies to basic production process and skill training to professional development courses for its management personnel.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year of 2016.

### CHARITABLE DONATIONS

During the year of 2016, the Group made charitable donations of RMB62,000.

本集團已設計評估體系，以評定其僱員的表現。該體系為釐定僱員薪金、獎金及晉升的依據。我們認為，本集團僱員收取的薪金及獎金可與市價競爭。根據適用中國法律法規，本集團須參與社會保險供款計劃、工傷保險及生育保險計劃。

我們非常重視向我們的僱員提供培訓，以便提升彼等的技術及產品知識以及對行業質量標準及工作場所安全標準的理解。我們亦提供定期場內及場外培訓，幫助我們的僱員提升技能和知識。該等培訓課程範圍由基礎生產程序及技術訓練的深造班至管理人員的專業發展課程均齊備。

### 購買、贖回或出售本公司上市證券

於二零一六年內，本公司及其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

### 慈善捐款

於二零一六年內，本集團作出慈善捐款人民幣62,000元。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

The Company is committed to maintaining a high standard of corporate governance practices for enhancing accountability and transparency of the Company to its investors and Shareholders. The Board and the management of the Company are committed to conducting the Group's businesses in a transparent and responsible manner, and they believe good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing Shareholders' value in the long term.

### (A) CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**Governance Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the "**Listing Rules**") as its own code to govern its corporate governance practices.

During the year ended 31 December 2016, the Company has complied with the code provisions set out in the Governance Code except the deviations as set out below in this report.

The Board will continue to review and monitor the practices of the Company with an aim to achieve and maintain a high standard of corporate governance practices.

### (B) DIRECTORS' AND SENIOR MANAGEMENT'S SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all the Directors confirmed that they have complied with the Model Code during the year ended 31 December 2016. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended 31 December 2016.

本公司承諾為其投資者及股東維持高標準的企業管治常規以提高本公司之問責性及透明度。董事會及本公司管理層承諾以透明負責的方式開展本集團業務，而彼等相信，良好企業管治能為有效管理、健全企業文化、可持續業務增長，以及提升股東長遠價值方面提供一個不可或缺之框架。

### (A) 企業管治常規

本公司已採納香港聯合交易所有限公司證券上市規則(經不時修訂)(「**上市規則**」)附錄十四所載企業管治守則及企業管治報告(「**管治守則**」)所載的守則條文，以作為其本身規管其企業管治常規的守則。

截至二零一六年十二月三十一日止年度，本公司已遵守管治守則所載之守則條文，惟本報告下文所載之偏離事項除外。

為達到及維持高標準的企業管治常規，董事會將不斷檢討及監察本公司的常規。

### (B) 董事及高級管理層之證券交易

本公司已採納載列於上市規則附錄十之《上市發行人董事進行證券交易之標準守則》(「**標準守則**」)，作為董事及本集團高級管理層(因彼之職位或僱傭關係，有可能持有有關本集團或本公司證券之內幕消息)有關買賣本公司證券之行為守則。

經過具體詢問後，全體董事確認彼等於截至二零一六年十二月三十一日止年度已遵守標準守則。此外，本公司並無發現本集團高級管理層於截至二零一六年十二月三十一日止年度有任何違反標準守則的行為。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

### (C) THE BOARD OF DIRECTORS

#### Board Responsibilities

The Board is responsible for the overall management of the Company, including establishing and overseeing the Company's strategic development, business plans, financial objectives, capital investment proposals and assumes the responsibilities of corporate governance of the Company.

The Board gave their input and considered the priorities and initiatives, aiming at developing a sustainable plan for the Company to generate and preserve its long-term corporate values and to achieve its business strategies and objectives.

The Board may from time to time delegate all or any of its powers that it may think fit to a Director or member of senior management of the Company. The Board has formulated clear and specific rules and policies on such delegation of power to facilitate efficient operation of the Company and is supported by three board committees together the “**Board Committees**”, which are audit Committee (the “**Audit Committee**”), remuneration Committee (the “**Remuneration Committee**”) and nomination Committee (the “**Nomination Committee**”).

Directors must dedicate sufficient time and attention to the Group's affairs. Besides, the Company also requested all Directors to disclose to the Company annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

The Company has arranged appropriate insurance for all Directors in respect of legal actions against the Directors arising out of corporate activities.

### (C) 董事會

#### 董事會的責任

董事會負責本公司的整體管理，包括制訂及監督本公司的策略發展、業務計劃、財務目標及資金投資建議，並承擔本公司企業管治的責任。

董事會已投放資源及考慮各事項的優先次序及措施，旨在為本公司發展持續計劃，藉以產生及維護其長期企業價值，以及實現其業務策略及目標。

董事會可不時將其認為合適的所有或任何權力授予董事或本公司高級管理層成員。在董事會審核委員會（「**審核委員會**」）、薪酬委員會（「**薪酬委員會**」）及提名委員會（「**提名委員會**」）三個董事會委員會（統稱「**董事會委員會**」）支持下，董事會已就有關授權制訂清晰明確的規則及政策，以促進本公司有效營運。

董事須付出足夠時間及精神以處理本集團的事務。另外，本公司亦要求全體董事每年向本公司披露其於公眾公司或組織及其他重大承擔擔任有關職務的數目及性質，以及所涉及的時間。

本公司已就因企業活動而對董事採取的法律行動為全體董事安排合適的保險。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告(續)

### Functions and Duties of the Board

The Board supervises the management of business and affairs of the Company. The primary duties of the Board include:

- (a) overall management of the business and strategic development;
- (b) deciding business plans and investment plans;
- (c) monitoring the ongoing operation of the Company and to ensure that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders;
- (d) convening general meetings and reporting to the Shareholders; and
- (e) exercising other powers, functions and duties conferred by Shareholders in general meetings.

The Board delegates the authority and responsibility of daily operations, business strategies and day to day management of the Company to the CEO and the senior management.

The senior management, under the leadership of the CEO, is delegated by the Board the authority and responsibility for the daily operations and management of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions to be entered by the Company.

### Board Members

During the year ended 31 December 2016 and as at the date of this annual report, the Board consist of the following seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors:

#### Executive Directors

Mr. Chen Weizhong (*Chairman and CEO*)  
Mr. Sheng Mingjian  
Mr. Wang Chao

### 董事會的職能及職責

董事會監督本公司業務及事務的管理。董事會的主要職責包括：

- (a) 業務及策略發展的整體管理；
- (b) 決定業務計劃及投資計劃；
- (c) 監督本公司的持續營運，以及確保其管理方式既符合整體股東的最佳利益，同時亦顧及本公司其他持份者的利益；
- (d) 召開股東大會及向股東匯報；及
- (e) 執行股東於股東大會上授予的其他權力、職能及職責。

董事會將本公司日常營運、業務策略及日常管理之職權及責任轉授予首席執行官及高級管理層。

在首席執行官的領導下，高級管理層獲董事會轉授本集團日常營運及管理的權力及責任。所轉授職能及工作任務均獲定期檢討。於本公司訂立任何重大交易之前，均須獲得董事會批准。

### 董事會成員

截至二零一六年十二月三十一日止年度及於本年報日期，董事會由以下七名董事組成，包括三名執行董事、一名非執行董事及三名獨立非執行董事：

#### 執行董事

陳衛忠先生 (*主席兼首席執行官*)  
盛明健先生  
王超先生

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

### Non-executive Director

Mr. Zhang Bihong (Resigned on 23 June 2016)

Mr. Sun Qingdong (Appointed on 23 June 2016)

### Independent Non-executive Directors

Mr. Shen Zhenchang

Mr. Lei Jiasu

Mr. Ma Chaosong

There is no financial, business, family or other material or relevant relationships among the Directors of the Company.

An updated list of the roles and functions of Directors is maintained on the websites of the Company and the Stock Exchange, and the Company shall keep updating whenever necessary. The details of the Directors' biographical information are contained in the section headed "Profile of Directors and Senior Management" of this annual report.

The Company has adopted a Board diversity policy on 25 March 2014 (the "**Board Diversity Policy**"). The Company recognizes and embraces the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. The Remuneration Committee and Nomination Committee will evaluate the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates will be based on a range of diversity experiences, including but not limited to age, gender, cultural and educational background, and merit and contribution that the selected candidates will bring to the Board.

### Independent Non-executive Directors

The Company at all times complied with the requirement of Rule 3.10A of the Listing Rules, which requires an issuer's board of directors to have at least one-third of its members being independent non-executive directors. In addition, the Company has duly complied with Rule 3.10(1) and Rule 3.10(2) of the Listing Rules, which requires the issuer's board must include at least three independent non-executive directors and at least one of the independent non-executive directors to have appropriate professional qualifications or accounting or related financial management expertise.

### 非執行董事

張弼弘先生

(於二零一六年六月二十三日辭任)

孫卿東先生

(於二零一六年六月二十三日獲委任)

### 獨立非執行董事

沈振昌先生

雷家驩先生

馬朝松先生

本公司各董事之間概無財務、業務、家族或其他重大或相關關係。

最新的董事角色及職能清單已刊載於本公司及聯交所的網站，而本公司將於有需要時持續更新。各董事的履歷資料詳情載於本年報「董事及高級管理人員履歷」一節。

本公司已於二零一四年三月二十五日採納董事會成員多元化政策（「**董事會成員多元化政策**」）。本公司認同及深信，董事會成員多元化對提升其表現質素裨益良多。董事會成員多元化政策旨在載列為達致董事會成員多元化而採取的方針。薪酬委員會及提名委員會將會評核董事會成員的技能、經驗及多元化範疇方面的平衡與融合。甄選人選將按一系列多元化範疇為基準，包括但不限於年齡、性別、文化及教育背景，以及獲選人選的長處及可為董事會提供的貢獻。

### 獨立非執行董事

本公司一直遵守上市規則第3.10A條之規定，該規定要求發行人之董事會至少有一三分之一成員為獨立非執行董事。此外，本公司已妥為遵守上市規則第3.10(1)條及第3.10(2)條，該條規定發行人之董事會必須包括至少三名獨立非執行董事及至少有一名獨立非執行董事擁有適當專業資格或會計或相關財務管理專業知識。

## CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

Mr. Ma Chaosong, chairman of the Company's Audit Committee and being one of the independent non-executive Director, possesses over 10 years of experience in the financial field. Together with another two independent non-executive Directors, Mr. Lei Jiasu and Mr. Shen Zhenchang, all of whom have wide exposure and experience in the cooking wine industry and management field, provide the Group with diversified expertise and experience.

Their views and participation in Board and Board committee meetings bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest, management process and to ensure that the interests of all Shareholders are taken into account.

The Company has received an annual confirmation from each of the independent non-executive Directors on their respective independence pursuant to Rule 3.13 of the Listing Rules and the Board considers that each of them be independent. The Board believes that the present structure of the Board can ensure the independence and objectivity of the Board and provide an effective system of checks and balance to safeguard the interests of the Shareholders and the Company.

The Board considers that the balance between executive and non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of Shareholders and the Group as a whole. The composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership. The Board has separate and independent access to the senior management and the company secretary at all times.

All Directors, including independent non-executive Directors, are clearly identified as such in all corporate communications containing the names of the Directors.

本公司審核委員會主席兼其中一名獨立非執行董事馬朝松先生於財務領域擁有逾10年的經驗。連同其他兩名獨立非執行董事雷家驩先生及沈振昌先生，彼等全部於料酒行業及管理領域擁有廣泛接觸及經驗，為本集團帶來多元化的專業知識及經驗。

彼等提出的意見及透過參與董事會及董事會委員會會議，為本集團在策略、表現、利益衝突及管理程序等相關事宜上提供獨立判斷及建議，並可確保顧及全體股東之利益。

本公司已接獲各獨立非執行董事根據上市規則第3.13條就彼等各自之獨立性發出之年度確認，董事會亦認為彼等各自均屬獨立。董事會相信，董事會之現時架構可確保董事會之獨立性及客觀性，並提供有效的審查及制衡制度，以保障股東及本公司的整體利益。

董事會認為執行董事及非執行董事之間的平衡可合理及適當發揮充分審查及制衡作用，保障股東及本集團的整體利益。董事會的組成反映適合本集團業務發展所需技能及經驗與有效領導之間的必要平衡。董事會可於任何時候個別及獨立接觸高級管理層及公司秘書。

本公司在所有載有董事姓名的公司通訊中均已明確識別全體董事（包括獨立非執行董事）的身份。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

### Appointment, Re-election and Removal of Directors

Each of the Directors has entered into a service contract or a letter of appointment with the Company for a specific term. The initial term of office for each Director is a term of three years from their respective appointment date and is subject to retirement by rotation at an annual general meeting (the “AGM”) at least once every three years. According to the articles of association of the Company (the “Articles”), one-third of the Directors for the time being shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election at the relevant AGM. In addition, the Articles provide that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment, whereas any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM. The Director appointed by the Board as aforesaid shall be eligible for re-election at the relevant general meeting.

Shareholders may, at any general meeting of the members convened and held in accordance with the Articles, remove a Director at any time before the expiration of his/her period of office notwithstanding to the contrary in the Articles or in any agreement between the Company and such Director.

In accordance with the Company’s Articles, Mr. Sun Qingdong, Mr. Lei Jiasu and Mr. Shen Zhenchang will retire from office as Director by rotation at the forthcoming 2017 AGM and, being eligible, offer themselves for re-election.

### 董事的委任、重選及罷免

各董事已與本公司訂立特定年期的服務合約或委任書。各董事之初始任期為自彼等各自委任日期起計三年，惟須最少每三年於股東週年大會（「股東週年大會」）上輪席告退一次。根據本公司組織章程細則（「細則」），當時在任之三分之一董事應於各股東週年大會上輪席告退，惟各董事須至少每三年輪席告退一次。退任董事將有資格於相關股東週年大會上膺選連任。此外，細則規定任何為填補臨時空缺而獲董事會委任的董事僅可留任至其獲委任後之本公司首次股東大會為止，而任何作為現有董事會新增成員而獲董事會委任的董事僅可留任至下屆股東週年大會為止。前述獲董事會委任之董事將有資格於相關股東大會上接受重選。

即使會違反細則或本公司與該董事訂立的任何協議，股東可隨時於按照細則召開及舉行的任何股東大會上，罷免任期尚未屆滿的董事。

根據本公司細則，孫卿東先生、雷家驩先生及沈振昌先生將須於應屆二零一七年股東週年大會輪席退任，並符合資格膺選連任。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告(續)

### Directors' Continuing Professional Development

The Company has regularly provided the Directors with information of relevant training courses. Updates on the amendments of applicable rules and regulations have been given to the Directors from time to time. The Directors have provided the Company with a record of their training received in 2016. A summary of the Directors participation in continuous professional training for the year ended 31 December 2016 is as follows:

### 董事之持續專業發展

本公司定期為董事提供相關培訓課程的資料。適用之規則和法規的修訂更新資料亦會不時提供給董事。董事向本公司提供彼等於二零一六年所接受培訓的記錄。董事於截至二零一六年十二月三十一日止年度參與的持續專業培訓概列如下：

Name of Director	董事姓名	Attending briefings/ seminars/ conferences 出席簡介會/ 座談會/會議	Reading materials/ Regulatory updates 閱覽資料/ 法律更新資料
<i>Executive Directors</i>			
Mr. Chen Weizhong	陳衛忠先生	✓	✓
Mr. Sheng Mingjian	盛明健先生	✓	✓
Mr. Wang Chao	王超先生	✓	✓
<i>Non-executive Directors</i>			
Mr. Sun Qingdong	孫卿東先生	✓	✓
<i>Independent non-executive Directors</i>			
Mr. Shen Zhenchang	沈振昌先生	✓	✓
Mr. Lei Jiasu	雷家驩先生	✓	✓
Mr. Ma Chaosong	馬朝松先生	✓	✓

Internally, the Company's senior management, including the executive Directors, will implement a training plan and conduct training sessions for its key staff members on a continuing basis. The Directors are required to submit to the Company details of training sessions taken by them in each financial year for the Company's maintenance of proper training records of the Directors.

本公司高級管理層(包括執行董事)亦將在內部實施培訓計劃,持續為其主要員工提供培訓環節。董事須向本公司提交彼等於各財政年度所接受的培訓環節詳情,以便本公司妥為存置董事培訓紀錄。



# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

### Board and Board Committee Meetings

Under code provision A.1.1 of the Governance Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals and under code provision A.2.7 of the Governance Code, the chairman of the board should at least annually hold meeting with the non-executive Directors (including independent non-executive Directors) without the executive Directors present.

A tentative schedule for regular Board meetings for 2017 has been provided to the Directors. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors must be given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying Board papers will be sent to all Directors at least three days in advance of every regular Board meeting.

All matters and decisions reached, including any concerns raised by Directors or dissenting views expressed, will be recorded in minutes of Board meeting or other Board committees meetings in sufficient detail. Draft and final versions of minutes of Board/Board committee meetings will be sent to all Directors/committee members for comment and records respectively, within reasonable time after the respective meetings are held. The final versions of these minutes are kept by the Company secretary of the Company and are available for inspection at any reasonable time on reasonable notice by any Director and auditor of the Company.

During the year ended 31 December 2016, the Board convened a total of 4 Board meetings, 1 Remuneration Committee meeting, 1 Nomination Committee meeting, 2 Audit Committee meetings, based on the need of the operation and business development of the Company. Besides, the Directors also attended the 2016 AGM, which is the only general meeting held in 2016, to understand the views of the shareholders.

### 董事會及董事委員會會議

根據管治守則守則條文第A.1.1條，董事會必須定期舉行會議，至少每年舉行四次，約每季一次，而根據管治守則守則條文第A.2.7條，董事會主席應至少每年與非執行董事（包括獨立非執行董事）舉行一次沒有執行董事出席的會議。

本公司已向董事提供董事會二零一七年常規會議的初擬時間表。所有董事將在所有董事會常規會議至少14天前接獲會議通知，且全體董事須有機會提出商討項目或事項列入會議議程。如屬所有其他董事會會議，將會給予合理通知。相關議程及相關董事會文件將在舉行每次常規董事會會議前至少三天送交所有董事。

在董事會會議或其他董事委員會會議的會議紀錄中，將對已達致的所有事項及決定（包括董事提出的任何疑慮或表達的反對意見）作出充分詳的細記錄。各會議結束後，將於合理時間內將董事會／董事委員會會議之會議紀錄的初稿及最後定稿分別發送予全體董事／委員會成員，初稿供董事表達意見，最後定稿則作其記錄之用。該等會議紀錄之最後定稿均由本公司的公司秘書保管，並於接獲任何董事及本公司核數師的合理通知後，於任何合理時間內可供查閱。

截至二零一六年十二月三十一日止年度，基於本公司營運及業務發展需要，董事會共召開4次董事會會議、1次薪酬委員會會議、1次提名委員會會議及2次審核委員會會議。此外，董事亦曾出席二零一六年股東週年大會，其乃於二零一六年舉行的唯一一次股東大會，以了解股東意見。

## CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

All Board members attended the said meetings in person or by means via telephonic conferencing, which constituting presence at a meeting as if he has been present in person under the Articles. The Board intends to meet at least four times per year in the future, and the chairman of the Board intends to hold at least one meeting per year with the non-executive Directors (including the independent non-executive Directors) without the executive Directors present.

During the year ended 31 December 2016, the Board considers that all meetings have been legally and properly convened in compliance with the relevant laws and regulations (including the Listing Rules and the Articles). With the assistance of the company secretary, the chairman of the Board takes the lead to ensure that Board meetings and Board committee meetings are convened in accordance with the requirements set out in the Articles, the terms of reference of the respective Board committees and the Listing Rules. The Director's attendance at the Board meetings is set out in the section headed "Attendance at Board and Board Committee Meetings" below.

Upon making reasonable request to the Company, Board members have the right to seek independent professional advice or services at the Company's expense to assist them to perform their duties to the Company.

Should a potential conflict of interest involving substantial Shareholder(s) or Director(s) arise and the Board considers the matter to be material, the Company will hold a physical Board meeting to discuss and consider the matter, instead of passing a written resolution. Independent non-executive Directors who, and whose associates, have no material interest in the transaction should be required to be present at that Board meeting.

全體董事會成員親身或以電話視像會議方式出席上述會議，根據細則，以電話視像會議方式出席會議構成其親身出席會議。董事會擬於未來每年至少召開四次會議，而董事會主席擬至少每年與非執行董事（包括獨立非執行董事）舉行一次沒有執行董事出席的會議。

截至二零一六年十二月三十一日止年度，董事會認為所有會議均遵循相關法律及法規（包括上市規則及細則）依法及妥善召開。在公司秘書的協助下，董事會主席領導董事會，以確保董事會會議及董事委員會會議均根據細則所載規定、各董事委員會的職權範圍及上市規則召開。董事出席董事會會議之情況載於下文「出席董事會及董事委員會會議」一節。

經向本公司作出合理要求後，董事會成員有權尋求獨立專業意見或服務以協助彼等履行其對本公司的責任，費用由本公司承擔。

倘出現涉及主要股東或董事的潛在利益衝突，而董事會認為有關事項屬重大，則本公司將舉行董事會會議討論及考慮有關事項（而非通過書面決議案）。在交易中本身及其聯繫人均沒有重大利益的獨立非執行董事須出席有關的董事會會議。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

### Attendance at Board and Board Committee Meetings

Attendance of each Director at all the Board meetings, Board committee meetings and 2016 AGM held during 2016 is set out as follows.

### 出席董事會及董事委員會會議

各董事出席於二零一六年舉行的全部董事會會議、董事委員會會議及二零一六年股東週年大會的情況載列如下。

Name of Director	董事姓名	Board meeting 董事會會議	Audit Committee meeting 審核委員會會議	Nomination Committee meeting 提名委員會會議	Remuneration Committee meeting 薪酬委員會會議	2016 AGM 二零一六年股東週年大會
<i>Executive Directors</i> 執行董事						
Mr. Chen Weizhong (Chairman of the Board)	陳衛忠先生 (董事會主席)	4/4	不適用	不適用	不適用	1/1
Mr. Sheng Mingjian	盛明健先生	4/4	不適用	不適用	不適用	1/1
Mr. Wang Chao	王超先生	4/4	不適用	不適用	不適用	1/1
<i>Non-executive Directors</i> 非執行董事						
Mr. Zhang Bihong (Resigned on 23 June 2016)	張弼弘先生 (於二零一六年六月二十三日辭任)	3/3	不適用	不適用	不適用	1/1
Mr. Sun Qingdong (Appointed on 23 June 2016)	孫卿東先生 (於二零一六年六月二十三日獲委任)	1/1	1/1	不適用	不適用	不適用
<i>Independent non-executive Directors</i> 獨立非執行董事						
Mr. Shen Zhenchang	沈振昌先生	4/4	2/2	1/1	1/1	1/1
Mr. Lei Jiasu	雷家驢先生	4/4	2/2	1/1	1/1	1/1
Mr. Ma Chaosong	馬朝松先生	4/4	2/2	1/1	1/1	1/1

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告(續)

### Corporate Governance Responsibilities

The Board is responsible for fulfilling the following corporate governance responsibilities:

- develop and review the Company's corporate governance policies and practices and put forward recommendations to the Board;
- review and monitor the training and continuing professional development of Directors and senior management;
- review and monitor the Company's policies and practices regarding compliance with laws and regulatory provisions;
- develop, review and monitor code of conduct and compliance manual for staff and Directors (if any);
- review the Company's compliance with the Code and disclosure in the corporate governance report; and
- develop shareholder communications policy and regularly review the policy to ensure its effectiveness.

### 企業管治職責

董事會負責履行以下企業管治職責：

- 制定及檢討公司的企業管治政策及常規，並向董事會提出建議；
- 檢討及監察董事及高級管理人員的培訓及持續專業發展；
- 檢討及監察公司在遵守法律及監管規定方面的政策及常規；
- 制定、檢討及監察僱員及董事的操守準則及合規手冊（如有）；
- 檢討公司遵守守則的情況及在企業管治報告內的披露；及
- 制定股東通訊政策，並定期檢討以確保其成效。

### (D) CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the Governance Code provides that the roles of the chairman and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the CEO should be clearly established and set out in writing.

Mr. Chen Weizhong ("Mr. Chen") has continually served as both the chairman and CEO of the Company since its incorporation. He is responsible for managing the Board and the business of the Group. Although this deviates from the practice in code provision A.2.1 of the Governance Code, Mr. Chen has considerable and extensive experience in the cooking wine industry and management in general. The Board believes that it is in the best interest of the Company to have an executive chairman so the Board can benefit from his knowledge of the business and his capability in leading the Board in discussing the strategy and long-term development of the Group.

### (D) 主席及最高行政人員

管治守則之守則條文第A.2.1條規定，主席與首席執行官（「首席執行官」）的角色應有所區分，並不應由同一人兼任。主席與首席執行官之間職責的分工應清楚界定並以書面形式訂明。

陳衛忠先生（「陳先生」）自本公司註冊成立以來，一直同時出任本公司主席及首席執行官。彼負責管理董事會及本集團業務。儘管這偏離了管治守則之守則條文第A.2.1條的規定，惟陳先生具備相當豐富的料酒行業及整體管理經驗。董事會相信，設立執行主席一職符合本公司的最佳利益，可讓董事會受益於其業務知識及領導董事會討論本集團策略及長期發展的能力。

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 企業管治報告 (續)

From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolize the voting result. The Board considers that the balance of power between the Board and the senior management can still be maintained under the current structure and there is no imminent need to change the arrangement. The Remuneration Committee and Nomination Committees also regularly review the structure and composition of the Board and will make appropriate recommendations to the Board regarding any proposed changes.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining and implementing a high standard of corporate governance practices.

Mr. Chen, as the chairman of the Board, is responsible for ensuring that the Directors receive in a timely manner, adequate information which is accurate, clear, complete and reliable. He ensures that all Directors are properly briefed on issues arising at the Board meetings. Mr. Chen is also responsible for ensuring good corporate governance practices and procedures are maintained, all Directors make full and active contribution to the Board's affairs, and the Board acts in the best interests of the Company and its Shareholders.

Under the leadership of Mr. Chen, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. Appropriate steps are taken to provide effective communication between the Shareholders and the Board. Mr. Chen will ensure appropriate steps are taken and the Shareholders' views are communicated to the Board as a whole.

A culture of openness and constructive relations among Directors are promoted within the Board, facilitating effective contribution of non-executive Directors and ensuring constructive relations between executive and non-executive Directors.

In the year ended 31 December 2016, Mr. Chen, the chairman of the Board has met with the independent non-executive Directors (without the presence of the executive Directors) once to discuss, and obtain independent views of, the Board affairs.

從企業管治的層面來看，董事會以投票方式集體作出決策，因此主席不能主導投票結果。董事會認為，目前的架構仍能保持董事會與高級管理層之間的權力平衡，並無即時更改該安排之需要。薪酬委員會及提名委員會亦會定期檢討董事會架構及組成，並將就任何潛在變動向董事會作出適當建議。

董事會將繼續檢討及監控本公司的常規，旨在維持及實行高水平的企業管治常規。

作為董事會主席，陳先生負責確保董事及時收到準確、清晰、完整及可靠的充足資料。彼確認全體董事均就於董事會會議上提出之事宜獲得妥善簡報。陳先生亦負責確保維持良好的企業管治常規及程序、全體董事全力積極參與董事會事務，以及董事會的行事符合本公司及其股東的最佳利益。

於陳先生帶領下，董事會有效運作，並履行其職責，及時商討所有關鍵及適當事宜，亦採取適當措施，促進股東與董事會之間的有效溝通。陳先生將確保採取合適步驟及將股東的意見整體傳達至董事會。

董事會內部倡導開誠佈公的文化及董事之間建立建設性關係，為促進非執行董事作出有效貢獻及確保執行董事與非執行董事保持建設性的關係。

截至二零一六年十二月三十一日止年度，董事會主席陳先生曾在執行董事避席的情況下與獨立非執行董事進行一次會議，以商討董事會事務及聽取有關方面的獨立意見。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告(續)

### (E) NON-EXECUTIVE DIRECTOR

The term of Mr. Sun Qingdong, the Company's incumbent non-executive director, shall last for two years from 23 June 2016.

### (F) BOARD COMMITTEES

#### Delegation by the Board

The Board is supported by the Board Committees, and the Board has delegated various responsibilities to the Board Committees, namely the Audit Committee, Remuneration Committee and the Nomination Committee. All Board Committees perform their distinct roles in accordance with their respective terms of reference which are available to public on the websites of the Company and the Stock Exchange.

The Company has provided the Board Committees with sufficient resources and the Board Committees may seek independent professional advice as and when required at the Company's expense.

#### Audit Committee

The Company established the Audit Committee on 17 December 2013 with written terms of reference in compliance with the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and the Governance Code. The Audit Committee currently has four members, namely Mr. Ma Chaosong, Mr. Lei Jiasu, Mr. Shen Zhenchang and Mr. Sun Qingdong. Mr. Ma Chaosong, the Company's independent non-executive Director, has been appointed as the chairman of the Audit Committee, and possess the appropriate professional qualifications required under the Listing Rules. The Audit Committee has access to professional advice, if required, and is provided with sufficient resources to perform its duties.

The primary responsibilities of the Audit Committee are to review and supervise the financial reporting process, financial control, internal control and risk management systems of the Company, nominate and monitor external auditor, oversee the audit process and perform other duties and responsibilities as assigned by the Board on an annual basis.

### (E) 非執行董事

本公司現時非執行董事孫卿東先生的任期為由二零一六年六月二十三日起計兩年。

### (F) 董事委員會

#### 董事會授權

董事會由董事委員會支持，並已將多項職責轉授予董事委員會，即審核委員會、薪酬委員會及提名委員會。所有董事委員會均根據彼等各自的職權範圍（可供公眾人士於本公司及聯交所的網站查閱）履行彼等獨有的職責。

本公司已向董事委員會提供充足資源，而董事委員會亦可於有需要時尋求獨立專業意見，費用由本公司承擔。

#### 審核委員會

本公司於二零一三年十二月十七日設立審核委員會，其書面職能範圍已遵照聯交所證券上市規則（「上市規則」）以及管治守則的規定。審核委員會現有四名成員，即馬朝松先生、雷家驩先生、沈振昌先生及孫卿東先生。本公司的獨立非執行董事馬朝松先生已獲委任為審核委員會主席，並具備上市規則規定的適當專業資格。審核委員會可獲取專業意見（如有需要），並獲提供充足資源以履行其職責。

審核委員會的主要職責為檢討及監察本公司每一年的財務申報程序、財務監控、內部監控及風險管理制度、提名及監察外聘核數師、監督審核程序以及履行董事會賦予的其他職責及責任。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

During the year ended 31 December 2016, the Audit Committee has convened two meetings, with all members present in person or through telephonic conferencing, during which the following works were performed:

- Assessed the independence of the Company's auditors;
- Discussed with external auditors about the scope of work and fees in respect of their audit work for the year ended 31 December 2016;
- Met with the Company's external auditor to discuss the audit procedures and accounting issues;
- Reviewed and discussed the audited annual results for the year ended 31 December 2016 and the unaudited interim results for the six months ended 30 June 2016 with the senior management of the Company and external auditor;
- Reviewed the financial controls, internal control and risk management systems of the Group;
- Reviewed the accounting policies adopted by the Group and other issues related to the Company's accounting practice; and
- Appointment of external auditors (subject to AGM approval) and arrangements for the employees to raise concerns about possible improprieties.

The terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

The attendance of the Audit Committee members at the above meeting is set out in the above section headed "Attendance at Board and Board Committee Meetings".

截至二零一六年十二月三十一日止年度，審核委員會曾召開兩次會議，全體成員親身或以電話會議方式出席會議，在此期間，進行下列工作：

- 評估本公司核數師的獨立性；
- 與外聘核數師討論有關其於截至二零一六年十二月三十一日止年度審核工作的工作範圍及費用；
- 與本公司的外聘核數師會面，商討審核程序及會計事宜；
- 與本公司高級管理層及外聘核數師審閱及討論截至二零一六年十二月三十一日止年度的經審核年度業績及截至二零一六年六月三十日止六個月的未經審核中期業績；
- 檢討本集團的財務控制、內部控制及風險管理體系；
- 檢討本集團所採納的會計政策及有關本公司會計常規的其他事宜；及
- 委任外聘核數師（須獲股東週年大會批准）及安排僱員提高對不當行為的關注。

審核委員會的職權範圍可於本公司及聯交所的網站查閱。

審核委員會成員出席上述會議之情況載於上文「出席董事會及董事委員會會議」一節。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告(續)

### Remuneration Committee

The Company established the Remuneration Committee on 17 December 2013 with written terms of reference in compliance with the Listing Rules and the Governance Code. The Remuneration Committee has three members, namely Mr. Shen Zhenchang, Mr. Lei Jiasu and Mr. Ma Chaosong. Mr. Shen Zhenchang, the Company's independent non-executive Director, has been appointed as the chairman of the Remuneration Committee. The Remuneration Committee has access to professional advice, if required, and is provided with sufficient resources to perform its duties.

The primary duties of the Remuneration Committee are to review, determine and make recommendations to the Board on the policy and structure of the remuneration (including bonuses and other compensation) payable to the Directors and senior management and make recommendations on employee benefit arrangements.

The Remuneration Committee is also responsible to establish a formal and transparent procedure for development of remuneration policy, and ensuring no Director or his/her associate is involved in deciding his/her own remuneration. The Remuneration Committee will consult with chairman of the Board about the remuneration proposals for the other executive Directors.

The Remuneration Committee of the Company held one meeting in 2016 to review and make recommendations on the existing remuneration packages of all Directors and senior management. The attendance of the Remuneration Committee members at the above meeting is set out in the section headed "Attendance at Board and Board Committee Meetings" above.

The terms of reference of the Remuneration Committee is available on websites of the Company's website and the Stock Exchange.

### 薪酬委員會

本公司於二零一三年十二月十七日設立薪酬委員會，其書面職能範圍已遵照上市規則以及管治守則的規定。薪酬委員會有三名成員，即沈振昌先生、雷家驩先生及馬朝松先生。本公司的獨立非執行董事沈振昌先生已獲委任為薪酬委員會主席。薪酬委員會可獲取專業意見(如有需要)，並獲提供充足資源以履行其職責。

薪酬委員會的主要職責為檢討及釐定應付予董事及高級管理層的薪酬(包括花紅及其他薪酬)政策及架構，並就此向董事會提供推薦建議，以及就僱員福利安排提供推薦意見。

薪酬委員會亦負責建立制訂薪酬政策的正式具透明度之程序，並確保概無董事或其聯繫人參與決定自身的薪酬。薪酬委員會將就其他執行董事的薪酬建議徵詢董事會主席的意見。

本公司薪酬委員會於二零一六年舉行一次會議，以檢討全體董事及高級管理層的現有薪酬待遇及就此提供推薦意見。薪酬委員會成員出席上述會議之情況載於上文「出席董事會及董事委員會會議」一節。

薪酬委員會的職權範圍可於本公司及聯交所的網站查閱。



# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

Pursuant to code provision B.1.5 of the Governance Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2016 is set out below:

根據管治守則之守則條文第B.1.5條，截至二零一六年十二月三十一日止年度高級管理層成員按薪酬帶劃分之年度薪酬載列如下：

Remuneration band (RMB) 薪酬範圍 (人民幣)		Number of Individual 人數
Nil-1,000,000	零 – 1,000,000	5

Details of the remuneration of each Director for the year ended 31 December 2016 are set out in Note 8 to the financial statements in this annual report.

各位董事於截至二零一六年十二月三十一日止年度之薪酬詳情載於本年報所載財務報表附註8。

### Nomination Committee

### 提名委員會

The Company established the Nomination Committee on 17 December 2013 with written terms of reference in compliance with the Listing Rules and the Governance Code. The Nomination Committee consists of three members, namely Mr. Lei Jiasu, Mr. Shen Zhenchang and Mr. Ma Chaosong. Mr. Lei Jiasu, the Company's independent non-executive Director, has been appointed as the chairman of the Nomination Committee. The Nomination Committee has access to professional advice, if required, and is provided with sufficient resources to perform its duties.

本公司於二零一三年十二月十七日設立提名委員會，其書面職能範圍已遵照上市規則以及管治守則的規定。提名委員會包括三名成員，即雷家驩先生、沈振昌先生及馬朝松先生。本公司的獨立非執行董事雷家驩先生已獲委任為提名委員會主席。提名委員會可獲取獨立專業意見（如有需要），並獲提供充足資源以履行其職責。

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually and make recommendations on any proposed changes to the Board compositions to complement the Company's corporate strategy. The Nomination Committee is also responsible for identifying suitably qualified individuals and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors. Furthermore, it also assesses the independence of the independent non-executive Directors.

提名委員會的主要職責為每年檢討董事會的架構、規模及組成，並就補充本公司的企業策略而對董事會組成作出的潛在變動提出推薦建議。提名委員會亦負責物色具備合適資格的人士，並就董事委任或重新委任以及董事繼任計劃向董事會提出推薦建議。此外，其亦評核獨立非執行董事的獨立性。

The Nomination Committee has held one meeting in 2016, during which the diversity, structure, size and composition of the Board, the independence of the independent non-executive Directors and the qualifications of the retiring directors standing for re-election at the 2016 AGM were reviewed and considered, and relevant recommendation was made to the Board. The attendance of the Nomination Committee members at the above meeting is set out in the section headed "Attendance at Board and Board Committee Meetings" above.

提名委員會已於二零一六年舉行一次會議，並於會上檢討及考慮董事會之多元性、架構、規模及組成、獨立非執行董事的獨立性以及於二零一六年股東週年大會上膺選連任之退任董事之資格，並已向董事會作出相關推薦建議。提名委員會成員出席上述會議之情況載於上文「出席董事會及董事委員會會議」一節。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告(續)

In assessing the Board composition, the Nomination Committee takes into account the various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee discussed and agreed on measurable objectives for achieving diversity on the Board, where necessary, and recommends them to the Board for adoption. The Nomination Committee considers an appropriate balance of diversity perspective of the Board is maintained. The Board Diversity Policy shall be reviewed by the Nomination Committee annually, as appropriate, to ensure its effectiveness.

In selecting candidates for directorship of the Company, the Nomination Committee makes reference to certain criteria such as the Company's needs, the integrity, experience, skills and expertise of the candidate, board diversity aspects and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

於評估董事會組成時，提名委員會考慮董事會成員多元化政策所載多個方面，包括但不限於性別、年齡、文化及教育背景、專業資格、技能、知識以及行業及地區經驗。提名委員會將於必要時討論及一致同意實現董事會多元化的可衡量目標，並推薦予董事會以供採納。提名委員會認為，董事會維持了多元化方面的適當平衡。提名委員會應每年檢討董事會成員多元化政策(如適用)，以確保其有效性。

於篩選本公司董事候選人時，提名委員會參考若干條件，例如本公司的需要、候選人的誠信、經驗、技能及專業知識、董事會成員多元化方面及該候選人對履行其職務及責任將付出的時間及努力。如有需要，可委聘外部招聘專業人士進行篩選程序。

提名委員會的職權範圍可於本公司及聯交所的網站查閱。

### (G) AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's external auditor, Ernst & Young, during the year ended 31 December 2016 is set out below:

Service Category	服務類別	Remuneration Paid/Payable 已付／應付酬金 RMB'000 人民幣千元
Audit Services	核數服務	1,360
Non-audit Services – Agreed upon	非核數服務 – 商定程序	300
Total	總計	1,660

### (G) 核數師酬金

截至二零一六年十二月三十一日止年度，已付或應付予本公司外聘核數師安永會計師事務所之酬金載列如下：

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditors for annual audit and non-audit services is reasonable. There has been no major disagreement between the auditors and the management of the Company during the year ended 31 December 2016.

The Audit Committee is responsible to make recommendation to the Board as to the appointment, reappointment and removal of the external auditors. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of Ernst & Young as the Company's external auditors for the financial year ending 31 December 2017 which is subject to the approval by the Shareholders at the forthcoming AGM of the Company to be held on 31 May 2017 ("2017 AGM").

### (H) DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare accounts of the Group and other financial disclosures required under the Listing Rules and the Company's management will provide information and explanation to the Board to enable it to make informed assessments of the financial and other decisions.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors of the Company in respect of their reporting responsibilities on the Company's financial statements for the year ended 31 December 2016 is set out in the "Independent Auditors' Report" contained in this annual report.

審核委員會已向董事會反映其意見，表示已付／應付本公司外聘核數師提供年度核數及非核數服務的費用水平屬合理。核數師與本公司管理層於截至二零一六年十二月三十一日止年度並無任何重大意見分歧。

審核委員會負責就外聘核數師的委聘、續聘及罷免向董事會提出推薦建議。董事會與審核委員會就續聘安永會計師事務所為本公司截至二零一七年十二月三十一日止財政年度之外聘核數師並無意見分歧，惟須經股東於本公司於二零一七年五月三十一日舉行之應屆股東週年大會（「二零一七年股東週年大會」）上批准方可作實。

### (H) 董事就財務報表之財務申報責任

董事確認，彼等負責根據上市規則規定編製本集團賬目及其他財務披露，而本公司管理層將為董事會提供資料及解釋，令董事會可對財務及其他決定作出知情評估。

董事並無發現有關事件或狀況的任何重大不確定因素會導致本公司繼續持續經營的能力出現重大疑問。

本公司核數師就其對本公司截至二零一六年十二月三十一日止年度財務報表之申報責任發出的聲明載於本年報所載的「獨立核數師報告」。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告(續)

### (I) RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining effective risk management and internal control systems and conducting regular review on the effectiveness of the risk management and internal control system of the Company. The risk management and Internal Control systems of the Group are characterised by distinct division between power and authority, clear procedures, high transparency and efficiency. The Company has worked out a procedure for identifying, evaluating and managing significant risks of the Company. Business departments including the production and sales departments are responsible for identifying, supervising and evaluating the risks related to themselves, and report to the Company's senior management on a regular basis. The senior management shall evaluate and set priorities for the identified risks according to the procedure set by the Board's Audit Committee, and then submit risk alleviation plans to the Audit Committee which shall appoint officers responsible for risk management.

The Company has formulated the insider information policies according to the Securities & Futures Ordinance and the Listing Rules. The Company's Directors, senior management and all others relevant employees are provided with the guidelines to ensure that the Company promptly disclose the insider information under reasonable and practicable circumstances. The guideline contains a series of procedure to ensure that the information are kept confidential before they are disclosed to the general public, and shall publicly disclose such information immediately if the Company considers that it is impossible to keep it confidential as required.

The risk management and internal control systems adopted by the Company are designed to manage rather than eliminate the risks of failing to achieve the business objectives and can only make reasonable but not absolute assurance against material misstatement or loss. Procedures have been designed for safeguarding assets against unauthorized use or disposition, maintaining of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. However, the system can only provide reasonable but not absolute assurance against misstatements or losses.

### (I) 風險管理及內部監控

董事會負責維持有效的風險管理及內部監控制度及定期檢討本公司風險管理及內部監控制度的有效性。本集團風險管理及內部監控制度的特點為權責分明、程序清晰、高度透明、富有成效。本公司已制訂一套供以辨認、評估及管理本公司的重大風險的程序。本公司的生產、銷售等業務部門分別負責辨認、監察及評估與部門本身相關的風險，並定期向本公司高級管理層匯報。高級管理層根據董事會審核委員會負責制訂的程序，評估及排列所識別風險的優先次序，從而向董事會審核委員會提議緩和風險的計劃及由審核委員會指定管理風險的負責人。

本公司就遵循證券及期貨條例和上市規則的規定制訂了內幕消息政策，為本公司之董事、高級管理層及所有其他相關僱員提供指引，以確保本公司能在合理及切實可行的情況下儘快向公眾披露內幕消息。有關指引有一系列程序確保該等消息在向公眾全面披露前的保密性，以及一旦本公司認為無法保持所需的保密性，會即時向公眾披露該等消息。

本公司所採納的風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，而且只能就重大的失實陳述或損失作出合理而非絕對的保證。本公司已設計程序，以保障資產免被非法使用或處置，保持恰當的會計記錄以提供可靠之財務資料供內部使用或公佈，及確保遵守適用法律、規例及法規。然而，該制度僅可就防止錯誤陳述或損失提供合理而非絕對的保證。

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### 企業管治報告 (續)

The Board is responsible for presenting a balanced and clear assessment of the Group's performance and prospects. Management of the Company provides all relevant information to the Board, giving its members sufficient information and explanation that it needs to discharge their responsibilities.

During the year ended 31 December 2016, the Audit Committee and the Board conducted a review of the effectiveness of the risk management and internal control system of the Company, respectively including the adequacy of resources, staff qualifications and experiences, training programs and budget of the Company's accounting and financial reporting function. The Board considers that there are no significant defects in the Company's risk management and internal control system in terms of completeness, reasonableness and effectiveness.

The Articles set out matters which are specifically reserved to the Board for its decision. The management team of the Company holds meetings regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure the management properly implement the directions and strategies set by the Board.

The senior management of the Company has provided the Board with sufficient explanation and information to enable the Board to make an informed assessment of financial and other information put before it for approval.

Currently, the Group has not established an internal audit function. The Board has reviewed the need for setting up an internal audit function within the Group, and is of the opinion that in view of the current scale and nature of the operations of the Group, it is more cost effective to appoint external independent professionals to carry out internal audit services for the Group.

The Board will continue, with the assistance of the Audit Committee and external independent professionals if necessary, to review and improve the Group's internal controls system, taking into account the prevailing regulatory requirements, the Group's business development and the interests of shareholders.

董事會負責呈列有關本集團表現及前景的均衡清晰的評估。本公司管理層向董事會提供一切相關資料，令其成員獲得履行其職責所需的充分資料及解釋。

審核委員會及董事會已分別對截至二零一六年十二月三十一日止年度就本公司風險管理及內部監控制度的成效進行了一次檢討，包括本公司會計及財務申報職能的資源充足性、員工資格及經驗、培訓計劃及預算。董事會認為，本公司風險管理及內部監控制度在完整性、合理性及有效性方面概無重大缺陷。

細則已載列特定留待董事會決定的事項。本公司管理團隊定期舉行會議，與執行董事進行檢討及討論，內容包括日常營運事宜、財務及經營表現，以及監察及確保管理層妥善落實董事會制定的方向及策略。

本公司高級管理層已向董事會提供充份說明及資料，確保董事會可於批准財務及其他資料前作出知情評估。

目前，本集團尚未成立內部審核職能。董事會已檢討本集團設立內部審核職能的需要，並認為鑒於本集團現時之營運規模及性質，委任外聘獨立專業人士執行本集團之內部審計服務更具成本效益。

董事會在審核委員會及外聘獨立核數師（如必要）的協助下，將考慮當時的監管規定、本集團的業務發展及股東權益，不斷檢討及改善本集團的內部監控系統。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告(續)

### (J) COMPANY SECRETARY

Mr. Au Wai Keung (“**Mr. Au**”) served as the company secretary of the Company during the year ended 31 December 2016. Mr. Au is a director of Arion and Associates Limited, a corporate secretarial and accounting services provider in Hong Kong. Mr. Au possesses the professional qualifications that the Stock Exchange has considered acceptable and has taken no less than 15 hours of professional training during the year ended 31 December 2016.

Mr. Au’s primary contact person at the Company is Mr. Chen Weizhong, the chairman, CEO and executive Director of the Company.

Mr. Au is responsible for providing advice to the Board on corporate governance matters.

### (K) SHAREHOLDERS’ RIGHT

To safeguard Shareholders’ interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at Shareholders’ meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company ([www.hzlaohenghe.com](http://www.hzlaohenghe.com)) and Stock Exchange after each Shareholders’ meeting. The Articles allow a Shareholder to attend and vote at a general meeting or to appoint a proxy, who needs not be a Shareholder, to attend the meeting and vote thereat on his/her/its behalf.

Pursuant to the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### (J) 公司秘書

截至二零一六年十二月三十一日止年度，區偉強先生（「**區先生**」）擔任本公司公司秘書一職。區先生為一家香港企業秘書及會計服務供應商亞利安會計事務所有限公司之董事。區先生擁有聯交所認可之專業資格，並於截至二零一六年十二月三十一日止年度接受不少於15小時之專業培訓。

區先生於本公司之主要聯絡人為本公司主席、首席執行官兼執行董事陳衛忠先生。

區先生負責就企業管治事宜向董事會提供意見。

### (K) 股東權利

為保障股東利益及權利，將於股東大會上就各個別重大事項（包括選舉個別董事）提呈獨立決議案。根據上市規則，所有於股東大會上提呈的決議案將以投票方式表決，而投票結果將於各股東大會後刊登於本公司網站([www.hzlaohenghe.com](http://www.hzlaohenghe.com))及聯交所網站。細則允許股東有權出席股東大會及於會上投票或委聘代表（毋須為股東）代表其出席大會及於會上投票。

根據細則，任何於提請要求當日持有不少於本公司繳足股本（賦有權利在本公司股東大會投票）十分之一的一名或多名股東，應有權向董事會或本公司秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求所指明的任何事務交易；該會議須於提請該要求後兩個月內舉行。倘董事會於該提請後21日內未有召開該會議，則提請要求的人士可以同樣方式自行召開會議，且本公司須償還提請要求的人士因董事會未有召開該會議而引致的所有合理開支。

# CORPORATE GOVERNANCE REPORT (CONTINUED)

## 企業管治報告 (續)

With respect to the Shareholders' right in proposing persons for election as Directors, please refer to the procedures available on the website of the Company.

There is no provision allowing Shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Shareholders and potential investors are welcome to communicate with the Company by email: [ir02226@hzlaohenghe.com](mailto:ir02226@hzlaohenghe.com). Shareholders may also put forward their written enquiries or requisitions to the Board at Balidian Town, Food and Industrial Park, Wuxing District, Huzhou City, PRC (Attention: the Board of Directors).

### (L) INVESTOR RELATIONS

The Company believes that effective and proper investor relations play a vital role in creating Shareholders' value, enhancing the corporate transparency as well as establishing market confidence. The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate and complete, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions. Updated key information and business development of the Group are also available on the Company's website to enable Shareholders and investors to have timely access to information about the Group.

The Company also endeavours to maintain an on-going dialogue with Shareholders and in particular, through general meetings which provides a forum for Shareholders to raise comments and exchange views with the Board. Directors (or their delegates as appropriate) will be available at the AGMs of the Company to address Shareholders' queries.

The Company will continue to take measures to ensure effective Shareholders' communication and transparency.

關於股東提名董事候選人之權利，請參閱本公司網站所載之程序。

開曼群島公司法或細則並無條文准許股東可在股東大會上提呈任何新決議案。有意提呈決議案之股東可按上段所載程序要求本公司召開股東大會。

歡迎股東及潛在投資者電郵至 [ir02226@hzlaohenghe.com](mailto:ir02226@hzlaohenghe.com) 與本公司溝通。股東亦可將書面詢問或請求寄予董事會，地址為中國湖州市吳興區八里店鎮食品工業園（收件人：董事會）。

### (L) 投資者關係

本公司相信，與投資者建立有效及適當的關係對營造股東價值、提高公司透明度及建立市場信心起著重要作用。本公司根據上市規則披露資料，及根據有關法律及法規向公眾人士刊發定期報告及公告。本公司盡力確保及時披露資料，而有關資料實屬公正、準確及完整，務求使股東、投資者及公眾人士能作出合理的知情決定。本集團最新的重要資料及業務發展亦會刊登於本公司網站，以使股東及投資者及時獲得有關本集團的資料。

本公司亦竭力與股東保持持續對話，尤其是，透過股東大會為股東提供提出意見及與董事會交換意見的討論會。董事（或其代表（如適用））將於本公司股東週年大會上處理股東的詢問。

本公司將繼續採取措施確保有效的股東交流及透明度。

## CORPORATE GOVERNANCE REPORT (CONTINUED) 企業管治報告(續)

There has been no change in the Articles since the Listing Date. An up to date version of the Articles is available on the websites of the Stock Exchange and the Company.

The 2016 AGM was an important occasion where the Board and the Shareholders could communicate directly with each other. The chairmen of the Board, the directors and the external auditor, Ernst & Young, were present at the 2016 AGM to communicate with the Shareholders. The 2016 AGM circular distributed to all Shareholders before the 2016 AGM contained information regarding the proposed resolutions.

In addition, the Company has announced its annual and interim results in a timely manner in accordance with the requirements of the Listing Rules.

The Company will strive to strengthen investor relationships and maintain transparency of the operating strategies, financial performance and development prospects of the Company.

自上市日期起，細則並無變動。細則的最新版本可於聯交所及本公司網站查閱。

二零一六年股東週年大會為董事會與股東互相直接溝通的重要機會。董事會主席、董事與外聘核數師安永會計師事務所均已出席二零一六年股東週年大會與股東溝通。於二零一六年股東週年大會舉行前派發予全體股東的二零一六年股東週年大會通函載有建議決議案的相關資料。

此外，本公司已根據上市規則的規定及時公佈其年度及中期業績。

本公司將致力強化投資者關係，以及維持本公司經營策略、財務表現及發展前景的透明度。



# DIRECTORS' REPORT

## 董事會報告

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

### PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 4 December 2012 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company is an investment holding company, and its subsidiaries established in the PRC are primarily engaged in the manufacturing of cooking wine and other condiment products in China under the "Lao Heng He" ("老恒和") brand.

The activities and particulars of the Company's subsidiaries are shown under Note 1 to the financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Note 5 and Note 6 to the financial statements in this annual report.

### RESULTS AND DIVIDEND

The consolidated results of the Group for the year ended 31 December 2016 are set out on pages 84 to 91 of this annual report.

The Board is pleased to recommend the payment of a final dividend of RMB7.2 cents per ordinary Share (the "**Proposed Final Dividend**") for the year ended 31 December 2016. Subject to the approval of the Proposed Final Dividend by the Shareholders at the Company's forthcoming annual general meeting to be held on 31 May 2017 (the "**2017 AGM**"), the Proposed Final Dividend is expected to be paid on or about 4 July 2017.

董事會欣然提呈本集團截至二零一六年十二月三十一日止年度之年報及經審核綜合財務報表。

### 主要業務

本公司於二零一二年十二月四日根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司。本公司為投資控股公司，其於中國成立的附屬公司主要從事於中國生產「老恒和」牌料酒及其他調味品。

本公司附屬公司的業務及詳情載於財務報表附註1。本集團年內收入及經營利潤按主要業務劃分之分析載於本年報「管理層討論與分析」一節及本年度財務報表附註5和6。

### 業績及股息

本集團截至二零一六年十二月三十一日止年度之綜合業績載於本年報第84至91頁。

董事會欣然建議派付截至二零一六年十二月三十一日止年度之期末股息每股普通股人民幣7.2分（「**建議期末股息**」）。建議期末股息須待股東於二零一七年五月三十一日舉行之應屆股東週年大會（「**二零一七年股東週年大會**」）上批准後，預期建議期末股息將於二零一七年七月四日或前後派付。

## CLOSURE OF THE REGISTER OF MEMBERS

### (A) For Determining the Entitlement to Attend and Vote at the 2017 AGM

The register of members of the Company will be closed from 24 May 2017 to 31 May 2017 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2017 AGM, all Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 23 May 2017.

### (B) For Determining the Entitlement to the Proposed Final Dividend

The register of members of the Company will be closed from 12 June 2017 to 15 June 2017, (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the Proposed Final Dividend, all completed Share transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 9 June 2017.

## FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on pages 3 to 4 of this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 13 to the financial statements in this annual report.

## 暫停辦理股份過戶登記

### (A) 確定出席二零一七年股東週年大會及於會上投票的資格

本公司將於二零一七年五月二十四日至二零一七年五月三十一日(包括首尾兩日)暫停辦理股份過戶登記手續,期間將不會進行股份過戶。為確定有權出席二零一七年股東週年大會並於會上投票之股東身份,所有過戶文件連同有關股票,須於二零一七年五月二十三日下午四時三十分前交回本公司之香港股份過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

### (B) 確定收取建議期末股息之權利

本公司將於二零一七年六月十二日至二零一七年六月十五日(包括首尾兩日)暫停辦理股份過戶登記手續,期間將不會進行股份過戶。為符合資格收取建議期末股息,所有填妥之股份過戶表格連同有關股票,須於二零一七年六月九日下午四時三十分前交回本公司之香港股份過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

## 財務概要

本集團過去五個財政年度的已公佈業績及資產及負債概要載於本年報第3至4頁。

## 物業、廠房及設備

本集團年內物業、廠房及設備變動詳情載於本年報財務報表附註13。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

#### EQUITY-LINKED AGREEMENTS

There were no equity-linked agreements entered into by the Group, or existed during the year ended 31 December 2016.

#### SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 December 2016 are set out in Note 25 to the financial statements in this annual report.

#### PRE-EMPTIVE RIGHTS

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

#### DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves available for distribution amounted to RMB898.6 million of which RMB41.7 million has been proposed as a final dividend for the year ended 31 December 2016.

#### RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2016 are set out in Note 26 to the financial statements in this annual report.

#### BANKING FACILITIES AND OTHER BORROWINGS

Details of the borrowings are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 21 and Note 22 to the financial statements in this annual report.

The Directors are not aware of any circumstances which would give rise to disclosure obligation pursuant to the requirements under Rule 13.18 of the Listing Rules as at 31 December 2016.

#### 股權關聯協議

截至二零一六年十二月三十一日止年度，本集團概無簽訂或存在任何股權關聯協議。

#### 股本

本公司於截至二零一六年十二月三十一日止年度之股本變動詳情載於本年報財務報表附註25。

#### 優先購買權

細則或開曼群島法律並無有關優先購買權的任何規定，規限本公司須向現有股東按其持股比例發售新股份。

#### 可供分派儲備

於二零一六年十二月三十一日，本公司之可供分派儲備為人民幣898.6百萬元，其中人民幣41.7百萬元已獲建議作為截至二零一六年十二月三十一日止年度之末期股息。

#### 儲備

本集團及本公司截至二零一六年十二月三十一日止年度儲備變動詳情載於本年報財務報表附註26。

#### 銀行融資及其他借款

借款詳情載於本年報「管理層討論與分析」一節及本年報財務報表附註21及22。

董事並不知悉截至二零一六年十二月三十一日有任何將導致根據上市規則第13.18條履行披露責任的情況。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during 2016.

### DIRECTORS

The Directors who held office during the year ended 31 December 2016 and up to the date of this annual report are:

#### Executive Directors

Mr. Chen Weizhong (*Chairman*)  
Mr. Sheng Mingjian  
Mr. Wang Chao

#### Non-executive Director

Mr. Zhang Bihong (Resigned on 23 June 2016)  
Mr. Sun Qingdong (Appointed on 23 June 2016)

#### Independent Non-executive Directors

Mr. Shen Zhenchang  
Mr. Ma Chaosong  
Mr. Lei Jiasu

Pursuant to the provisions in the Articles and the wishes of the Directors, Mr. Sun Qingdong, Mr. Lei Jiasu and Mr. Shen Zhenchang will retire from office as Director by rotation at the forthcoming 2017 AGM and, being eligible, offer themselves for re-election. The Company's circular to be dispatched to Shareholders will contain detailed information of the Directors standing for re-election.

### INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and considers that all the independent non-executive Directors are independent.

### 購買、出售或贖回本公司上市證券

本公司及其任何附屬公司於二零一六年並無購買、出售或贖回本公司之任何上市證券。

### 董事

截至二零一六年十二月三十一日止年度及直至本年報日期在任之董事載列如下：

#### 執行董事

陳衛忠先生 (*主席*)  
盛明健先生  
王超先生

#### 非執行董事

張弼弘先生 (於二零一六年六月二十三日辭任)  
孫卿東先生 (於二零一六年六月二十三日獲委任)

#### 獨立非執行董事

沈振昌先生  
馬朝松先生  
雷家驩先生

根據細則之條文及董事之意願，孫卿東先生、雷家驩先生及沈振昌先生將於應屆二零一七年股東週年大會上輪席退任董事職務，惟彼等符合資格並同意膺選連任。本公司將於寄發予股東的通函載列有關膺選連任董事的詳情。

### 獨立非執行董事之獨立性

董事會接獲各獨立非執行董事根據上市規則第3.13條就其獨立性發出之年度確認書，並認為全體獨立非執行董事均屬獨立人士。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

#### BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out in the section headed "Profile of Directors and Senior Management" on pages 14 to 19 of this annual report.

#### DIRECTORS' SERVICE CONTRACTS

As at 31 December 2016, none of the Directors (including those Directors proposed for re-election at the forthcoming 2017 AGM) has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or its subsidiaries, as applicable, within one year without payment of compensation (other than statutory compensation).

#### CONTRACTS WITH DIRECTORS AND CONTROLLING SHAREHOLDERS

No contract of significance (as defined under Notes 16.1 and 16.2 of Appendix 16 to the Listing Rules) has been entered into between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries during the year ended 31 December 2016.

No contract of significance (as defined under Notes 15.2 and 15.3 of Appendix 16 to the Listing Rules) which the Company or any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2016.

#### 董事及高級管理人員履歷詳情

本年報日期之董事及本集團高級管理人員履歷詳情載於本年報第14頁至19頁「董事及高級管理人員履歷」一節。

#### 董事的服務合約

於二零一六年十二月三十一日，概無董事（包括擬於二零一七年股東週年大會上重選的董事）與本公司或其任何附屬公司訂立本公司不可於一年內終止而毋須支付賠償（法定賠償除外）的服務合約。

#### 與董事及控股股東的合約

截至二零一六年十二月三十一日止年度，本公司或其任何附屬公司與控股股東或其任何附屬公司之間概無訂立任何重大合約（定義見上市規則附錄16附註16.1及16.2）。

本公司或其任何附屬公司概無於年終或截至二零一六年十二月三十一日止年度內任何時間存續而董事（不論直接或間接）於其中擁有重大權益之任何重大合約（定義見上市規則附錄16附註15.2及15.3）。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

#### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management members of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The remuneration (including fees, salaries and other benefits, retirement benefit scheme contribution) paid to the Company's Directors in aggregate for the years ended 31 December 2015 and 2016 were approximately RMB1,248,000 and RMB920,000, respectively.

The remuneration (including salaries and other benefits, retirement benefit scheme contribution) paid to our Group's five highest paid individuals in aggregate for the years ended 31 December 2015 and 2016 were approximately RMB147,000 and RMB308,000, respectively.

For the year ended 31 December 2016, no emoluments were paid by our Group to any director of the Company or any of the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for loss of office. None of the directors has waived any emoluments for the year ended 31 December 2016.

Details of the Directors' emoluments and the emoluments of the five highest paid individuals in the Group are set out in Note 8 and Note 9 of the financial statements in this annual report.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2016 by our Group to or on behalf of any of the Directors.

#### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors nor the controlling Shareholders of the Company or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or was likely compete with, either directly or indirectly, the business of the Group.

#### 董事及高級管理人員酬金

董事及本集團高級管理層成員之酬金由董事會參考薪酬委員會給出的建議釐定，並考慮本集團的經營業績、個人表現及可比較市場數據。

截至二零一五年及二零一六年十二月三十一日止年度，向本公司董事支付的薪酬（包括袍金、工資和其他福利、退休福利計劃供款）總計分別約人民幣1,248,000元及人民幣920,000元。

截至二零一五年及二零一六年十二月三十一日止年度，向本集團五位最高薪人士支付的薪酬（包括工資和其他福利、退休福利計劃供款）總計分別約人民幣147,000元及人民幣308,000元。

截至二零一六年十二月三十一日止年度，本集團概無向本公司任何董事或五位最高薪人士支付薪酬，作為加入或於加入本集團時的酬金或作為離職補償。概無董事就截至二零一六年十二月三十一日止年度放棄任何酬金。

董事薪酬及本集團五位最高薪人士之薪酬詳情載於本年報財務報表附註8和附註9。

除上文披露者外，截至二零一六年十二月三十一日止年度，概無由本集團或代表任何董事支付或應付任何其他款項。

#### 董事於競爭業務的權益

於年內，概無董事或本公司控股股東或彼等各自的聯繫人（如上市規則所定義）在直接或間接與本集團業務競爭或可能競爭的業務中擁有任何權益。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

On 8 January 2014, Mr. Chen Weizhong and Key Shine Global Holdings Limited (the “**Covenantors**”), and the Company (for itself and as trustee for each of its subsidiaries) entered into a deed of non-competition (the “**Non-competition Deed**”), pursuant to which each of the Covenantors has irrevocably, jointly and severally given certain non-competition undertakings to the Company (for itself and as trustee for each of its subsidiaries). Details of which are set out in the section headed “Relationship with Our Controlling Shareholders – Non-competition Undertaking” in the Prospectus.

The Covenantors declared that they have complied with the Non-competition Deed. The independent non-executive Directors have conducted such review for the year ended 31 December 2016 and also reviewed the relevant undertakings and are satisfied that the Non-competition Deed has been fully complied.

### PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors of the Company might be liable arising from their actual or alleged misconduct.

### MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of the year or at any time during 2016.

### LOAN OR GUARANTEE FOR LOAN GRANTED TO THE DIRECTORS

During 2016, the Group had not made any loan or provided any guarantee for any loan, directly or indirectly, to the Directors, senior management, its ultimate controlling Shareholders or their respective connected persons.

於二零一四年一月八日，陳衛忠先生與Key Shine Global Holdings Limited (「**契諾人**」) 及本公司 (為其本身及作為其各附屬公司之信託人) 訂立一份不競爭契據 (「**不競爭契據**」)，據此，各契諾人已不可撤回地共同及個別向本公司 (為其本身及作為其各附屬公司之信託人) 作出若干不競爭承諾。相關詳情載於招股章程「與我們控股股東的關係 – 不競爭承諾」一節。

契諾人宣佈彼等已遵守不競爭契據。獨立非執行董事於截至二零一六年十二月三十一日止年度已作出有關檢討亦已檢討相關承諾且信納已完全遵守不競爭契據。

### 獲准許的彌償條文

本公司已投保董事責任保險，以就本公司董事可能需要承擔任何因其事實上或遭指控的不當行為所引致的損失而向彼等提供保障。

### 管理合約

除董事之服務合約及委任函件以外，於年末或二零一六年內任何時間，概無訂立或存在與本集團整體或任何重大部分業務的管理及行政事務有關的合約。

### 向董事授予的貸款或貸款擔保

於二零一六年，本集團並未向董事、高級管理層、其最終控股股東或彼等各關連人士直接或間接提供任何貸款或就任何貸款提供擔保。

# DIRECTORS' REPORT (CONTINUED)

## 董事會報告 (續)

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2016, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of the associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

#### Interests in Shares and underlying Shares of the Company as at 31 December 2016

Name of Director	董事姓名	Capacity/Nature of Interest	Number of Underlying Shares	Approximate percentage of the Company's issued share capital 佔本公司已發行股本 概約百分比
Name of Director	董事姓名	身份／權益性質	相關股份數目	概約百分比
Mr. Chen Weizhong (note)	陳衛忠先生 (附註)	Interest in a controlled corporation 受控制法團權益	278,169,750	48.06%

Note: These shares are held by Key Shine Global Holding Limited ("Key Shine"). The entire issued share capital of Key Shine is owned by Mr. Chen Weizhong. Mr. Chen Weizhong is deemed to be interested in the shares held by Key Shine under SFO.

### 董事及最高行政人員於證券之權益

於二零一六年十二月三十一日，本公司董事及最高行政人員於本公司或任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所（包括根據證券及期貨條例之該等條文彼等被視為或被當作擁有之權益及淡倉）；或(b)根據證券及期貨條例第352條須記錄於該條所述登記冊內；或(c)根據標準守則須知會本公司及聯交所之權益或淡倉：

#### 截至二零一六年十二月三十一日於股份及本公司相關股份之權益

附註：該等股份由Key Shine Global Holding Limited（「Key Shine」）持有。Key Shine的全部已發行股本由陳衛忠先生擁有。根據證券及期貨條例，陳衛忠先生被視為擁有Key Shine持有的股份的權益。

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2016, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company and or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

除上文所披露者外及據董事所知，於二零一六年十二月三十一日，概無本公司董事或最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所（包括根據證券及期貨條例彼等各自被視為或被當作擁有之權益及淡倉）；或根據證券及期貨條例第352條須列入該條所述登記冊內；或根據標準守則須知會本公司及聯交所之任何權益及／或淡倉。



## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

#### DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2016 or the period following 31 December 2016 up to the date of this annual report, was the Company or any of its subsidiaries or holding company or any of the subsidiaries of the Company's holding company a party to any arrangement to enable the Directors or the chief executive of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

#### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2016, so far as are known to the Board, the following parties (other than any Directors or chief executives of the Company) were recorded in the register, kept by the Company pursuant to Section 336 of the SFO, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

#### 董事購買股份或債券之權利

截至二零一六年十二月三十一日止年度或於二零一六年十二月三十一日後直至本年報日期期間內任何時間，本公司或其任何附屬公司或控股公司或任何本公司控股公司之附屬公司概無參與任何安排，致使董事或本公司主要行政人員或彼等各自的聯繫人可透過購買本公司或其他任何法人團體之股份或債券而獲取利益，以及概無董事及主要行政人員或彼等之配偶及18歲以下之子女擁有任何認購本公司證券之權利，或已於該期間內行使任何該等權利。

#### 主要股東於證券之權益

於二零一六年十二月三十一日，據董事會所知，下列人士（董事及本公司行政人員除外）於本公司根據證券及期貨條例第336條規定須存置之登記冊所記錄直接或間接擁有或被視為擁有本公司已發行股本5%或以上權益：

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

Long positions in the Shares and underlying Shares of the Company as at 31 December 2016

截至二零一六年十二月三十一日於本公司股份及相關股份之好倉

Name	姓名	Nature of interests	Number of Shares held	Approximate percentage of the Company's issued Share capital <sup>(1)</sup> 佔本公司已發行股本概約百分比 <sup>(1)</sup>
Key Shine Global Holdings Limited <sup>(2)</sup>	Key Shine Global Holdings Limited <sup>(2)</sup>	Beneficial Owner 實益擁有人	278,169,750	48.06%
Ms. Xing Liyu <sup>(3)</sup>	邢利玉女士 <sup>(3)</sup>	Interest of spouse 配偶權益	278,169,750	48.06%
China Construction Bank Corporation <sup>(4)</sup>	中國建設銀行股份有限公司 <sup>(4)</sup>	Person having a security interest in shares 擁有股份質押權益之人士	100,300,000 (note 4) (附註4)	17.33%
Central Huijin Investment Ltd <sup>(4)</sup>	中央匯金投資有限責任公司 <sup>(4)</sup>	Person having a security interest in shares 擁有股份質押權益之人士	100,300,000 (note 4) (附註4)	17.33%
Mr. Xie Zhikun	解直錕先生	Interest in a controlled corporation 受控制法團權益	72,625,000 (note 5) (附註5)	12.55%
Hwabao Overseas Markets Investment No. 2 QDII Single Unit Trust Plan 32-8	華寶•境外市場投資2號系列32-8期QDII單一資金信託計劃	Beneficial Owner 實益擁有人	72,625,000 (note 5) (附註5)	12.55%
Chongqing Zhongxin Rongbang Investment Center (Limited Partnership)	重慶中新融邦投資中心(有限合夥)	Interest in a controlled corporation 受控制法團權益	72,625,000 (note 5) (附註5)	12.55%
Chongqing Zhongxin Rongchuang Investment Limited	重慶中新融創投資有限公司	Interest in a controlled corporation 受控制法團權益	72,625,000 (note 5) (附註5)	12.55%

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

Name	姓名	Nature of interests 權益性質	Number of Shares held 持有股份數目	Approximate percentage of the Company's issued Share capital <sup>(1)</sup> 佔本公司 已發行股本 概約百分比 <sup>(1)</sup>
China Innovative Capital Management Limited	中新融創資本管理有限公司	Interest in a controlled corporation 受控制法團權益	72,625,000 (note 5) (附註5)	12.55%
Beijing Zhonghai Jiacheng Capital Management Limited	北京中海嘉誠資本管理有限公司	Interest in a controlled corporation 受控制法團權益	72,625,000 (note 5) (附註5)	12.55%
Natural Seasoning International (HK) Limited (formerly known as China Seasoning International (HK) Limited)	Natural Seasoning International (HK) Limited (前稱為China Seasoning International (HK) Limited)	Beneficial owner 實益擁有人	60,000,000 (note 6) (附註6)	10.37%
Natural Seasoning International Limited (formerly known as China Seasoning International Limited)	Natural Seasoning International Limited (前稱為China Seasoning International Limited)	Interest of a controlled corporation 受控制法團權益	60,000,000 (note 6) (附註6)	10.37%
Lunar Capital Partners IV LP	Lunar Capital Partners IV LP	Interest of a controlled corporation 受控制法團權益	60,000,000 (note 6) (附註6)	10.37%
Lunar Capital Partners IV GP, LP	Lunar Capital Partners IV GP, LP	Interest of a controlled corporation 受控制法團權益	60,000,000 (note 6) (附註6)	10.37%
LCM-IV General Partner Ltd.	LCM-IV General Partner Ltd.	Interest of a controlled corporation 受控制法團權益	60,000,000 (note 6) (附註6)	10.37%

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告(續)

#### Notes:

- (1) The percentage of shareholding is calculated on the basis of 578,750,000 issued shares of the Company as at 31 December 2016.
- (2) The entire issued share capital of Key Shine Global Holdings Limited is legally and beneficially owned by Mr. Chen Weizhong.
- (3) Ms. Xing Liyu is the spouse of Mr. Chen Weizhong. Under the SFO, Ms. Xing Liyu is deemed to be interested.
- (4) Key Shine Global Holdings Limited charged 100,300,000 Shares to China Construction Bank Corporation on 16 November 2015, as security for its subscription of a note issued by Key Shine Global Holdings limited. China Construction Bank Corporation is owned by Central Huijin Investment Ltd. as to approximately 57.26% and therefore Central Huijin Investment Ltd. is deemed to be interested in the 100,300,000 Shares which China Construction Bank Corporation is interested in.
- (5) These Shares are held by Hwabao Overseas Markets Investment No. 2 QDII Single Unit Trust Plan 32-8 (華寶•境外市場投資2號系列32-8期QDII單一資金信託計劃) ("Hwabao Trust"), which is entrusted by Chongqing Zhongxin Rongbang Investment Center (Limited Partnership) (重慶中新融邦投資中心(有限合夥)) ("Chongqing Zhongxin (LLP)"), which is managed by Chongqing Zhongxin Rongchuang Investment Limited (重慶中新融創投資有限公司) ("Chongqing Zhongxin"). Chongqing Zhongxin is controlled by China Innovative Capital Management Limited (中新融創資本管理有限公司) ("China Innovative Capital"), as to 95.00%. China Innovative Capital is controlled by Beijing Zhonghai Jiacheng Capital Management Limited (北京中海嘉誠資本管理有限公司) ("Beijing Zhonghai Jiacheng"), as to 99.98%. Beijing Zhonghai Jiacheng is controlled by Mr. Xie Zhikun, as to 99.00%. By virtue of the SFO, each of Mr. Xie Zhikun, Beijing Zhonghai Jiacheng, China Innovative Capital, Chongqing Zhongxin, Chongqing Zhongxin (LLP) is deemed to be interested in the Shares held by Hwabao Trust.

#### 附註：

- (1) 股權百分比乃基於本公司於二零一六年十二月三十一日之578,750,000股已發行股份計算。
- (2) Key Shine Global Holdings Limited的全部已發行股本由陳衛忠先生合法實益擁有。
- (3) 邢利玉女士為陳衛忠先生的配偶。根據證券及期貨條例，邢利玉女士被視為擁有相同股份數目的權益。
- (4) 於二零一五年十一月十六日，Key Shine Global Holdings將持有的100,300,000股股份質押予中國建設銀行股份有限公司，作為其認購Key Shine Global Holdings Limited發行的票據之抵押。中國建設銀行股份有限公司由中央匯金投資有限責任公司控制約57.26%的權益，因此，中央匯金投資有限責任公司被認為擁有中國建設銀行股份有限公司擁有的100,300,000股股份。
- (5) 該等股份由華寶•境外市場投資2號系列32-8期QDII單一資金信託計劃(「華寶信託」)持有，該計劃由重慶中新融邦投資中心(有限合夥)(「重慶中新(有限合夥)」)委託，而重慶中新(有限合夥)由重慶中新融創投資有限公司(「重慶中新」)管理。重慶中新由中新融創資本管理有限公司(「中新融創資本」)控制95.00%的權益。中新融創資本由北京中海嘉誠資本管理有限公司(「北京中海嘉誠」)控制99.98%的權益。北京中海嘉誠由解直錕先生控制99.00%的權益。根據證券及期貨條例，解直錕先生、北京中海嘉誠、中新融創資本、重慶中新及重慶中新(有限合夥)均被視為擁有華寶信託持有的股份的權益。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

(6) These Shares are held by Natural Seasoning International (HK) Limited. Natural Seasoning International (HK) Limited is a direct wholly-owned subsidiary of Natural Seasoning International Limited, which is a limited liability company incorporated in the British Virgin Islands and is majority owned by Lunar Capital Partners IV LP. Lunar Capital Partners IV LP, a Cayman exempted limited partnership managed by Lunar Capital Partners IV GP, LP (as sole general partner), which is managed by LCM-IV General Partner Ltd. (as sole general partner). By virtue of the SFO, each of LCM-IV General Partner Ltd., Lunar Capital Partners IV GP, LP, Lunar Capital Partners IV LP and Natural Seasoning International Limited is deemed to be interested in the Shares held by Natural Seasoning International (HK) Limited.

(6) 該等股份由Natural Seasoning International (HK) Limited持有。Natural Seasoning International (HK) Limited為Natural Seasoning International Limited的一家直接全資附屬公司，而Natural Seasoning International Limited為一家於英屬處女群島註冊成立的有限公司，並由Lunar Capital Partners IV LP (一家開曼群島豁免之有限合夥企業) 乃由Lunar Capital Partners IV GP, LP (作為唯一普通合夥人) 管理，而Lunar Capital Partners IV GP, LP則由LCM-IV General Partner Ltd. (作為唯一普通合夥人) 管理。根據證券及期貨條例，LCM-IV General Partner Ltd.、Lunar Capital Partners IV GP, LP、Lunar Capital Partners IV LP及Natural Seasoning International Limited均被視為擁有Natural Seasoning International (HK) Limited持有的股份的權益。

Save as disclosed herein, our Directors are not aware of any person who will, as at 31 December 2016, have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

除本節所披露者外，就董事所知，概無任何人士於二零一六年十二月三十一日，於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司及聯交所披露的權益或淡倉，或直接或間接擁有附有權利可於任何情況下在本集團任何其他成員公司股東大會投票的任何類別股本面值10%或以上的權益。

Save as disclosed above, as at 31 December 2016, none of the Directors was aware that any other persons/entities (other than any Directors or chief executives of the Company) had an interest or short position in the Shares or underlying Shares of the Company, its members of the Group or associated corporations which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which had entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

除上文披露者外，於二零一六年十二月三十一日，董事並不知悉任何其他人士／實體（董事及本公司主要行政人員除外）於本公司、其集團成員公司或相聯法團中，擁有根據證券及期貨條例第XV部第2及3分部之條文須向本公司披露之股份或相關股份之權益或淡倉，或已記入根據證券及期貨條例第336條本公司須存置的登記冊內的權益或淡倉。

## MAJOR SUPPLIERS AND CUSTOMERS

In the year ended 31 December 2016, the Group's largest customer accounted for 13.9% of the Group's total revenue. The Group's five largest customers accounted for 50.9% of the Group's total revenue.

## 主要供應商及客戶

截至二零一六年十二月三十一日止年度內，本集團最大客戶佔本集團總收益的13.9%。本集團五大客戶佔本集團總收益的50.9%。

In the year ended 31 December 2016, the Group's largest supplier accounted for 32.4% of the Group's total purchases. The Group's five largest suppliers accounted for 66.1% of the Group's total purchases.

截至二零一六年十二月三十一日止年度內，本集團最大供應商佔本集團採購總額的32.4%。本集團五大供應商佔本集團採購總額的66.1%。

Saved as disclosed above, none of the Directors or any of their associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

除上文所披露者外，概無董事或彼等之任何聯繫人（定義見上市規則）或任何股東（就董事所深知，擁有本公司已發行股本超過5%權益）於本集團之五大供應商或本集團之五大客戶中擁有任何實益權益。

# DIRECTORS' REPORT (CONTINUED)

## 董事會報告(續)

### EMPLOYEES

As at 31 December 2016, the Group had approximately 561 full-time employees, as compared to 303 employees as at 31 December 2015. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits, liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits and are determined with reference to their experiences, qualifications, competence and general market conditions.

The emoluments payable to the Directors will depend on their respective contractual terms under their employment contracts or service agreements as approved by the Remuneration Committee and Nomination Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No Director should determine his or her own remuneration.

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in Notes 8 and 9 to the financial statements in this annual report.

### RETIREMENT BENEFITS SCHEME

The Company participates in the Mandatory Provident Fund Schemes ("MPF Schemes") registered under the Mandatory Provident Scheme Fund Ordinance. The contributions represent contributions payable to the MPF Schemes by the Company in accordance with government regulations.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

Contributions paid or payable for these retirement benefits schemes for the year of 2016 are RMB4.3 million (2015: RMB2.7 million). No forfeited contributions are available to reduce the contribution payable by the Group in future years.

### 僱員

截至二零一六年十二月三十一日，本集團聘有約561名全職僱員，而二零一五年十二月三十一日為303名僱員。本集團與僱員訂立僱傭合約，訂明職位、僱用年期、工資、僱員福利、違約責任及終止理由等事宜。本集團僱員的報酬包括基本薪金、津貼、花紅及其他僱員福利，並參考彼等之經驗、資格、能力及一般市況釐定。

應付董事之薪酬將取決於彼等各自的僱傭合約或服務協議項下之合約條款（經薪酬委員會及提名委員會批准），並已考慮本公司之經營業績、個人表現及可資比較市場統計數據而釐定。董事概不得釐定其自身之薪酬。

董事之薪酬及本集團五名最高薪酬人士之薪酬詳情載於本年報財務報表附註8及附註9。

### 退休福利計劃

本公司已參與根據強制性公積金條例登記之強制性公積金計劃（「強積金計劃」）。供款相等於本公司依照政府規例應付予強積金計劃之供款。

中國附屬公司僱傭之僱員為中國政府所經營之國家管理退休福利計劃之成員。中國附屬公司照規定須按彼等工資之若干百分比供款予退休福利計劃以支付福利開支。本集團就此等退休福利計劃之唯一責任為根據計劃作出規定供款。

二零一六年就該等退休福利計劃已付或應付之供款為人民幣4.3百萬元（二零一五年：人民幣2.7百萬元）。概無任何已沒收供款可供減少本集團於未來年度應付的供款。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

#### CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2016, our Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of chapter 14A of the Listing Rules.

#### RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2016, which did not constitute connected transactions under chapter 14A of the Listing Rules are set out in Note 30 of the financial statements in this annual report.

#### CORPORATE GOVERNANCE

The Company places high value on its corporate governance practices and the Board firmly believes that a good corporate governance practices can improve accountability and transparency for the benefit of the Shareholders of the Company.

The Company has adopted the Governance Code as its own code to govern its corporate governance procedures. The Board also reviews and monitors the practices of the Company from time to time to maintain and improve a high standard of corporate practice practices.

Save as disclosed in the Corporate Governance Report on pages 33 to 55 of this annual report, the Company has complied with the Governance Code in the year ended 31 December 2016. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 33 to 55 of this annual report.

#### INDEPENDENCE OF EXTERNAL AUDITOR

The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. All services provided by the external auditor are required to be approved by the Audit Committee. To ensure that the policy of restricting the non-audit work done by the external auditor is strictly adopted by all entities within the Group, appropriate policies and procedures have been established for approval of engagement of the Group's independent external auditor, Ernst Young, to provide services to the Group.

#### 持續關連交易

截至二零一六年十二月三十一日止年度，本集團並無訂立任何根據上市規則第14A章之規定須予披露之關連交易或持續關連交易。

#### 與關聯方交易

截至二零一六年十二月三十一日止年度，本集團與關聯方交易（不構成上市規則第14A章項下之持續關連交易）之詳情載於本年報財務報表附註30。

#### 企業管治

本公司高度重視其企業管治常規，而董事會亦堅信良好之企業管治常規能提升問責水平及透明度，從而使本公司股東受惠。

本公司已採納管治守則為其自身的守則，以規管其企業管治程序。董事會亦會不時檢討並監察本公司之常規，以維持並改善高水平之企業管治常規。

除本年報第33至55頁企業管治報告所披露者外，本公司於截至二零一六年十二月三十一日止年度已遵守管治守則。本公司所採納之企業管治常規資料載列於本年報第33至55頁之企業管治報告。

#### 外聘核數師的獨立性

審核委員會有責任監察外聘核數師的獨立性，以確保財務報表能提供真正客觀的意見。外聘核數師提供的所有服務均須審核委員會批准。為確保本集團內所有實體嚴格執行限制外聘核數師提供非審核工作的政策，本集團就批准聘用其獨立外聘核數師安永會計師事務所向其提供服務一事制定了適當的政策和程序。

### RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group endeavours to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group understands that employees are its valuable assets, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. For the year ended 31 December 2016, the Group provided generous social security benefits to its employees to motivate them while heightening their sense of belonging. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of its brand and products, the Group abides by the principles of honesty and trustworthiness and commits itself to consistently provide quality products to establish a reliable service environment for its customers. For the year ended 31 December 2016, there was no significant and material dispute between the Group and its suppliers and/or customers.

### SOCIAL RESPONSIBILITY

#### Summary of Environmental, Social and Governance (ESG) Report

Honworld Group Limited, as a company listed on the Stock Exchange, attaches great importance to fulfilling its obligations on environmental, social and governance, pursues long-term sustainable development and devotes itself to building leading cooking wine brand in China. Meanwhile, as an old firm with more than 100 years of history, Lao Heng He persists on the ancestral principle of "Perseverance and Faith" and has been keen on creation while inheriting brewing, so as to advance towards the next century course.

### 與僱員、供貨商及客戶之關係

本集團致力於保持長期的可持續發展，為僱員和客戶持續創造價值，並與供貨商維持良好關係。本集團深明僱員為寶貴資產，僱員價值的實現與提升，會有助於本集團整體目標的實現。於截至二零一六年十二月三十一日止年度，本集團為僱員提供豐富的社保福利，在激發僱員工作積極性的同時亦加強了僱員的歸屬感。本集團亦明白與供貨商及客戶維持良好關係，對本集團之整體發展十分重要。本集團十分重視對供貨商的選擇，鼓勵公平及公開競爭，本著互信與優質供貨商建立長遠的合作關係。為維持本集團品牌及產品之競爭力，本集團秉承誠實守信之原則，致力向客戶提供一貫之優質產品，為客戶營造一個可信賴的服務環境。於截至二零一六年十二月三十一日止年度，本集團與其供貨商及／或客戶之間概無重要及重大之糾紛。

### 社會責任

#### 環境、社會及管治(ESG)報告概要

作為聯交所上市公司，老恒和釀造有限公司十分重視環境、社會與管治責任的履行，追求長遠的可持續發展，致力於打造中國料酒行業領導品牌。同時，作為一家有著百年歷史的「老字號」，老恒和秉持「恒以持之，和信為本」的祖訓，在傳承釀造的同時銳意創新，以不斷進取的姿態迎向下一個百年歷程。



## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

#### Active Performance of Environmental, Social and Governance Responsibilities

While continuing to provide customers with high quality and healthy natural-brewing cooking wine and other condiment products in different levels, Lao Heng He also actively assumes its responsibilities for environment, society and governance. To this end, the Company has established a series of policies on environment, social and governance taken and implemented respective measures. During the reporting period in 2016, there was no violation against laws and regulations related to environment, society and governance and no material adverse effect on environment and society.

As for the environmental aspect, the Company has not only adopted effective harmless disposal of the residue of soya, acid-sludge, bean dregs, vinasse and liquid waste in the process of brewing, but also instilled the concept of sustainable development into the manufacturing and enterprise operation to enhance the utilization efficiency of resources and energy while reducing the emission to the environment. For example, the Company has reused the vinasse (the major by-product) produced in brewing yellow rice wine to produce vinasse-scented cooking wine and cream-form cooking wine, which improves the utilization efficiency of raw material, and also reduces waste emission. In addition, the Company adopted technologies such as soaking soybean wastewater membrane processing recycle and heat recovery of spray sterilization, so as to improve the utilization efficiency of water resources and reduce the discharge of wastewater.

As for the social aspect, the Company regards food safety as "lifeline" and sets out comprehensive and strict management standards and procedures on the selection of raw materials and suppliers, quality control of productive process, management of package and storage and transportation and after-sales services. The Company also sets up food safety self-assessment team to regularly take a comprehensive self-assessment for our food safety. At the time of ensuring the quality of products and services, the Company also put effort into protecting intellectual property, preventing corruption, protecting the rights and interests of employees and supporting social public welfare undertaking.

#### 積極履行環境、社會及管治責任

在持續為消費者提供不同檔次、優質健康的天然釀造料酒及其他調味料產品的同時，老恒和亦積極承擔環境、社會及管治的責任。為此，公司已制定一系列的環境、社會及管治政策，並採取了相應的措施予以落實。在二零一六年報告期內，公司未出現違反環境、社會及管治領域相關法律法規或對環境及社會造成重大負面影響的情況。

在環境層面，公司不僅採取了有效措施對釀造所產生的醬渣、醋渣、豆渣、酒糟、廢液等進行無害化處理，亦注重將可持續發展的理念融入產品製造及企業運營的過程中，提升對資源、能源的利用效率，同時減少對環境的排放。例如，公司對黃酒釀造過程中產生的主要副產物黃酒糟進行二次開發利用，生產出糟香料酒、膏狀料酒等副產品，既提高了對生產原料的利用效率，也減少了對環境的廢棄物排放；公司還採用大豆浸泡廢水膜法處理回用、噴淋殺菌水餘熱回收等技術，提高對水資源的利用效率，減少廢水的排放。

在社會層面，公司視食品安全為「生命線」，對原材料及供應商甄選、生產過程質量控制、包裝及儲運管理、售後服務等各個方面均制定了全面而嚴格的管控標準和流程，還設立了食品安全自查小組，定期對公司的食品安全進行全面自我檢查。在保障產品和服務質量的同時，公司亦着力保護知識產權，防範貪腐現象，保障員工權益，支持社會公益事業。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

#### Initiative Disclosure of Environmental, Social and Governance Information

On the basis of taking responsibilities actively, Lao Heng He also discloses environmental, social and governance information proactively. According to the requirements relating to the Environmental, Social and Governance Report Guideline of Hong Kong Stock Exchange, Lao Heng He will promptly announce an initial environmental, social and governance report which discloses the environmental, social and governance information of the Company during the reporting period in 2016.

Keeping on paying attention to opinions of interest related parties by our Company, in preparing the environmental, social and governance report, our Company communicates with the internal and external important interest related parties of the Company on the issue about the environmental, social and governance through questionnaire survey and interview. We acquire 229 questionnaires in total during the questionnaire survey and the survey results will become a strong evidence for our Company to disclose the initial environmental, social and governance report.

For more information about the environmental, social and governance of Lao Heng He for the financial year of 2016, please refer to the initial environmental, social and governance report to be published by the Company. After the publication of the report, you can view or download from the Company's official website.

#### SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required by the Listing Rules.

#### COMPLIANCE WITH LAWS AND REGULATIONS

During the year, so far as known to the Directors, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

#### 主動披露環境、社會及管治信息

在積極履責的基礎上，老恒和亦主動進行環境、社會及管治信息的披露。根據香港聯交所《環境、社會及管治報告指引》的要求，老恒和即將發佈首份環境、社會及管治報告，對公司在二零一六年報告期內的環境、社會及管治信息進行披露。

秉持着公司一貫以來對於利益相關方意見的重視，在此次環境、社會及管治報告的籌備過程中，公司通過問卷調研及訪談等形式，與公司內部及外部的重要利益相關方專門就本公司的環境、社會及管治議題展開溝通。此次問卷調研共計回收問卷229份，調研結果將被作為公司披露首份環境、社會及管治報告的有力依據。

更多有關老恒和在二零一六財年中的環境、社會及管治信息，請參閱本公司即將發佈的首份環境、社會及管治報告。該報告發佈後，可通過本公司官方網站瀏覽或下載。

#### 足夠公眾持股量

根據本公司可獲得的公開資料及就董事會所知，於本年報日期，本公司已維持上市規則規定的公眾持股量。

#### 遵守法律及法規

於本年度，據董事所知，並無不遵守任何相關法律及法規而對本集團有重大影響。

## DIRECTORS' REPORT (CONTINUED)

### 董事會報告 (續)

#### EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2016.

#### AUDITORS

At the annual general meeting of the Company held on 31 May 2016, it was approved that Ernst & Young was re-appointed as the international and PRC auditors of the Company respectively for the year 2016, and the Board was authorised to determine and approve their remunerations.

The consolidated financial statements of the Group for the year ended 31 December 2016 have been audited by Ernst & Young.

#### MEMORANDUM AND ARTICLES OF ASSOCIATION

There was no change in the Company's memorandum and articles of association during the year.

On behalf of the Board

**Chen Weizhong**

*Chairman*

Hong Kong, 30 March 2017

#### 報告期後事項

本公司或本集團於二零一六年十二月三十一日後概無進行任何重大期後事項。

#### 核數師

二零一六年五月三十一日舉行之本公司股東週年大會已批准分別就二零一六年續聘安永會計師事務所為本公司之國際及中國核數師，並授權董事會釐定及批准其薪酬。

本集團截至二零一六年十二月三十一日止年度之綜合財務報表已由安永會計師事務所審核。

#### 組織章程大綱及細則

本公司之組織章程大綱及細則年內並無任何變動。

代表董事會

**陳衛忠**

*主席*

香港，二零一七年三月三十日

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



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**Independent auditor's report**  
**To the shareholders of Honworld Group Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

**獨立核數師報告**  
**致老恒和釀造有限公司列位股東**  
*(於開曼群島註冊成立的有限公司)*

## OPINION

We have audited the consolidated financial statements of Honworld Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 84 to 164, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 意見

我們已審計列載於第84至164頁的老恒和釀造有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一六年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒佈的國際財務報告準則(「國際財務報告準則」)真實而中肯地反映了貴集團於二零一六年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定適當編製。

## 意見的基礎

我們已根據香港會計師公會(「香港會計師公會」)頒佈的香港審計準則(「香港審計準則」)進行審計。我們在該等準則下的責任會在本報告「核數師就審計綜合財務報表須承擔的責任」一節中進一步詳述。根據香港會計師公會的專業會計師道德守則(「守則」)，我們獨立於貴集團，並已遵循守則履行其他道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的意見提供基礎。

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## 獨立核數師報告 (續)

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期間的綜合財務報表的審計最為重要的事項。該等事項是在我們審計整體綜合財務報表及出具意見時進行處理的，我們不會就該等事項單獨發表意見。我們對下述每一事項在審計中是如何應對的描述也以此為背景。

我們已經履行了本報告「核數師就審計綜合財務報表承擔的責任」部分闡述的責任，包括與這些關鍵審計事項相關的責任。相應地，我們的審計工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審計程序。我們執行審計程序的結果，包括應對下述關鍵審計事項所執行的程序，為綜合財務報表整體發表審計意見提供了基礎。

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## 獨立核數師報告(續)

### KEY AUDIT MATTERS (Continued)

### 關鍵審計事項(續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 該事項在審計中是如何應對的
<p><b>Existence of inventories</b> 存在存貨</p>	
<p>The Group has a significant balance of inventories and needs to maintain its inventories at an appropriate level to meet the future market or production needs. The inventory balances represented approximately 34% of the Group's total assets and the majority of inventories are base wine amounting to approximately RMB917 million. The existence of base wine could not be easily substantiated via physical observation since they were massive in quantity and this need involved laboratory examination to validate its chemical contents.</p> <p>Therefore, this area is of higher assessed risks of material misstatement and is identified as a key audit matter.</p> <p>The related disclosures of inventories are included in note 15.</p> <p>貴集團有大量存貨結餘且需要維持適當水平的存貨以滿足未來的市場或生產需求。存貨結餘約佔 貴集團總資產的34%，且大部分存貨為基酒，其金額約為人民幣917百萬元。由於基酒數量極大且需要實驗室檢驗以驗證其化學成分，因此基酒的存在不能通過實物觀察而輕易證實。</p> <p>因此，此方面具有較高重大錯誤陳述評估風險，被識別為一項關鍵審計事項。</p> <p>存貨的相關披露載於附註15。</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <li>1. Assessed the Group's internal controls over the inventories;</li> <li>2. Observed the Group's physical stock-counts at the end of the current reporting period and randomly selected certain inventory samples (the "Inventory Samples") during the observation. Obtained the laboratory examination results of the chemical contents of the Inventory Samples from an independent third party examination agency (the "Laboratory Examination Results") engaged by us; and</li> <li>3. We assessed the results regarding the independence and competence of industry experts from the examination agency and the research institutions (the "Experts"), and involved the Experts assist us to assess the reasonableness of (i) the input-output ratios of Group's base wine with different alcohol levels, which represented the proportional relations that exist between input volumes of raw materials and output volumes of base wine, and (ii) the Laboratory Examination Results.</li> </ol> <p>我們執行了下列審核程序：</p> <ol style="list-style-type: none"> <li>1. 評估 貴集團對存貨的內部控制；</li> <li>2. 觀察 貴集團在本報告期期末的實際盤點並在觀察時隨機選定若干存貨樣品（「存貨樣品」）；取得我們聘請的獨立第三方檢驗機構對存貨樣品化學成分的實驗室檢驗結果（「實驗室檢驗結果」）；及</li> <li>3. 我們就檢驗機構及研究機構的行業專家（「專家」）的獨立性及能力評估有關結果，並且請專家協助我們評估以下各項的合理性：(i) 貴集團的不同酒精度基酒的投入產出比率（即原材料投入量與基酒產出量之間的比例關係），及(ii)實驗室檢驗結果。</li> </ol>

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## 獨立核數師報告 (續)

### KEY AUDIT MATTERS (Continued)

### 關鍵審計事項 (續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 該事項在審計中是如何應對的
<b>Provisions of inventories</b> <b>存貨撥備</b>	
<p>The Group has a significant inventory balance and need to maintain majority of its base wine at an appropriate level for a period over 1 year to meet the future production needs. We focused on this area because inventory provisions involves significant estimation of the net realisable values (the "NRV") of the inventories which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items.</p> <p>The related disclosures of inventory provision are included in note 3.</p> <p>貴集團有大量存貨結餘且需要在一年以上期間內將其大部分基酒維持於適當水平以滿足未來的生產需求。我們關注此方面是由於存貨撥備涉及對存貨可變現淨值（「可變現淨值」）的重大估計，而關於未來銷售及使用情況的假設以及釐定相對於已識別過剩品或過時品的適當存貨撥備水平時的判斷將影響該等估計。</p> <p>存貨撥備的相關披露載於附註3。</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> <li>1. Obtained analysis of the inventory provisions prepared by management and reviewed the key assumptions used to determine the NRV of inventories as follows:               <ol style="list-style-type: none"> <li>(i) compared the estimates of expected future sales of inventories to the recent sales prices and sales rate; and</li> <li>(ii) compared the estimates of production usage of raw materials to the recent production records; and</li> </ol> </li> <li>2. Recalculated the expected provisions based on the above key assumptions to assess the mathematical accuracy of the calculation.</li> </ol> <p>我們執行了下列審核程序：</p> <ol style="list-style-type: none"> <li>1. 透過下列方法得出管理層所編製存貨撥備的分析並審查用於釐定存貨可變現淨值的主要假設：               <ol style="list-style-type: none"> <li>(i) 將對存貨預計未來銷售額的估計與近期銷售價格及銷售率進行比較；及</li> <li>(ii) 將對原材料生產使用量的估計與近期生產記錄進行比較；及</li> </ol> </li> <li>2. 重新計算基於上述主要假設的預計撥備，以評估計算的數學準確性。</li> </ol>

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## 獨立核數師報告 (續)

### KEY AUDIT MATTERS (Continued)

### 關鍵審計事項 (續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 該事項在審計中是如何應對的
<p><b>Deferred tax for withholding taxes</b> 預扣稅的遞延稅項</p>	
<p>The Group's provision for deferred tax for withholding taxes arising from the distribution of dividends from the Group's subsidiaries in Mainland China is subject to the estimations of the Group's future operating results and the judgements on the timing of payments of the dividends in the future. This area is identified as a key audit matter as the estimation process is significantly based on assumptions, which are affected by projected future market and economic conditions.</p> <p>The related disclosures are included in notes 3 and 23.</p> <p>貴集團就因 貴集團在中國內地的附屬公司派發股息而產生的預扣稅所計提的遞延稅項撥備取決於對 貴集團未來經營業績的估計及對日後支付股息時間的判斷。由於估計過程在較大程度上基於受到預計未來市場及經濟狀況影響的假設，故此方面被識別為關鍵審計事項。</p> <p>相關披露載於附註3及23。</p>	<p>Our audit procedures included evaluating management's forecast and judgements on the timing of payments of dividends in the future by obtaining evidences to support the management's estimation and judgement, such as, historical accuracy of management's assumptions, historical sales growth trend and dividend pay-out ratio.</p> <p>我們的審核程序包括取得管理層假設的歷史準確性、歷史銷售額增長趨勢及派息比率等支持管理層估計及判斷的證據，對管理層關於日後支付股息時間的預測及判斷進行評估。</p>



# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## 獨立核數師報告(續)

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### 年報包含的其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的資料，但不包括綜合財務報表及我們就此發出的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對其他資料發表任何形式的鑒證結論。

在我們審計綜合財務報表時，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核過程中所了解的情況有重大不符，或者存在重大錯誤陳述。基於我們已執行的工作，如果我們認為其他資料有重大錯誤陳述，我們須報告該事實。我們就此並無任何事項須報告。

### 董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則委員會頒佈的國際財務報告準則及香港公司條例的披露規定編製真實而中肯的綜合財務報表，以令綜合財務報表作出真實而公平的反映，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審計委員會協助貴公司董事履行職責，監督貴集團的財務報告過程。

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

## 獨立核數師報告(續)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

### 核數師就審計綜合財務報表須承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅對全體成員作出報告，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) 獨立核數師報告 (續)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### 核數師就審計綜合財務報表 須承擔的責任 (續)

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

# INDEPENDENT AUDITOR'S REPORT (CONTINUED) 獨立核數師報告(續)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai Stephen.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

30 March 2017

## 核數師就審計綜合財務報表 須承擔的責任(續)

我們還向審計委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審計委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人為Hui Kin Fai Stephen。

安永會計師事務所  
執業會計師  
香港

二零一七年三月三十日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

Year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
<b>REVENUE</b>	收入	5	831,149	798,861
Cost of sales	銷售成本		(385,453)	(347,989)
Gross profit	毛利		445,696	450,872
Other income and gains	其他收入及收益	5	8,426	11,875
Selling and distribution expenses	銷售及經銷開支		(81,225)	(75,073)
Administrative expenses	行政開支		(83,065)	(80,265)
Other expenses	其他開支		(1,271)	(105)
Finance costs	融資成本	7	(40,606)	(32,609)
<b>PROFIT BEFORE TAX</b>	除稅前利潤	6	247,955	274,695
Income tax expense	所得稅開支	10	(41,319)	(46,167)
<b>PROFIT FOR THE YEAR</b>	年內利潤		206,636	228,528
Attributable to:	下列人士應佔：			
Owners of the parent	母公司擁有人		206,636	228,528
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	母公司普通權益持有人 應佔每股盈利	12		
Basic and diluted	基本及攤薄		RMB38.4 cents 人民幣38.4分	RMB44.1 cents 人民幣44.1分

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收益表

Year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
<b>PROFIT FOR THE YEAR</b>	年內利潤	206,636	228,528
<b>OTHER COMPREHENSIVE INCOME</b>	其他綜合收入		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	於其後期間重新分類至損益的		
Exchange differences:	其他綜合收入：		
Exchange differences on translation of foreign operations	匯兌差額： 換算海外業務的匯兌差額	13,115	233
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	年內其他綜合收入（扣除稅項）	13,115	233
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	年內綜合收入總額	219,751	228,761

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

31 December 2016 二零一六年十二月三十一日

		Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	13	810,088	629,556
Prepaid land lease payments	預付土地租賃款項	14	51,035	26,683
Other intangible assets	其他無形資產		414	414
Prepayments for non-current assets	非流動資產之預付款項		335,408	113,493
Time deposits	定期存款	18	26	-
Deferred tax assets	遞延稅項資產	23	2,666	2,891
<b>Total non-current assets</b>	<b>非流動資產總值</b>		<b>1,199,637</b>	<b>773,037</b>
<b>CURRENT ASSETS</b>	<b>流動資產</b>			
Inventories	存貨	15	1,088,440	945,469
Trade receivables	應收貿易款項	16	162,471	141,959
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	17	193,386	249,279
Time deposits	定期存款	18	69,370	2,874
Pledged deposits	已抵押存款	18	159,014	-
Cash and cash equivalents	現金及現金等價物	18	291,815	186,048
<b>Total current assets</b>	<b>流動資產總值</b>		<b>1,964,496</b>	<b>1,525,629</b>
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Trade payables	應付貿易款項	19	143,819	118,459
Other payables and accruals	其他應付款項及應計項目	20	78,510	55,847
Interest-bearing bank and other borrowings	計息銀行及其他借款	21	777,264	570,345
Tax payable	應繳稅項		34,701	37,003
<b>Total current liabilities</b>	<b>流動負債總額</b>		<b>1,034,294</b>	<b>781,654</b>
<b>NET CURRENT ASSETS</b>	<b>流動資產淨值</b>		<b>930,202</b>	<b>743,975</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>總資產減流動負債</b>		<b>2,129,839</b>	<b>1,517,012</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

## 綜合財務狀況表 (續)

31 December 2016 二零一六年十二月三十一日

		Notes	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
		附註		
<b>NON-CURRENT LIABILITIES</b>				
	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借款	21	71,723	74,415
Other long term liabilities	其他長期負債	24	137,333	4,505
Deferred tax liabilities	遞延稅項負債	23	18,774	14,761
Total non-current liabilities			227,830	93,681
Net assets			1,902,009	1,423,331
<b>EQUITY</b>				
	權益			
<b>Equity attributable to owners of the parent</b>				
Share capital	股本	25	1,767	1,584
Reserves	儲備	26	1,900,242	1,421,747
Total equity			1,902,009	1,423,331

**Chen Weizhong**

陳衛忠  
Director  
董事

**Sheng Mingjian**

盛明健  
Director  
董事



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

Year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Attributable to owners of the parent 母公司擁有人應佔								
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Warrant reserve	Exchange fluctuation reserve	Retained profits	Total equity
		股本	股份溢價	合併儲備	資本儲備	法定盈餘儲備	權證儲備	波動儲備	保留利潤	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
				(note 26)	(note 26)	(note 26)	(note 26)			
				(附註26)	(附註26)	(附註26)	(附註26)			
At 1 January 2015	於二零一五年一月一日	1,584	769,489	(1,000)	7,003	9,794	7,959	10,539	449,036	1,254,404
Profit for the year	年內利潤	-	-	-	-	-	-	-	228,528	228,528
Other comprehensive income for the year:	年內其他綜合收入：									
Exchange differences related to foreign operations	與海外業務有關的匯兌差額	-	-	-	-	-	-	233	-	233
Total comprehensive income for the year	年內綜合收入總額	-	-	-	-	-	-	233	228,528	228,761
Final 2014 dividend declared	已宣派二零一四年末期股息	-	(51,875)	-	-	-	-	-	-	(51,875)
Gain upon expiry of warrants (note 26 (d))	到期認股權證收益 (附註26(d))	-	-	-	-	-	(7,959)	-	-	(7,959)
Transfer from retained profits	轉撥自保留利潤	-	-	-	-	5,356	-	-	(5,356)	-
At 31 December 2015	於二零一五年十二月三十一日	1,584	717,614	(1,000)	7,003	15,150	-	10,772	672,208	1,423,331

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

## 綜合權益變動表 (續)

Year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Attributable to owners of the parent 母公司擁有人應佔							
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total equity
		股本	股份溢價	合併儲備	資本儲備	法定 盈餘儲備	匯兌 波動儲備	保留利潤	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元 (note 26) (附註26)	人民幣千元 (note 26) (附註26)	人民幣千元 (note 26) (附註26)	人民幣千元	人民幣千元	人民幣千元
At 1 January 2016	於二零一六年一月一日	1,584	717,614	(1,000)	7,003	15,150	10,772	672,208	1,423,331
Profit for the year	年內利潤	-	-	-	-	-	-	206,636	206,636
Other comprehensive income for the year:	年內其他綜合收入：								
Exchange differences related to foreign operations	與海外業務有關的 匯兌差額	-	-	-	-	-	13,115	-	13,115
Total comprehensive income for the year	年內綜合收入總額						13,115	206,636	219,751
Final 2015 dividend declared	已宣派二零一五年 末期股息	-	(45,650)	-	-	-	-	-	(45,650)
Issue of shares (note 25)	發行股份 (附註25)	183	304,507	-	-	-	-	-	304,690
Share issue expenses (note 25)	股份發行開支 (附註25)	-	(113)	-	-	-	-	-	(113)
Transfer from retained profits	轉撥自保留利潤	-	-	-	-	4,811	-	(4,811)	-
At 31 December 2016	於二零一六年 十二月三十一日	1,767	976,358*	(1,000)*	7,003*	19,961*	23,887*	874,033*	1,902,009

\* As at 31 December 2016, these reserve accounts comprise the consolidated reserves of RMB1,900,242,000 (2015: RMB1,421,747,000) in the consolidated statement of financial position.

\* 於二零一六年十二月三十一日，該等儲備賬包括綜合財務狀況表內的綜合儲備人民幣1,900,242,000元(二零一五年：人民幣1,421,747,000元)。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

Year ended 31 December 2016 截至二零一六年十二月三十一日止年度

	Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		247,955	274,695
Adjustments for:			
Finance costs	7	40,606	32,609
Interest income	5	(1,018)	(223)
Depreciation	13	32,017	27,354
Amortisation of prepaid land lease payments	14	1,080	510
Gain upon expiry of warrants	5	–	(7,959)
		320,640	326,986
Increase in inventories		(142,971)	(114,981)
(Increase)/decrease in trade receivables		(20,512)	45,941
(Increase)/decrease in prepayments, deposits and other receivables		56,430	(76,621)
Increase/(decrease) in trade payables		25,360	(57,149)
Increase in other payables and accruals		30,174	16,505
Decrease in other long term liabilities		(172)	(179)
Cash generated from operations		268,949	140,502
Interest received		1,018	223
Interest element of finance lease rental payments	7	(2,265)	–
PRC tax paid		(39,383)	(22,633)
Net cash flows from operating activities		228,319	118,092
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(219,258)	(174,419)
Prepayments for items of property, plant and equipment		(221,915)	(92,446)
Addition to prepaid land lease payments		(25,969)	–
Prepayment for acquisition of leasehold land		–	(19,840)
Increase in time deposits		(225,536)	(1,054)
Net cash flows used in investing activities		(692,678)	(287,759)

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

## 綜合現金流量表 (續)

Year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Notes	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
		附註		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>融資活動的現金流量</b>			
Proceeds from issue of shares	發行股份所得款項	25	304,690	-
Share issue expenses	股份發行開支	25	(113)	-
New interest-bearing bank and other borrowings	新增計息銀行及其他借款		1,003,560	595,660
Repayment of interest-bearing bank and other borrowings	償還計息銀行及其他借款		(778,760)	(423,660)
Increase in long term payables	長期應付款項增加		133,000	-
Dividends paid	已付股息		(45,650)	(51,875)
Interest paid	已付利息		(39,143)	(32,609)
Capital element of finance lease rental payments	融資租賃租金付款的本金部分		(20,573)	-
Proceeds from finance lease	融資租賃所得款項		-	55,000
Secured deposit placed for finance lease	就融資租賃存入之有抵押存款		-	(5,500)
Net cash flows from financing activities	來自融資活動的淨現金流量		557,011	137,016
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等價物增加/(減少)淨額</b>		92,652	(32,651)
Cash and cash equivalents at beginning of year	年初現金及現金等價物		186,048	218,466
Effect of foreign exchange rate changes, net	匯率變動之影響淨額		13,115	233
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>年終現金及現金等價物</b>	18	291,815	186,048

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016 二零一六年十二月三十一日

### 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 4 December 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively known as the "Group") were principally engaged in the manufacture and sale of condiment products under the brand name of "Lao Heng He" in the People's Republic of China (the "PRC").

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Key Shine Global Holdings Limited, which was incorporated in the British Virgin Islands ("BVI").

On 16 January 2014, the Company issued the prospectus and launched a public offering of 125,000,000 shares at an offer price of HK\$7.15 per share. The Company's shares were listed on the Stock Exchange of Hong Kong Limited (the "SEHK") on 28 January 2014 (the "Listing").

### 1. 公司資料

本公司於二零一二年十二月四日根據開曼群島法例第22章《公司法》(一九六一年第三號法例，經綜合及修訂)在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1 -1111, Cayman Islands。

本公司為一間投資控股公司。年內，本公司及其附屬公司(統稱「本集團」)主要於中華人民共和國(「中國」)從事「老恆和」牌調味品的製造與銷售業務。

董事認為，本公司控股公司及最終控股公司乃於英屬處女群島(「英屬處女群島」)註冊成立的Key Shine Global Holdings Limited。

於二零一四年一月十六日，本公司刊發招股章程，並按發售價每股股份7.15港元公開發售125,000,000股股份。本公司股份於二零一四年一月二十八日在香港聯合交易所有限公司(「聯交所」)上市(「上市」)。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

### 1. CORPORATE INFORMATION (CONTINUED)

As 31 December 2016, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated/registered outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of principal subsidiaries are set out below:

### 1. 公司資料（續）

於二零一六年十二月三十一日，本公司於其附屬公司中擁有直接及間接權益，該等附屬公司均為私營有限公司（或倘於香港境外註冊成立／登記，性質與香港註冊成立之私營公司基本相同），有關主要附屬公司詳情載列如下：

Name 名稱	Place of incorporation/ establishment and place of operations 註冊／成立地點及 經營地點	Nominal value of issued/registered share capital 已發行／ 註冊股本面值	Percentage of equity attributable to the Company		Principal activities 主要業務
			Direct	Indirect	
			直接	間接	
Lao Heng He Group Limited <sup>(b)</sup> 老恒和集團有限公司 <sup>(b)</sup>	Hong Kong 香港	HK\$1 1港元	100	–	Investment holding 投資控股
Huzhou Chenshi Tian Niang Co., Limited <sup>(a)(d)</sup> 湖州陳氏天釀實業有限公司 <sup>(a)(d)</sup>	PRC/Mainland China 中國／中國內地	HK\$14,250,000 14,250,000港元	–	100	Wholesale of condiment products 調味品批發
Huzhou Cheng De Trading Co., Limited <sup>(a)(d)</sup> 湖州成德貿易有限公司 <sup>(a)(d)</sup>	PRC/Mainland China 中國／中國內地	RMB1,200,000,000 人民幣1,200,000,000元	–	100	Wholesale of condiment products 調味品批發
Zhejiang Changxing Sanhetang Trading Co., Limited <sup>(a)(d)</sup> 浙江長興三和堂貿易有限公司 <sup>(a)(d)</sup>	PRC/Mainland China 中國／中國內地	RMB500,000,000 人民幣500,000,000元	–	100	Wholesale of condiment products 調味品批發
Zhejiang Changxing Hengze Trading Co., Limited <sup>(a)(d)</sup> 浙江長興恆澤貿易有限公司 <sup>(a)(d)</sup>	PRC/Mainland China 中國／中國內地	RMB150,000,000 人民幣150,000,000元	–	100	Wholesale of condiment products 調味品批發
Huzhou Laohenghe Brewery Co., Limited <sup>(c)(d)</sup> 湖州老恒和釀造有限公司 <sup>(c)(d)</sup>	PRC/Mainland China 中國／中國內地	RMB11,000,000 人民幣11,000,000元	–	100	Manufacture and sale of condiment products 生產及銷售調味品
Huzhou Laohenghe Wine Co., Limited <sup>(c)(d)</sup> 湖州老恒和酒業有限公司 <sup>(c)(d)</sup>	PRC/Mainland China 中國／中國內地	RMB38,000,000 人民幣38,000,000元	–	100	Manufacture and sale of condiment products 生產及銷售調味品

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 1. CORPORATE INFORMATION (CONTINUED)

- (a) The financial statements of these subsidiaries were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.
- (b) The statutory financial statements of the entity prepared under IFRSs were audited by Ernst & Young, Hong Kong.
- (c) The statutory financial statements of these entities prepared under the People's Republic of China Generally Accepted Accounting Principles were audited by Ernst & Young Hua Ming (LLP).
- (d) Registered as wholly-foreign-owned enterprises under the laws of PRC.

#### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

##### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

### 1. 公司資料 (續)

- (a) 該等附屬公司之財務報表未經香港安永會計師事務所或安永國際網絡其他成員公司審核。
- (b) 該實體根據國際財務報告準則編製之法定財務報表已經香港安永會計師事務所審核。
- (c) 該等實體依照中華人民共和國公認會計準則編製之法定財務報表已經安永華明會計師事務所(特殊普通合夥)審核。
- (d) 根據中國法律註冊成為外商獨資企業。

#### 2.1 編製基準

該等財務報表乃根據國際財務報告準則(「國際財務報告準則」,包括國際會計準則委員會頒佈之全部國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)及香港公司條例之披露規定編製。該等財務報表乃根據歷史成本慣例編製而成。除另有說明的情況外,該等財務報表以人民幣(「人民幣」)列報,而當中所有金額均湊整至最接近的千位。

##### 綜合基準

截至二零一六年十二月三十一日止年度綜合財務報表包括本公司及其附屬公司(統稱「本集團」)之財務報表。附屬公司指由本公司直接或間接控制之實體(包括結構性實體)。倘本集團能透過其參與承擔或享有投資對象可變回報之權利,並能夠向投資對象使用其權力影響回報金額(即現有權利可使本集團能於當時指揮投資對象之相關活動),即代表獲得控制權。

## 2.1 BASIS OF PREPARATION (CONTINUED)

### Basis of consolidation (Continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

## 2.1 編製基準（續）

### 綜合基準（續）

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利，則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃就與本公司相同的報告期間使用一致的會計政策編製。附屬公司業績乃自本集團取得控制權之日起綜合入賬，並持續綜合入賬直至有關控制權終止之日。

利潤或虧損及其他綜合收入項目乃歸屬本集團母公司擁有人及非控股權益，即使此舉會導致非控股權益出現虧絀。有關本集團成員公司間交易的所有集團內資產及負債、權益、收入、開支及現金流量於綜合入賬時悉數對銷。

倘有事實及情況顯示以上所述三項控制因素中有一項或多項出現變化，本集團將重新評估其是否對投資對象擁有控制權。附屬公司擁有權益的變動（並無失去控制權）乃按權益交易列賬。



# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 2.1 BASIS OF PREPARATION (CONTINUED)

#### Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
IFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of IFRSs

The adoption of the above revised standards has had no significant financial effect on these financial statements.

### 2.1 編製基準 (續)

#### 綜合基準 (續)

倘本集團失去對附屬公司的控制權，則終止確認(i)該附屬公司的資產(包括商譽)及負債、(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計匯兌差額；及確認(i)已收代價的公平值、(ii)所保留任何投資的公平值及(iii)損益中任何因此產生的盈餘或虧損。先前於其他綜合收入內確認的本集團應佔部分按照倘本集團已直接出售相關資產或負債所需之相同基準重新分類至損益或保留利潤(如適當)。

### 2.2 會計政策及披露之變動

本集團已首次就本年度的財務報表採納下列經修訂準則。

國際財務報告準則第10號、國際財務報告準則第12號及國際會計準則第28號(修訂本)	投資實體：應用綜合入賬的例外情況
國際財務報告準則第11號(修訂本)	收購於合營經營之權益之會計處理
國際財務報告準則第14號	監管遞延賬目
國際會計準則第1號(修訂本)	披露動議
國際會計準則第16號及國際會計準則第38號(修訂本)	可接受折舊及攤銷方式的澄清
國際會計準則第16號及國際會計準則第41號(修訂本)	農業：生產性植物
國際會計準則第27號(修訂本)	獨立財務報表中的權益法
二零一二年至二零一四年週期的年度改進	多項國際財務報告準則的修訂本

採納上述經修訂準則對該等財務報表並無重大財務影響。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> <sup>2</sup>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i> <sup>2</sup>
IFRS 9	<i>Financial Instruments</i> <sup>2</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
IFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i> <sup>2</sup>
IFRS 16	<i>Leases</i> <sup>3</sup>
Amendments to IAS 7	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> <sup>1</sup>
Amendments to IAS 20	<i>Transfer of Investment Property</i> <sup>2</sup>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i> <sup>2</sup>
Amendments to IFRS 12 Included in <i>Annual Improvements 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities</i> <sup>1</sup>
Amendments to IFRS 1 Included in <i>Annual Improvements 2014-2016 Cycle</i>	<i>First-time Adoption of International Financial Reporting Standards</i> <sup>2</sup>
Amendments to IAS 28 Included in <i>Annual Improvements 2014-2016 Cycle</i>	<i>Investments in Associates and Joint Ventures</i> <sup>2</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2017
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>4</sup> No mandatory effective date yet determined but available for adoption

### 2.3 已頒佈但尚未生效的國際財務報告準則

本集團並未於該等財務報表中應用下列已頒佈但尚未生效之新訂及經修訂國際財務報告準則。

國際財務報告準則第2號(修訂本)	以股份為基礎的支付交易的分類和計量 <sup>2</sup>
國際財務報告準則第4號(修訂本)	連同國際財務報告準則第4號「保險合同」一併應用國際財務報告準則第9號「金融工具」 <sup>2</sup>
國際財務報告準則第9號	金融工具 <sup>2</sup>
國際財務報告準則第10號及國際會計準則第28號(修訂本)	投資者與其聯營公司或合營企業間的資產銷售或貢獻 <sup>4</sup>
國際財務報告準則第15號	客戶合約收益 <sup>2</sup>
國際財務報告準則第15號(修訂本)	對國際財務報告準則第15號「客戶合約收益」的澄清 <sup>2</sup>
國際財務報告準則第16號	租賃 <sup>3</sup>
國際會計準則第7號(修訂本)	披露動議 <sup>1</sup>
國際會計準則第12號(修訂本)	就未變現虧損確認遞延稅項資產 <sup>1</sup>
國際會計準則第40號(修訂本)	轉讓投資物業 <sup>2</sup>
國際財務報告詮釋委員會詮釋第22號	外幣交易及預收代價 <sup>2</sup>
載入二零一四年至二零一六年度改進的國際財務報告準則第12號(修訂本)	披露於其他實體之權益 <sup>1</sup>
載入二零一四年至二零一六年度改進的國際財務報告準則第1號(修訂本)	首次採納國際財務報告準則
載入二零一四年至二零一六年度改進的國際會計準則第28號(修訂本)	於聯營公司及合營企業的投資 <sup>2</sup>

- <sup>1</sup> 於二零一七年一月一日或之後開始之年度期間生效
- <sup>2</sup> 於二零一八年一月一日或之後開始之年度期間生效
- <sup>3</sup> 於二零一九年一月一日或之後開始之年度期間生效
- <sup>4</sup> 尚未釐定強制生效日期惟可供採納

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, except IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*, the Group considers that these new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt IFRS 15 on 1 January 2018, and is in the process of making an assessment on the impact of the adoption of IFRS 15.

### 2.3 已頒佈但尚未生效的國際財務報告準則（續）

本集團正評估首次採納此等新訂及經修訂國際財務報告準則的影響。至今，除國際財務報告準則第15號「客戶合約收益」及國際財務報告準則第16號「租賃」外，本集團認為，此等新訂及經修訂國際財務報告準則可能導致會計政策有所變動，惟不可能對本集團的經營業績及財務狀況構成重大影響。

國際財務報告準則第15號建立一個新的五步模式，以核算自客戶合約產生的收入。根據國際財務報告準則第15號，收入按能反映實體預期就交換向客戶轉讓貨物或服務而有權獲得的代價金額確認。國際財務報告準則第15號的原則為計量及確認收入提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收入總額，關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取代國際財務報告準則項下所有現時收入確認的規定。於二零一六年四月，國際會計準則理事會發出了對國際財務報告準則第15號的修訂，以處理有關識別履約義務的實施事宜、當事人與代理人以及知識產權許可證應用指南，以及過渡事宜。修訂還旨在幫助確保在實體採用國際財務報告準則第15號時應用更一致以及降低應用該準則的成本及複雜性。本集團預期於二零一八年一月一日採納國際財務報告準則第15號，目前正評估採納國際財務報告準則第15號的影響。

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 16 replaces IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption.

## 2.3 已頒佈但尚未生效的國際財務報告準則(續)

國際財務報告準則第16號取代國際會計準則第17號「租賃」、國際財務報告詮釋委員會詮釋第4號「確定一項安排是否包含租賃」、常設詮釋委員會詮釋第15號「經營租賃：激勵」和常設詮釋委員會詮釋第27號「評估涉及租賃法律形式的交易的實質」。該準則載列租賃確認、計量、列報和披露的原則，並要求承租人就大部分租賃確認資產和負債。準則包含承租人的兩項確認豁免：低價值資產租賃和短期租賃。在租賃期開始日，承租人會確認作出租賃付款額的負債（即租賃負債）和代表在租賃期內使用相關資產的權利的資產（即使用權資產）。使用權資產後續按成本減去累計折舊和任何減值虧損計量，除非使用權資產符合國際會計準則第40號內投資物業的定義，則作別論。租賃負債其後增加以反映租賃負債利息及就租賃付款額減少。承租人將需要分開確認租賃負債的利息費用和使用權資產的折舊開支。在某些事件發生時，承租人還必須重新計量租賃負債，例如更改租賃期以及由於用於確定未來租賃付款額所用的指數或利率的變化而導致未來租賃付款額發生變動。承租人通常會將租賃負債的重新計量金額作為對使用權資產的調整確認。國際財務報告準則第16號內的出租人會計處理與國際會計準則第17號內的會計處理大致保持不變。出租人將繼續使用與國際會計準則第17號相同的分類原則對所有租賃進行分類，並區分經營租賃和融資租賃。本集團預期將會於二零一九年一月一日採用國際財務報告準則第16號，目前正在評估國際財務報告準則第16號採用時的影響。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made as at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

## 2.4 主要會計政策概要

### 非金融資產減值

倘一項資產（存貨及金融資產除外）存在減值跡象，或需要進行年度減值測試，則會估計資產的可收回金額。資產可收回金額按該資產或現金產生單位的使用價值及公平值減出售成本兩者中的較高金額計算，並按個別資產釐定，除非該資產不能產生基本上獨立於其他資產或資產組別所產生現金流入，否則可收回金額將按該資產所屬現金產生單位釐定。

減值虧損僅於資產賬面值超過其可收回金額時方會確認。評估使用價值時，估計未來現金流量採用反映當前市場對資金時間價值及資產特定風險的評估之稅前折現率貼現至其現值。減值虧損按與該減值資產功能相符的開支類別於產生期間的損益表扣除。

於各報告期末，已就是否有跡象顯示之前確認的減值虧損可能已不存在或可能減少作出評估。倘存在上述跡象，則會估計可收回金額。就之前確認的資產減值虧損（商譽除外）僅於用以釐定該資產可收回金額的估計出現變動時方予撥回，惟撥回金額不得超過倘過往年度並無就該資產確認減值虧損情況下原應釐定的賬面值（扣除任何折舊／攤銷）。該等減值虧損撥回計入產生期間的損益表。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## 2.4 主要會計政策概要（續）

### 關連方

以下人士將被視為與本集團有關連：

- (a) 倘為以下人士或該人士家族之近親及該人士
  - (i) 控制或共同控制本集團；
  - (ii) 對本集團有重大影響力；或
  - (iii) 為本集團或本集團母公司的主要管理層成員；

或

- (b) 該人士為符合下列任何條件的實體：
  - (i) 該實體與本集團屬同一集團的成員公司；
  - (ii) 實體為另一實體（或另一實體的母公司、附屬公司或同系附屬公司）的聯營公司或合營企業；
  - (iii) 該實體與本集團為同一第三方的合營企業；
  - (iv) 實體為一名第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
  - (v) 該實體為本集團或與本集團有關連的實體就僱員利益設立的離職後福利計劃；
  - (vi) 該實體由(a)項所列人士控制或共同控制；及
  - (vii) (a)(i)項所列人士對該實體具有重大影響力或為該實體（或該實體的母公司）的主要管理層成員。
  - (viii) 該實體或本集團任何之成員，向本集團或本集團之母公司提供主要管理人員服務。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5%
Leasehold improvements	Over the lease terms
Machinery and equipment*	5% to 20%
Furniture and fixtures	20% to 33 $\frac{1}{3}$ %
Motor vehicles	20%

\* Included in the machinery and equipment are earthen jars, for which the estimated useful lives are 20 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

## 2.4 主要會計政策概要(續)

### 物業、廠房及設備以及折舊

除在建工程外，物業、廠房及設備乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目的成本，包括其購買價及使該資產達至營運狀況及地點作擬定用途之任何直接應佔成本。

物業、廠房及設備項目投產後所產生的支出，如維修及保養費用，一般於產生期間在損益表中支銷。於符合確認準則的情況下，用於重大檢測的支出將於該資產的賬面值中撥充資本，列作重置項目。倘物業、廠房及設備的重要部分需不時更換，則本集團會將該等部分確認為擁有特定可使用年限的個別資產，並予以相應折舊。

折舊乃按物業、廠房及設備各項目的估計可使用年限以直線法撇銷其成本至其剩餘價值計算。就此目的所使用的主要年率如下：

樓宇	5%
租賃物業裝修	按照租約年期計算
機器及設備*	5%至20%
傢俬及裝置	20%至33 $\frac{1}{3}$ %
汽車	20%

\* 機器及設備包括瓦壩，其估計可使用年限為20年。

倘物業、廠房及設備項目的部分有不同可使用年限，則該項目的成本以合理基準在該等部分之間分配，而各部分分開折舊。至少於各財政年度結束時，覆核並在適當情況下調整剩餘價值、可使用年限及折舊方法。

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

#### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

### 2.4 主要會計政策概要(續)

#### 物業、廠房及設備以及折舊(續)

物業、廠房及設備項目(包括任何已初步確認的重要部分)於出售或預期不會從使用或出售有關項目而取得日後經濟利益時不再確認。於不再確認資產的年度內,在損益表中確認的出售或報廢該等項目的任何損益乃指銷售所得款項淨額與有關資產賬面值的差額。

在建工程乃指在建中的物業、廠房及設備,按成本扣除任何減值虧損入賬且不予折舊。成本包括建設期間的直接建設成本。在建工程於完成並準備投入使用时,重新歸類列為適當類別的物業、廠房及設備項目。

#### 無形資產(商譽除外)

單獨收購之無形資產於初始確認時按成本計量。於業務合併時所收購無形資產之成本為收購日期之公平值。無形資產之可使用年期可評估為有限或無限。年期有限之無形資產乃於其後於可使用經濟年期內攤銷,並於該無形資產出現減值跡象時進行減值評估。可使用年期有限之無形資產之攤銷期及攤銷方法須最少於各財政年度末覆核一次。



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

### Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

## 2.4 主要會計政策概要 (續)

### 研究與開發成本

所有研究成本會於產生時列支於損益表。

研發新產品項目所產生的開支只會在本集團能夠顯示其在技術上能夠完成無形資產以能供使用或出售、打算完成資產並能夠加以使用或將之出售、資產如何產生可能的未來經濟利益、有足夠資源以完成項目並且有能力可靠地計算發展期間的開支的情況下，才會撥作資本及遞延。倘未能符合以上準則，產品研發開支會在產生時支銷。

遞延開發成本按成本減任何減值虧損列賬，並以直線法在相關產品不超過五至七年的商業年期（自其投產日期起計）內攤銷。

### 租賃

凡將資產擁有權（法定權利除外）之大部分回報與風險撥歸本集團之租賃列為融資租賃。融資租賃生效時，租賃資產之成本將按最低租賃付款額之現值撥充資本，並連同租賃責任（利息部分除外）入賬，以反映採購及融資。資本化融資租賃所持之資產，包括融資租賃之預付土地租賃款，均列入物業、廠房及設備內，並按租賃年期或資產之估計可使用年期兩者之中較短者計算折舊。上述租賃之融資成本自損益表中扣除，以於租賃年內作出定期定額扣減。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

## 2.4 主要會計政策概要(續)

### 租賃(續)

通過融資性租購合同獲得的資產列為融資租賃，但於資產預計可使用年期內攤銷。

資產所有權的絕大部分回報與風險由出租人保留的租賃乃列為經營租賃。倘本集團為出租人，由本集團以經營租賃出租的資產乃計入非流動資產，而經營租賃的應收租金按租約年期以直線法計入損益表。倘本集團為承租人，經營租賃的應付租金在扣除自出租人的激勵收入後按租約年期以直線法列支於損益表中。

經營租賃項下土地租賃預付款初步按成本入賬，隨後於租賃期內按直線法進行確認。

### 投資及其他金融資產

#### *初步確認及計量*

金融資產乃於初始確認時分類為按公平值計入損益之金融資產、貸款及應收款項及可供出售金融投資(倘適用)。當金融資產在初始確認時，均以公平值加收購金融資產應佔交易成本計量，惟按公平值計入損益之金融資產除外。

所有常規購入及出售之金融資產均於交易日確認，即本集團承諾購買或出售該項資產之日期。所謂金融資產之常規購入或出售乃指需按法規規定或市場慣例於一般規定之期間內轉移資產之交易。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets (Continued)

#### *Subsequent measurement*

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## 2.4 主要會計政策概要 (續)

### 投資及其他金融資產 (續)

#### *其後計量*

#### *貸款及應收款項*

有固定或可確定付款但並無在活躍市場報價之貸款及應收款項為非衍生金融資產。於初步計量後，該等資產其後用實際利率方法以攤銷成本減任何減值撥備計量。計算攤銷成本時，將考慮任何收購折讓或溢價，並計入屬於實際利率不可分割部分之費用或成本。實際利率攤銷乃計入損益表之其他收入及收益。減值產生之虧損乃於損益表確認為融資成本（就貸款而言）及其他開支（就應收款項而言）。

#### **取消確認金融資產**

金融資產（或（如適用）一項金融資產的一部分或一組同類金融資產之一部分）在下列情況將首先取消確認（即從本集團綜合財務狀況表內刪除）：

- 收取該項資產現金流量的權利已屆滿；或
- 本集團已轉讓收取資產現金流量的權利，或已承擔責任根據「轉手」安排向第三方悉數支付所收取之現金流量，且並無重大延誤；及(a)本集團已轉移該資產的絕大部分風險及回報，或(b)本集團並無轉讓或保留該資產的絕大部分風險及回報，但已轉讓該資產的控制權。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of financial assets

The Group assesses as at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

## 2.4 主要會計政策概要（續）

### 取消確認金融資產（續）

本集團在轉讓其從資產收取現金流量的權利或訂立轉付安排之後，將評估其有否保留與擁有該資產相關的風險及回報以及保留的程度。倘並無轉讓或保留資產的絕大部分風險及回報，亦無轉讓資產控制權，本集團將以本集團持續參與之程度為限繼續確認所轉讓資產。在此情況下，本集團亦確認相關的負債。已轉讓的資產及相關負債按反映本集團所保留的權利和義務的基準計量。

以經轉讓資產擔保方式的持續參與按資產原始金額與本集團可能須償還的代價的最高金額之間的較低者計量。

### 金融資產減值

本集團於各報告期末評估是否有客觀跡象顯示一項金融資產或一組金融資產出現減值。倘初步確認資產後發生一項或多項事件，且對可合理估計之金融資產或該組金融資產未來估計現金流量產生影響時，則存在減值。減值證據可包括債務人或一組債務人正經歷重大財務困難、拖欠或拖慢利息或本息付款、彼等可能會破產或其他財務重組及可觀察數據顯示估計未來現金流量有可計量之減少（例如與拖欠有關之延遲或經濟狀況之變動）。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (Continued)

#### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

## 2.4 主要會計政策概要 (續)

### 金融資產減值 (續)

#### *以攤銷成本列賬之金融資產*

對於按攤銷成本列賬的金融資產，本集團首先單獨評估個別重大的金融資產是否存在減值，或共同評估非個別重大的金融資產有否客觀減值跡象。倘本集團釐定個別已評估金融資產無客觀減值跡象，則有關資產不論是否重大，會計入一組信貸風險特徵相若的金融資產，共同作減值評估。對於個別作減值評估的資產，倘其減值虧損會確認或繼續會確認，則不會計入共同減值評估。

任何所發現減值虧損的金額按資產賬面值與估計未來現金流量（不包括尚未產生的未來信貸虧損）現值之差額計量。估計未來現金流量現值按金融資產原實際利率（即首次確認時計算的實際利率）折現。

有關資產之賬面值可通過使用備抵賬目作出抵減，而有關減值於損益表中確認。利息收入於經扣減之賬面值中持續產生，並採用計算減值虧損時用以折現未來現金流量之利率累算。貸款及應收款項連同任何相關撥備在預期日後不可能收回且所有抵押品已變現或轉至本集團時撇銷。

倘於其後期間之估計減值虧損之數額因確認減值後發生之事件而增加或減少，則先前確認之減值虧損可通過調整備抵賬目而增加或減少。倘撇銷於其後收回，則收回金額計入損益表的其他開支內。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and other borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and other borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings and financial liabilities included in other long term liabilities.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

#### *Loans and other borrowings*

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

## 2.4 主要會計政策概要(續)

### 金融負債

#### *初步確認及計量*

金融負債於初始確認時乃分類為按公平值計入損益之金融負債或貸款及其他借款(倘適用)。

所有金融負債於初步確認時以公平值計算,如為貸款及其他借款,則扣除直接應佔交易成本。

本集團之金融負債包括應付貿易款項及其他應付款項、計息銀行及其他借款以及其他長期負債中的金融負債。

#### *其後計量*

金融負債之計量取決於其如下分類:

#### *貸款及其他借款*

初步確認後,計息銀行及其他借款其後以實際利率法按攤銷成本計量。若貼現之影響並不重大,則按成本計量。有關收益及虧損於負債取消確認時及透過實際利率攤銷程序在損益表確認入賬。

攤銷成本於計及收購事項任何折讓或溢價及屬實際利率不可分割部分之費用或成本後計算。實際利率攤銷計入損益表之財務費用內。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

## 2.4 主要會計政策概要 (續)

### 取消確認金融負債

金融負債於負債之責任已解除或註銷或屆滿時取消確認。

當現有金融負債為同一貸款人以條款明顯不同之另一負債取代時，或現有負債之條款有重大修改時，有關替換或修改則被視為取消確認原有負債並確認為一項新負債，而有關賬面值之差額乃於損益表中確認。

### 金融工具的抵銷

倘有現行可強制執行之法律權利抵銷已確認金額，並且擬以淨額基準進行結算或同時將資產變現及清償負債，方可將金融資產及金融負債抵銷，淨額於財務狀況表呈報。

### 存貨

存貨乃以成本及可變現淨值之較低者列賬。成本以加權平均法釐定。如屬在製品及成品，成本值則包括直接物料費用、直接人工成本及適當比例的經常費用。可變現淨值為估計銷售價減預期達致完成及出售所產生之任何估計成本。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

## 2.4 主要會計政策概要（續）

### 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及可隨時轉換為已知數額現金並於購入後一般在三個月內到期，且沒有重大價值變動風險之短期及高度流通投資，再扣除在要求時須償還及構成本集團現金管理方面一個完整部分之銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括並無限制用途之手頭及銀行現金（包括定期存款）。

### 撥備

倘因過往事件而導致本集團須承擔法定或推定責任，且日後大有可能因履行有關責任而導致資源流失，而有關責任數額能被可靠估計，則須就此作出撥備。

倘折算影響重大，則確認撥備之數額為預期日後履行有關責任所需開支於報告期末之現值。倘已折算之現值隨時間而有所增加，則該等增幅將於損益表列作融資成本。



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2.4 主要會計政策概要 (續)

### 所得稅

所得稅包括當期稅項及遞延稅項。涉及於損益以外確認之項目之所得稅於損益以外確認，即於其他綜合收益或直接於權益中確認。

當期及前期之流動稅項資產及負債以預期由稅務機關退稅或付給稅務機關之金額計量，乃基於截至報告期末已頒佈或實質上已頒佈之稅率（及稅法），並顧及本集團經營業務所在國家當前之詮釋及慣例。

遞延稅項乃使用負債法，就於報告期末資產及負債之稅基與其就財務報告而言之賬面值之間之所有暫時性差異作出撥備。

所有應課稅暫時性差異均被確認為遞延稅項負債，惟：

- 倘若遞延稅項負債是由非業務合併交易中初步確認商譽或資產或負債而產生，及於交易時，遞延稅項負債對會計利潤或應課稅利潤或虧損均無影響；及
- 就與附屬公司之投資有關之應課稅暫時性差異而言，倘暫時性差異之回撥時間為可以控制，而暫時性差異於可見將來可能不會回撥。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.4 主要會計政策概要(續)

### 所得稅(續)

遞延稅項資產會就所有可扣減之暫時差異、結轉未運用稅項抵免及未運用稅務虧損確認入賬。確認遞延稅項資產的前提是有可能有應課稅利潤可用於抵銷可扣減之暫時差異，結轉未運用稅項抵免及未運用稅務虧損可予動用，惟：

- 遞延稅項資產與初步確認一項交易(並非業務合併)之資產或負債所產生之應扣減暫時性差額有關，而於交易時，遞延稅項資產對會計利潤或應課稅利潤或虧損均無影響；及
- 就與附屬公司之投資有關之可扣減暫時性差額而言，遞延稅項資產僅會於暫時性差額相當可能於可見將來將會回撥及應課稅利潤可用於抵銷暫時性差額時確認。

遞延稅項資產之賬面值會於各報告期末覆核，並減至不再可能有足夠應課稅利潤令全部或部分遞延稅項資產得以動用為止；未確認之遞延稅項資產會於各報告期末重新評估，並於可能有足夠應課稅利潤令全部或部分遞延稅項資產得以收回時確認。

遞延稅項資產及負債乃根據於報告期末已頒佈或實質上已頒佈之稅率(及稅法)，按預期於資產獲變現或負債償還期間適用之稅率計算。

遞延稅項資產及遞延稅項負債可在現行稅項資產及負債有合法權利可予抵銷，以及遞延稅項乃關乎同一應課稅實體及同一稅務機關之情況下，方可互相抵銷。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (c) rental income, on a time proportion basis over the lease terms.

### Employee retirement benefits

According to the rules and regulations of the PRC, the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The contributions are recognised as expenses when the Company consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

## 2.4 主要會計政策概要 (續)

### 收入確認

收入乃於經濟利益很可能流入本集團，並且該收入能夠準確計量時按下列基準予以確認：

- (a) 銷售貨品的收入在附於所有權上的重大風險及利益已轉移至買家，並且本集團不再對已售出商品實施通常與所有權相聯繫的繼續管理權和有效控制權時確認；
- (b) 就利息收入而言，以應計方式利用實際利率法將財務工具估計可用年期或較短期間（如適用）內之未來估計現金收入實際貼現成金融資產賬面淨值；
- (c) 就租金收入而言，按時間比例基準於租期內確認。

### 僱員退休福利

根據中國之規則及法規，本公司在中國註冊之附屬公司須按當地政府預定之僱員基本薪金若干比率為所有中國僱員向國家管理之退休計劃供款。國家資助之退休計劃負責一切應付退休僱員退休福利之責任，除每年供款外，本集團在實際退休福利付款或其他員工退休後福利方面沒有其他責任。

當本公司動用因僱員為獲得僱員福利而提供服務所產生之經濟利益時，供款會確認為開支。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Employee retirement benefits (Continued)

#### *Early retirement and retirement benefits*

During the fiscal 2005 restructuring, the Group undertook the expense related to both the retirement and the early retirement schemes for the medical and social welfare of those early retired and retired employees as of 30 June 2005. The Group recognised the relevant estimated liabilities as well as charges to the statement of profit or loss once the Group undertook the obligations. These benefits are unfunded.

Where these schemes fall due more than 12 months after the date of the financial statements, they shall be discounted using the appropriate discount rate, and carried at discounted amounts as liabilities. The discount rate is determined using the yield rate of government bonds with similar terms at the date of the financial statements.

Actuarial gains or losses include the experience adjustment (the impact of difference between the previous actuarial assumption and actual results) and the impact of changes on actuarial assumption. The actuarial gains or losses are recognised in other comprehensive income when incurred and will not be reclassified to profit or loss in a subsequent period.

Interest expense is charged to the statement of profit or loss and is derived from the discount rate determined at the commencement of the retirement scheme within an accounting period and the early retirement scheme multiplying with the average present value over the entire terms.

## 2.4 主要會計政策概要(續)

### 僱員退休福利(續)

#### *提早退休及退休福利*

於二零零五年財政重組期間，本集團承擔了截至二零零五年六月三十日之提早退休及退休僱員之退休計劃及提早退休計劃中有關醫療及社會福利之開支。本集團於承擔該等責任時確認相關估計負債，並從損益表扣除。該等福利均未獲撥款。

倘該等計劃自財務報表日期後12個月以後到期，則應採用適用之貼現率對金額進行貼現，並按貼現金額列賬為負債。貼現率乃採用財務報表日期條款相似之政府債券之收益率釐定。

精確損益包括經驗調整(原有精算假設與實際結果之間之差額影響)及精算假設變動之影響。精算損益於產生時在其他綜合收益確認，且於其後期間不會重新分類至損益。

利息開支根據貼現率結果(在會計期間內退休計劃開始時釐定，提早退休計劃乘以整個期間之平均現值)從損益表扣除。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

## 2.4 主要會計政策概要（續）

### 借貸成本

收購、興建或生產須經過長時間方可作擬定用途或銷售之合資格資產的直接應佔借貸成本資本化為該等資產之成本的一部分。在該等資產基本可作擬定用途或銷售時，停止將借貸成本予以資本化。有關借款等待用於合資格資產的期間作短期投資之投資收入所得可用於扣減已資本化之借貸成本。所有其他借貸成本均須於產生期間列作開支。借貸成本包括利息以及實體借入資金所產生的其他相關成本。

### 股息

末期股息將於股東大會上獲股東批准後確認為負債。

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is the Hong Kong dollar while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

## 2.4 主要會計政策概要（續）

### 外幣

該等財務報表以人民幣呈報，人民幣亦為本集團呈報貨幣。本公司的功能貨幣為港元，人民幣則被用作本公司財務報表的呈報貨幣，以與本集團呈報貨幣保持一致。本集團旗下各實體有各自的功能貨幣，計入各實體財務報表的項目以該功能貨幣計量。本集團實體記錄的外幣交易初步按交易日適用的相關功能貨幣匯率入賬。以外幣計值的貨幣資產及負債按報告期末功能貨幣適用匯率重新換算。償付或換算貨幣項目產生的差額於損益表確認。

按歷史成本列賬以外幣計值的非貨幣項目以初步交易日期的匯率換算。以外幣按公平值計量的非貨幣項目按計量公平值當日的匯率換算。換算按公平值計量之非貨幣項目產生的收益或虧損按確認該項目的公平值變動產生的收益或虧損處理（即其公平值收益或虧損已於其他綜合收益或損益確認的項目，其換算差額亦分別於其他綜合收益或損益內確認）。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Foreign currencies (Continued)

The functional currencies of certain Hong Kong subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of Hong Kong subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of Hong Kong subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

## 2.4 主要會計政策概要（續）

### 外幣（續）

若干香港附屬公司的功能貨幣為人民幣以外的貨幣。於報告期末，該等實體的資產及負債按報告期末通行的匯率換算為本公司的呈報貨幣，而其損益表按該年度的加權平均匯率換算為人民幣。所產生匯兌差額於其他綜合收益確認及於匯兌變動儲備累計。出售海外業務時，與該特定海外業務有關的其他綜合收益部分於損益表確認。

就綜合現金流量表而言，香港附屬公司的現金流量按現金流量日期適用的匯率換算為人民幣。香港附屬公司於整個年度內頻密產生的經常現金流量按該年度加權平均匯率換算為人民幣。

## 3. 重要會計判斷及估計

編製本集團之綜合財務報表時，管理層須作出會影響所呈報收入、開支、資產及負債之報告金額、其隨附披露及或有負債披露之判斷、估計及假設。有關假設及估計之不確定性或會導致須就日後受影響之資產或負債賬面值作出重大調整。

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### *Tax provision*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in tax legislation and practices.

#### *Deferred tax liabilities for withholding taxes*

Deferred tax liabilities have not been established for income tax and withholding tax that would not be payable on certain undistributed earnings of the subsidiaries in Mainland China if the directors consider that the timing of the reversal of the related temporary differences in relation to the undistributed earnings of the subsidiaries in Mainland China can be controlled and such temporary differences will not be reversed in the foreseeable future. For those undistributed earnings of the subsidiaries in Mainland China that are considered to be repatriated and distributed by way of dividends, the related deferred tax liabilities have been recognised.

### 3. 重要會計判斷及估計(續)

#### 判斷

於採納本集團之會計政策之過程中，除涉及估計之會計政策外，管理層已作出對綜合財務報表已確認金額構成最重大影響之判斷如下：

#### *稅項撥備*

釐定所得稅撥備涉及對若干交易未來稅務處理之判斷。本集團審慎評估交易之稅務影響並計提相應之稅項撥備。該等交易之稅務處理定期評估，以計及稅務法規及慣例之所有變動。

#### *有關預扣稅的遞延稅項負債*

倘董事認為撥回涉及中國內地附屬公司未分派盈利的相關暫時差額之時間可被控制以及有關暫時差額將不會於可見將來撥回，則並無就中國內地附屬公司之若干未分派盈利之毋須支付之所得稅及預扣稅計提遞延稅項負債。被視為以股息形式匯出及分派的中國內地附屬公司未分派盈利，已確認相關遞延稅項負債。



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### (a) *Useful lives and residual values of property, plant and equipment*

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the repair and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances. The carrying amounts of the property, plant and equipment are disclosed in note 13.

### 3. 重要會計判斷及估計(續)

#### 估計不確定因素

於報告期末有關未來之主要假設及其他估計之不確定性之主要來源，會使下一個財政年度內的資產及負債賬面值引致有重大調整的風險，並於下文描述。

#### (a) *物業、廠房及設備的可使用年限及剩餘價值*

為釐定物業、廠房及設備項目的可使用年限及剩餘價值，本集團須考慮多項因素，如因生產改變或改進引致技術或商業過時、或因市場對該資產的產品或服務輸出的需求改變、該資產的預期使用情況、預期實際損耗及損毀、該資產的維修保養及對使用該資產的法律或類似限制。該資產的可使用年限的估計乃基於本集團以類似方式使用類似資產的經驗。倘物業、廠房及設備項目的估計可使用年限及／或剩餘價值有別於先前的估計，則會作出額外折舊。可使用年限及剩餘價值會於各財政年度結束日期根據情況變動進行覆核。物業、廠房及設備之賬面金額披露於附註13。

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (Continued)

##### (b) *Impairment of trade and other receivables*

The policy for provision for impairment losses of the Group is based on the evaluation of collectability, the aged analysis of trade and other receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

##### (c) *Write-down of inventories to net realisable value*

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realisable value. The assessment of the provision required involves management's judgement and estimates on which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed.

### 3. 重要會計判斷及估計 (續)

#### 估計不確定因素 (續)

##### (b) *應收貿易款項及其他應收款項之減值*

本集團減值虧損撥備政策乃根據可收回性評估、應收貿易款項及其他應收款項之賬齡分析以及管理層之判斷作出。於評估該等應收款項之最終變現數額時須作出大量判斷，包括各客戶現時之信譽及過往收回歷史。倘本集團客戶之財務狀況惡化，導致其付款能力減低，則可能須作額外撥備。

##### (c) *撇減存貨至可變現淨值*

本集團將被識別為過時及滯銷的存貨及賬面值高於可變現淨值的存貨撇減至可變現淨值。評估所需撥備涉及管理層的判斷和估計，而關於未來銷售及使用情況的假設以及釐定相對於已識別過剩品或過時品的適當存貨撥備水平時的判斷將影響該等判斷和估計。倘日後的實際結果或預期有別於最初的估計，有關差異將會對存貨的賬面值造成影響，並須於估計有變的期間內作出存貨的撇減／撤回。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (Continued)

##### (d) *Early retirement and retirement benefits*

The Group has recognised the early retirement and retirement benefits as a liability. The initial recognition of early retirement and retirement benefits is measured at the best estimate of the expenditure required to settle the benefits for early-retired and retired employees. When the Group determines the best estimate, it takes into account headcount changes of early-retired and retired employees, effect on future expenditure arising from inflation of prices and other factors. When selecting a proper discount rate, the Group takes into account the average period of future payment for early retirement and retirement benefits and other factors. The difference between the actuarial assumptions and actual results will have an impact on the relevant accounting estimation. Although management considered that the above assumptions are reasonable, any changes in assumptions may affect the amount of provision for early retirement and retirement benefits. The assumptions that the Group used in measuring the early retirement and retirement benefits are disclosed in note 24.

### 3. 重要會計判斷及估計 (續)

#### 估計不確定因素 (續)

##### (d) *提早退休及退休福利*

本集團已將提早退休及退休福利確認為負債。提早退休及退休福利在初始確認時按對向提早退休及退休僱員結算所需的開支的最佳估計計量。本集團在釐定最佳估計時，會考慮提早退休及退休僱員的人數變化、通貨膨脹對未來開支的影響及其他因素。在選擇適當的貼現率時，本集團會考慮未來支付提早退休及退休福利的平均期間及其他因素。精算假設與實際結果之間的差異會對相關會計估計造成影響。儘管管理層認為上述假設合理，但假設的任何變動均可能影響提早退休及退休福利的撥備金額。本集團在計量提早退休及退休福利時使用的假設披露於附註24。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of condiment products. For management purposes, the Group operates in one business unit and has one reportable operating segment as follows:

- The food segment manufactures and sells condiment products.

As all of the Group's revenue is derived from sales of its products to the customers in the PRC and all of the Group's identifiable non-current assets are located in the PRC, no geographical information as required by IFRS 8 *Operating Segments* is presented.

#### Information about major customers

Revenue derived from sales to individual customers amounting to 10 percent or more of the Group's revenue for the reporting period is set out in the following table:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Customer X	客戶X	115,672	118,327
Customer Y	客戶Y	105,591	138,227
Customer Z	客戶Z	83,442	92,317
		304,705	348,871

### 4. 經營分部資料

本集團主要從事調味品的生產及銷售業務。就管理而言，本集團以單一業務單位運營，且有一個可呈報經營分部如下：

- 食品分部生產及銷售調味品。

由於本集團全部收入均來自向於中國的客戶銷售其產品，且本集團全部可識別非流動資產均位於中國，故並無根據國際財務報告準則第8號經營分部呈列地域資料。

#### 有關主要客戶之資料

下表載列於報告期間自佔本集團收益10%或以上收益的個別客戶所產生的收益：

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Customer X	115,672	118,327
Customer Y	105,591	138,227
Customer Z	83,442	92,317
	304,705	348,871

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

#### 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

#### 5. 收入、其他收入及收益

收入指扣除退貨撥備及貿易折扣後的售出貨品發票淨值。

本集團收入、其他收入及收益分析如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
<b>Revenue</b>	<b>收入</b>		
Sale of goods	銷售貨品	831,149	798,861
<b>Other income and gains</b>	<b>其他收入及收益</b>		
Subsidy received	已收補貼	7,408	2,161
Interest income	利息收入	1,018	223
Gain upon expiry of warrants (note 26(d))	到期認股權證收益(附註26(d))	—	7,959
Gain from sale of materials	材料銷售收益	—	1,094
Rental income	租賃收入	—	438
		8,426	11,875

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

			<b>2016</b>	2015
		Notes	二零一六年	二零一五年
		附註	<b>RMB'000</b>	RMB'000
			人民幣千元	人民幣千元
Costs of inventories sold	售出存貨成本		<b>385,453</b>	347,989
Depreciation	折舊	13	<b>32,017</b>	27,354
Amortisation of prepaid land lease payments	攤銷預付土地租賃款項	14	<b>1,080</b>	510
Minimum lease payments under operating leases regarding plant and machinery	經營租賃項下有關廠房及機器的最低租賃款項		-	2,242
Auditor's remuneration	核數師酬金		<b>2,012</b>	1,770
Employee benefit expenses (excluding directors' remuneration):	僱員福利開支 (不包括董事酬金):			
– Wages and salaries	– 工資及薪金		<b>27,479</b>	18,681
– Pension scheme contributions	– 退休金計劃供款		<b>4,313</b>	2,729
			<b>31,792</b>	21,410
Research and development costs	研究與開發成本		<b>51,592</b>	46,773
Donations	捐款		<b>62</b>	100

### 6. 除稅前利潤

本集團除稅前利潤乃經扣除下列各項：

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

			<b>2016</b>	2015
			二零一六年	二零一五年
			<b>RMB'000</b>	RMB'000
			人民幣千元	人民幣千元
Interest on bank loans	銀行貸款利息		<b>38,341</b>	32,609
Interest on finance leases	融資租賃利息		<b>2,265</b>	-
			<b>40,606</b>	32,609

### 7. 融資成本

融資成本分析如下：

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

#### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

#### 8. 董事及最高行政人員之酬金

根據聯交所證券上市規則(「上市規則」)、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第二部披露的年度董事及最高行政人員薪酬載列如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Fees	袍金	370	481
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	396	396
Performance related bonuses	表現相關之花紅	100	300
Pension scheme contributions	退休金計劃供款	54	71
		550	767
		920	1,248

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

#### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元
Mr. Lei Jiaxiao	雷家驩先生	80	80
Mr. Ma Chaosong	馬朝松先生	80	80
Mr. Shen Zhenchang	沈振昌先生	60	80
		<b>220</b>	240

There were no other emoluments payable to the independent non-executive directors during the years 2016 and 2015.

### 8. 董事及最高行政人員之酬金(續)

#### (a) 獨立非執行董事

年內已付獨立非執行董事之袍金如下：

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元
Mr. Lei Jiaxiao	雷家驩先生	80	80
Mr. Ma Chaosong	馬朝松先生	80	80
Mr. Shen Zhenchang	沈振昌先生	60	80
		<b>220</b>	240

於二零一六年和二零一五年內概無應付獨立非執行董事之其他酬金。



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

#### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, a non-executive director and the chief executive

#### 8. 董事及最高行政人員之酬金（續）

(b) 執行董事、非執行董事及最高行政人員

		Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>2016</b>	<b>二零一六年</b>					
<i>Executive directors:</i>						
	<i>執行董事：</i>					
Mr. Sheng Mingjian	盛明健先生	-	120	50	13	183
Mr. Wang Chao	王超先生	-	96	50	13	159
		-	216	100	26	342
<i>Non-executive director:</i>						
	<i>非執行董事：</i>					
Mr. Zhang Bihong*	張弼弘先生*	100	-	-	15	115
Mr. Sun Qingdong**	孫卿東先生**	50	-	-	-	50
		150	-	-	15	165
<i>Chief executive:</i>						
	<i>最高行政人員：</i>					
Mr. Chen Weizhong	陳衛忠先生	-	180	-	13	193
		150	396	100	54	700

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

#### (b) Executive directors, a non-executive director and the chief executive (Continued)

		Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
		袍金	薪金、津貼及實物利益	表現相關之花紅	退休金計劃供款	酬金總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>2015</b>	<b>二零一五年</b>					
<i>Executive directors:</i>	<i>執行董事:</i>					
Mr. Sheng Mingjian	盛明健先生	-	120	100	12	232
Mr. Wang Chao	王超先生	-	96	100	12	208
		-	216	200	24	440
<i>Non-executive director:</i>	<i>非執行董事:</i>					
Mr. Zhang Bihong*	張弼弘先生*	241	-	-	35	276
<i>Chief executive:</i>	<i>最高行政人員:</i>					
Mr. Chen Weizhong	陳衛忠先生	-	180	100	12	292
		241	396	300	71	1,008

\* Mr. Zhang Bihong resigned as a non-executive director of the Group on 23 June 2016.

\*\* Mr. Sun Qingdong was appointed as a non-executive director of the Group on 23 June 2016.

There was no arrangement under which executive directors waived or agreed to waive any remuneration during the years 2016 and 2015.

### 8. 董事及最高行政人員之酬金(續)

#### (b) 執行董事、非執行董事及最高行政人員(續)

\* 張弼弘先生於二零一六年六月二十三日辭任本集團非執行董事。

\*\* 孫卿東先生於二零一六年六月二十三日獲委任本集團非執行董事。

於二零一六年和二零一五年內概無執行董事放棄或同意放棄任何酬金的安排。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

#### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year included three directors (2015: four), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2015: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	283	135
Performance related bonuses	表現相關之花紅	-	-
Pension scheme contributions	退休金計劃供款	25	12
		<b>308</b>	<b>147</b>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

		2016 二零一六年	2015 二零一五年
Nil to RMB1,000,000	零至人民幣1,000,000元	2	1

#### 9. 五名最高薪僱員

年內，五名最高薪僱員包括三名董事(二零一五年：四名)，其酬金詳情載於上文附註8。本公司既非董事亦非最高行政人員之其餘兩名(二零一五年：一名)最高薪僱員之酬金詳情如下：

酬金介乎以下範圍的非董事及非最高行政人員之最高薪僱員人數如下：

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Group was not subject to any income tax in the Cayman Islands.

The corporate income tax of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2015: 25%) on the taxable profits, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to the approval from the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition, Huzhou Laohenghe Brewery Co., Limited and Huzhou Laohenghe Wine Co., Limited, both being wholly-owned subsidiaries of the Company, were granted the "New and Advanced Technology Enterprise" status and were entitled to the preferential tax rate of 15% for the three consecutive years commencing from 2016.

### 10. 所得稅開支

本集團須就本集團成員公司所處及經營業務的司法權區所產生或賺取的利潤，按實體基準繳納所得稅。根據開曼群島的規則及法規，本集團毋須繳納開曼群島所得稅。

有關本集團中國內地經營業務的企業所得稅，已經根據相關現行法律、詮釋及慣例按稅率25%（二零一五年：25%）對應課稅利潤作出撥備。

根據全國高新技術企業認定管理工作領導小組辦公室發出的批文，湖州老恒和釀造有限公司及湖州老恒和酒業有限公司（二者均為本公司的全資附屬公司）獲得「高新技術企業」資格，並可自二零一六年起連續三個年度享受15%的優惠稅率。

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Current – PRC	即期 – 中國		
Charge for the year	年內支出	37,081	42,721
Deferred (note 23)	遞延（附註23）	4,238	3,446
Total tax charge for the year	年內稅務支出總額	41,319	46,167

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

### 10. INCOME TAX EXPENSE (CONTINUED) 10. 所得稅開支（續）

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for the jurisdiction where most of the Company's subsidiaries are located to the tax expense at the effective tax rate is as follows:

採用本公司大部分的附屬公司所在司法權區的法定稅率計算的除稅前利潤適用的所得稅開支與按實際稅率計算的稅務開支對賬如下：

		2016 二零一六年		2015 二零一五年	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Profit before tax	除稅前利潤	247,955		274,695	
Tax at the statutory tax rate	按法定稅率計算的稅項	61,989	25.0	68,674	25.0
Lower tax rate enacted by the local authority	地方政府頒佈的較低稅率	(21,612)	(8.7)	(25,787)	(9.4)
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	按本集團中國內地附屬公司可分派利潤10%計算預扣稅之影響	4,013	1.7	6,010	2.2
Tax incentive on eligible expenditures	合資格開支之稅務優惠	(3,132)	(1.3)	(2,765)	(1.0)
Expenses not deductible for tax	稅務上不可扣減的開支	61	-	35	-
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅務支出	41,319	16.7	46,167	16.8

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 11. DIVIDENDS

### 11. 股息

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Proposed final – RMB7.2 cents (2015: RMB8.8 cents) per ordinary share	建議派付期末 – 每股普通股 人民幣7.2分(二零一五年: 人民幣8.8分)	41,670	45,650

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The 2015 proposed final dividends of RMB45,650,000 were approved by Company's shareholders at the annual general meeting on 31 May 2016 and were subsequently distributed in June 2016.

年內建議期末股息須待本公司股東於應屆股東週年大會上批准方可作實。

二零一五年建議末期股息人民幣45,650,000元已獲本公司股東於二零一六年五月三十一日召開的股東週年大會上批准，並隨後於二零一六年六月派發。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 538,041,096 (2015: 518,750,000) in issue during the year.

## 12. 母公司普通權益持有人 應佔每股盈利

每股基本盈利金額的計算乃基於母公司普通權益持有人應佔年內利潤及年內已發行普通股加權平均數538,041,096股（二零一五年：518,750,000股）。

		2016 二零一六年	2015 二零一五年
Profit attributable to ordinary equity holders of the parent (RMB'000)	母公司普通權益持有人應佔利潤 (人民幣千元)	206,636	228,528
Weighted average number of ordinary shares in issue (in thousands)	已發行普通股加權平均數(千股)	538,041	518,750
Earnings per share attributable to ordinary equity holders of the parent – Basic and diluted (RMB)	母公司普通權益持有人應佔每股盈利 – 基本及攤薄(人民幣)	38.4 cents 38.4分	44.1 cents 44.1分

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2016 and 2015 in respect of a dilution as the group has no potential dilutive ordinary shares in issue during those years.

由於截至二零一六年及二零一五年十二月三十一日止年度並無潛在具攤薄效應的已發行普通股股份，故本集團並無就攤薄而對有關年度呈列之每股基本盈利金額作出調整。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備

		Buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
		樓宇	機器及設備	傢俬及裝置	汽車	租賃物業裝修	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>31 December 2016</b>	二零一六年 十二月三十一日							
At 1 January 2016:	於二零一六年一月一日:							
Cost	成本	316,171	199,127	4,558	2,081	15,990	145,587	683,514
Accumulated depreciation	累計折舊	(29,798)	(19,742)	(1,179)	(1,435)	(1,804)	-	(53,958)
Net carrying amount	賬面淨額	286,373	179,385	3,379	646	14,186	145,587	629,556
At 1 January 2016, net of accumulated depreciation	於二零一六年一月一日， 扣除累計折舊	286,373	179,385	3,379	646	14,186	145,587	629,556
Additions	添置	4,017	14,437	419	50	-	193,626	212,549
Depreciation provided during the year	年內折舊撥備	(16,167)	(13,840)	(451)	(200)	(1,359)	-	(32,017)
Transfers	轉撥	142,930	441	-	-	-	(143,371)	-
At 31 December 2016, net of accumulated depreciation	於二零一六年 十二月三十一日， 扣除累計折舊	417,153	180,423	3,347	496	12,827	195,842	810,088
At 31 December 2016:	於二零一六年 十二月三十一日:							
Cost	成本	463,118	214,005	4,977	2,131	15,990	195,842	896,063
Accumulated depreciation	累計折舊	(45,965)	(33,582)	(1,630)	(1,635)	(3,163)	-	(85,975)
Net carrying amount	賬面淨額	417,153	180,423	3,347	496	12,827	195,842	810,088



# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備 (續) (CONTINUED)

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>1 January 2015</b>	<b>二零一五年一月一日</b>							
At 1 January 2015:	於二零一五年一月一日:							
Cost	成本	307,002	180,945	3,971	2,081	15,990	18,108	528,097
Accumulated depreciation	累計折舊	(12,946)	(11,089)	(832)	(1,292)	(445)	-	(26,604)
Net carrying amount	賬面淨額	294,056	169,856	3,139	789	15,545	18,108	501,493
At 1 January 2015, net of accumulated depreciation	於二零一五年一月一日， 扣除累計折舊	294,056	169,856	3,139	789	15,545	18,108	501,493
Additions	添置	3,061	10,162	587	-	-	141,607	155,417
Depreciation provided during the year	年內折舊撥備	(16,852)	(8,653)	(347)	(143)	(1,359)	-	(27,354)
Transfers	轉撥	6,108	8,020	-	-	-	(14,128)	-
At 31 December 2015, net of accumulated depreciation	於二零一五年 十二月三十一日， 扣除累計折舊	286,373	179,385	3,379	646	14,186	145,587	629,556
At 31 December 2015:	於二零一五年 十二月三十一日:							
Cost	成本	316,171	199,127	4,558	2,081	15,990	145,587	683,514
Accumulated depreciation	累計折舊	(29,798)	(19,742)	(1,179)	(1,435)	(1,804)	-	(53,958)
Net carrying amount	賬面淨額	286,373	179,385	3,379	646	14,186	145,587	629,556

At 31 December 2016, certain of the Group's buildings and machinery and equipment with an aggregate net carrying amount of approximately RMB97,201,000 (2015: RMB74,564,000) was pledged to secure bank loans granted to the Group (note 21(b)).

As at 31 December 2016, the Group's machinery and equipment with a net carrying amount of RMB50,487,000 (2015: RMB55,103,000) were held under finance leases.

於二零一六年十二月三十一日，本集團賬面淨值約為人民幣97,201,000元(二零一五年：人民幣74,564,000元)之若干樓宇和機器及設備作為授予本集團銀行貸款之擔保(附註21(b))。

於二零一六年十二月三十一日，本集團根據融資租賃持有之機器及設備之賬面淨值為人民幣50,487,000元(二零一五年：人民幣55,103,000元)。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 14. PREPAID LAND LEASE PAYMENTS

### 14. 預付土地租賃款項

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元
Carrying amount at 1 January	於一月一日的賬面值	27,333	27,843
Additions during the year	於年內添置	25,969	-
Amortised during the year	於年內攤銷	(1,080)	(510)
Carrying amount at 31 December	於十二月三十一日的賬面值	52,222	27,333
Less: Current portion included in prepayments, deposits and other receivables	減：計入預付款項、按金及其他應收款項的流動部分	(1,187)	(650)
Non-current portion	非流動部分	51,035	26,683

The leasehold land is situated in Mainland China and is held under a long term lease.

Leasehold land of the Group with an aggregate carrying amount of approximately RMB40,350,000 as at 31 December 2016 (2015: RMB11,243,000) has been pledged to secure bank loans granted to the Group (note 21(b)).

租賃土地位於中國內地，並根據長期租約持有。

於二零一六年十二月三十一日，本集團一幅賬面總值約為人民幣40,350,000元（二零一五年：人民幣11,243,000元）之租賃土地作為授予本集團銀行貸款之擔保（附註21(b)）。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

## 15. INVENTORIES

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Raw materials	原材料	11,894	8,069
Work in progress	在製品	1,049,493	921,174
Finished goods	成品	27,053	16,226
		<b>1,088,440</b>	945,469

As at 31 December 2016, the Group's inventories with a carrying amount of RMB525,343,000 (2015: RMB366,103,000) were pledged to secure bank loans granted to the Group, as further detailed in note 21(b) to the financial statements.

As at 31 December 2016, the Group's inventories with a carrying amount of RMB916,910,000 (2015: RMB817,014,000) were base wine.

## 16. TRADE RECEIVABLES

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Trade receivables	應收貿易款項	162,471	141,959

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

## 15. 存貨

於二零一六年十二月三十一日，本集團抵押賬面值為人民幣525,343,000元(二零一五年：人民幣366,103,000元)的存貨，作為授予本集團銀行貸款的擔保，進一步詳情載於財務報表附註21(b)。

於二零一六年十二月三十一日，本集團賬面值為人民幣916,910,000元(二零一五年：人民幣817,014,000元)的存貨為基酒。

## 16. 應收貿易款項

本集團與客戶間的貿易條款以信貸交易為主。信貸期通常為一至三個月。

本集團致力對尚未收回的應收賬款維持嚴格監管，而過期未付之賬款亦由高級管理層定期檢討。應收貿易款項為不計息。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 16. TRADE RECEIVABLES (CONTINUED) 16. 應收貿易款項(續)

An aged analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

本集團於報告期末應收貿易款項按發票日期的賬齡分析如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 1 month	1個月以內	119,143	82,014
1 to 3 months	1至3個月	41,957	57,482
3 to 6 months	3至6個月	498	1,087
6 months to 1 year	6個月至1年	459	1,007
Over 1 year	1年以上	414	369
		<b>162,471</b>	<b>141,959</b>

An aging analysis of the trade receivables, based on the credit terms, that are neither individually nor collectively considered to be impaired, is as follows:

個別及組合評估均不視為已減值的應收貿易款項按信用期限的賬齡分析如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Neither past due nor impaired	既無逾期亦無減值	161,100	139,496
Less than 3 months past due	逾期少於3個月	498	1,087
3 to 6 months	3至6個月	247	728
6 months to 1 year	6個月至1年	234	298
Over 1 year	1年以上	392	350
		<b>162,471</b>	<b>141,959</b>

The trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

既無逾期亦無減值的應收貿易款項與數名不同客戶有關，彼等於近期並無違約行為記錄。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

#### 16. TRADE RECEIVABLES (CONTINUED)

The trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

As at 31 December 2016, the Group's trade receivables with a carrying amount of RMB23,100,000 (2015: nil) were pledged to secure bank loans granted to the Group, as further detailed in note 21(b) to the financial statements.

#### 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments	預付款項
Deposits and other receivables	按金及其他應收款項

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

#### 16. 應收貿易款項(續)

已逾期惟並無減值的應收貿易款項與數名客戶有關，彼等於本集團之付款記錄良好。根據以往經驗，董事認為其信貸質素並無重大改變，且此等結餘仍視為可全數收回，因此毋須就此等結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品或採取其他改善信貸條件的措施。

於二零一六年十二月三十一日，本集團抵押賬面值為人民幣23,100,000元(二零一五年：無)的應收貿易款項，作為授予本集團銀行貸款的擔保，進一步詳情載於財務報表附註21(b)。

#### 17. 預付款項、按金及其他應收款項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Prepayments	預付款項	76,684	55,106
Deposits and other receivables	按金及其他應收款項	116,702	194,173
		<b>193,386</b>	249,279

上述資產概無逾期或減值。上述結餘所列金融資產涉及無近期違約記錄之應收款項。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 18. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

### 18. 現金及現金等價物及定期存款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	291,815	186,048
Time deposits	定期存款	228,410	2,874
		<b>520,225</b>	188,922
Less:	減：		
Pledged for bank loans (note 21(b))	抵押以獲取銀行貸款(附註21(b))	(159,014)	-
Non-pledged time deposits with original maturity of over three months when acquired	於獲得時原於三個月後到期的無質押定期存款	(69,396)	(2,874)
Cash and cash equivalents	現金及現金等價物	291,815	186,048
Denominated in RMB	以人民幣計值	290,396	184,698
Denominated in Hong Kong Dollar (HK\$)	以港元(港元)計值	1,212	1,350
Denominated in USD	以美元計值	207	-
Cash and cash equivalents	現金及現金等價物	291,815	186,048

RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

人民幣不能自由兌換成其他貨幣。然而，根據中國內地《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可透過獲授權經營外匯業務的銀行將人民幣兌換成其他貨幣。

銀行現金按根據每日銀行存款利率計算的浮動利率賺取利息。銀行結餘及定期存款乃存於近期並無拖欠賬款紀錄之信用良好的銀行。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

#### 19. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 3 months	3個月以內	95,330	50,338
3 to 6 months	3至6個月	25,599	17,704
Over 6 months	6個月以上	22,890	50,417
		143,819	118,459

Trade payables of the Group are non-interest-bearing and are normally settled on terms of one to six months. The carrying amounts of the trade payables approximate to their fair values.

#### 19. 應付貿易款項

於報告期末應付貿易款項按發票日期的賬齡分析如下：

本集團應付貿易款項不計利息且通常須於一至六個月內結清。應付貿易款項的賬面值與其公平值相若。

#### 20. OTHER PAYABLES AND ACCRUALS

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Advances from customers	預收賬款	14,173	4,547
Other payables	其他應付款項	48,610	37,425
Accruals	應計項目	15,727	13,875
		78,510	55,847

All these balances are non-interest-bearing and other payables have an average term of three months.

#### 20. 其他應付款項及應計項目

所有該等結餘均不計息，其他應付款項平均期限為三個月。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 21. INTEREST-BEARING BANK AND OTHER BORROWINGS

### 21. 計息銀行及其他借款

		2016 二零一六年			2015 二零一五年		
		Effective interest rate (%) 實際利率(%)	Maturity 到期	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期	RMB '000 人民幣千元
<b>Current</b>	<b>即期</b>						
Bank loans – secured <sup>(a)(b)</sup>	銀行貸款 – 有抵押 <sup>(a)(b)</sup>	3.92-5.70	2017 二零一七年	754,560	5.80-7.20	2016 二零一六年	549,760
Finance lease payables <sup>(b)</sup> (note 22)	應付融資租賃款項 <sup>(b)</sup> (附註22)	5.99	2017 二零一七年	22,704	5.99	2016 二零一六年	20,585
				777,264			570,345
<b>Non-current</b>	<b>非即期</b>						
Bank loans – secured <sup>(a)(b)</sup>	銀行貸款 – 有抵押 <sup>(a)(b)</sup>	4.32	2018 二零一八年	60,000	6.00	2017 二零一七年	40,000
Finance lease payables <sup>(b)</sup> (note 22)	應付融資租賃款項 <sup>(b)</sup> (附註22)	5.99	2018 二零一八年	11,723	5.99	2017-2018 二零一七年至 二零一八年	34,415
				71,723			74,415
<b>Total</b>	<b>總計</b>			<b>848,987</b>			<b>644,760</b>
Analysed into:	分析如下:						
Bank loans repayable:	應償還銀行貸款:						
Within one year	於一年內			754,560			549,760
In the second year	第二年內			60,000			40,000
				814,560			589,760
Finance lease payables:	應付融資租賃款項:						
Within one year	於一年內			22,704			20,585
In the second year	第二年內			11,723			22,692
In the third year	第三年內			-			11,723
				34,427			55,000
<b>Total</b>	<b>總計</b>			<b>848,987</b>			<b>644,760</b>



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

## 21. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

(a) As at 31 December 2016, the Group's banking facilities amounted to RMB882,560,000 (2015: RMB944,520,000), of which RMB814,560,000 (2015: RMB589,760,000) had been utilised.

(b) At the end of the reporting period, certain of the Group's assets were pledged to banks and other lender for securing the bank loans and other finance leases granted to the Group.

The carrying values of these assets are:

		Notes	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
		附註		
Property, plant, and equipment	物業、廠房及設備	13	97,201	74,564
Leasehold land	租賃土地	14	40,350	11,243
Inventories	存貨	15	525,343	366,103
Trade receivables	應收貿易款項	16	23,100	-
Pledged deposits	已抵押存款	18	159,014	-
			845,008	451,910

All the Group's bank and other borrowings are denominated in RMB. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

## 22. FINANCE LEASE PAYABLES

The Group leased certain of its machinery and equipment in 2015 and these leases are classified as finance leases with remaining lease terms of 2 years (2015:3 years) as at 31 December 2016.

The balances represent loan borrowed by way of the following sales and leases back arrangements: with the principal amount of RMB55,000,000 and bearing effective interest at a fixed rate of 5.99% per annum. The Group provided a guarantee deposit of RMB5,500,000 and paid a service fee of RMB1,245,000 to the lessor. The loan will mature on 29 December 2018.

## 21. 計息銀行及其他借款 (續)

附註：

(a) 於二零一六年十二月三十一日，本集團銀行融資額度為人民幣882,560,000元（二零一五年：人民幣944,520,000元），並已動用其中的人人民幣814,560,000元（二零一五年：人民幣589,760,000元）。

(b) 於報告期末，本集團若干資產抵押予銀行及其他借貸方，作為授予本集團銀行貸款或其他融資租賃之擔保。

該等資產之賬面值為：

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Property, plant, and equipment	97,201	74,564
Leasehold land	40,350	11,243
Inventories	525,343	366,103
Trade receivables	23,100	-
Pledged deposits	159,014	-
	845,008	451,910

本集團所有銀行及其他借款均以人民幣計值。本集團銀行及其他借款的賬面值與其公平值相若。

## 22. 融資租賃應付款項

本集團於二零一五年租賃若干機器和設備。於二零一六年十二月三十一日，此等租賃分類為融資租賃，剩餘租期兩年（二零一五年：三年）。

結餘指通過以下銷售租回安排方式舉借之貸款：以本金額人民幣55,000,000元按固定實際年利率5.99%計息。本集團已向出租人提供保證金人民幣5,500,000元及支付服務費人民幣1,245,000元。此項貸款將於二零一八年十二月二十九日到期。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 22. FINANCE LEASE PAYABLES (CONTINUED)

According to the sales and lease back agreements, if no default occurs during the lease term, the ownership of the plant and machinery shall be automatically transferred to the lessee at a price of RMB100.

As at 31 December 2016, the Group's machinery and equipment with a net carrying amount of RMB50,487,000 (2015:RMB55,103,000) were held under finance leases.

At 31 December 2016, the total future minimum lease payments under finance leases and their present values were as follows:

### 22. 融資租賃應付款項(續)

根據銷售租回協議，倘租期內並無違約，則廠房及機器之所有權將按人民幣100元之價格自動轉至承租人。

於二零一六年十二月三十一日，本集團根據融資租賃持有之機器及設備之賬面淨值為人民幣50,487,000元(二零一五年：人民幣55,103,000元)。

於二零一六年十二月三十一日，根據融資租賃之日後最低租賃款項總額及其現值如下：

		Minimum lease payments 最低租賃 款項 2016 二零一六年 RMB'000 人民幣千元	Minimum lease payments 最低租賃 款項 2015 二零一五年 RMB'000 人民幣千元	Present value of minimum lease payments 最低租賃 款項之現值 2016 二零一六年 RMB'000 人民幣千元	Present value of minimum lease payments 最低租賃 款項之現值 2015 二零一五年 RMB'000 人民幣千元
Amounts payable:	應付款項：				
Within one year	於一年內	24,288	22,850	22,704	20,585
In the second year	第二年內	12,229	24,276	11,723	22,692
In the third year	第三年內	-	12,229	-	11,723
Total minimum finance lease payments	最低融資租賃款項總額	36,517	59,355	34,427	55,000
Future finance charges	日後融資支出	(2,090)	(4,355)		
Total net finance lease payables	融資租賃應付款項淨額總計	34,427	55,000		
Portion classified as current liabilities (note 21)	分類為流動負債部分 (附註21)	(22,704)	(20,585)		
Non-current portion (note 21)	非流動部分(附註21)	11,723	34,415		

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

## 23. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities and assets during the year are as follows:

## 23. 遞延稅項負債

遞延稅項負債及資產於年內之變動如下：

		Unrealised profit/ (loss) on inventories	Accruals and other deductible temporary differences	Withholding tax on distributable dividends (Note a)	Total
		未實現存貨 利潤／(虧損)	應計款項及 其他可抵扣 暫時性差異	有關可分派 股息之預扣稅 (附註a)	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2015	於二零一五年一月一日	327	-	(8,751)	(8,424)
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	年內於損益表計入／(扣除)之 遞延稅項(附註10)	661	1,903	(6,010)	(3,446)
Net deferred tax liabilities as At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日 及二零一六年一月一日之 遞延稅項負債淨額	988	1,903	(14,761)	(11,870)
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	年內於損益表計入／(扣除)之 遞延稅項(附註10)	(623)	398	(4,013)	(4,238)
Net deferred tax liabilities at 31 December 2016	於二零一六年十二月三十一日 之遞延稅項負債淨額	365	2,301	(18,774)	(16,108)

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

### 23. DEFERRED TAX LIABILITIES (CONTINUED)

Note a: Pursuant to the Corporate Income Tax Law of the People's Republic of China, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2016, the Group has not recognised deferred tax liabilities of RMB75,097,000 (31 December 2015: RMB59,045,000) in respect of temporary differences relating to the unremitted profits of subsidiaries amounting to RMB750,970,000 (31 December 2015: RMB590,453,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

Note b: For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

### 23. 遞延稅項負債（續）

附註a：根據中華人民共和國企業所得稅法，於中國內地成立的外商投資企業向境外投資者所宣派的股息須繳納10%預扣稅。有關規定自二零零八年一月一日起生效，且適用於二零零七年十二月三十一日後之盈利。倘中國內地與境外投資者所屬的司法權區訂立稅務條約，則可能享有較低的預扣稅率。就本集團而言，適用稅率為10%。因此，本集團有責任就於中國內地成立之該等附屬公司於二零零八年一月一日起產生之盈利所分派之股息繳付預扣稅。

於二零一六年十二月三十一日，由於本公司控制該等附屬公司的股息政策，且該等利潤於可見未來可能不會分派，故本集團並無就派發保留利潤時產生的有關附屬公司未匯出利潤人民幣750,970,000元（二零一五年十二月三十一日：人民幣590,453,000元）之暫時性差額確認遞延稅項負債人民幣75,097,000元（二零一五年十二月三十一日：人民幣59,045,000元）。

附註b：為方便列示，若干遞延稅項資產及負債已於財務狀況表中抵扣。以下為本集團之遞延稅項結餘就財務報告用途所作分析：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Net deferred tax assets recognised in the consolidated statement financial position	於綜合財務狀況表中確認之遞延稅項資產淨額	2,666	2,891
Net deferred tax liabilities recognised in the consolidated statement financial position	於綜合財務狀況表中確認之遞延稅項負債淨額	(18,774)	(14,761)
		(16,108)	(11,870)

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 24. OTHER LONG TERM LIABILITIES

### 24. 其他長期負債

			2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
		Notes 附註		
Other long term payables	其他長期應付款項	(a)	133,000	-
Special payables	應付專項款項	(b)	4,333	4,505
			<b>137,333</b>	<b>4,505</b>

(a) On 6 May 2016, two wholly-owned subsidiaries of the Company, Huzhou Chen Shi Tian Niang Management Consulting Co., Ltd (the "Huzhou Chenshi") and Huzhou Laohenghe Brewery Co., Limited ("Huzhou Laohenghe", which is also the wholly-owned subsidiary of Huzhou Chenshi) entered into an investment agreement with China Development Fund Co., Ltd ("CD Fund") (國開發基金有限公司) (the "Investment Agreement"). Pursuant to the Investment Agreement, CD Fund agreed to subscribe for 3.5% of equity interest of Huzhou Laohenghe for a total cash consideration of RMB133 million (the "Capital Investment") and Huzhou Laohenghe shall pay CD Fund fix annual return equal to 1.2% of the Capital Investment from the date of the agreement. In additions, Huzhou Chenshi has contractual obligation to repurchase all the equity interest of Huzhou Laohenghe held by CD Fund within 8 years according to the repayment schedule under the Investment Agreement. Further details of the Investment Agreement have been disclosed in the announcements of the Company dated 9 May 2016 and 29 June 2016, respectively.

As Huzhou Chenshi does not have the unconditional right to avoid delivering cash to CD Fund pursuant to the Investment Agreement, the Capital Investment of RMB133 million was recorded as a financial liability.

The balance of other long term payables was analysed as follows:

(a) 於二零一六年五月六日，本公司兩間全資附屬公司湖州陳氏天釀管理諮詢有限公司（「湖州陳氏」）及湖州老恒和釀造有限公司（「湖州老恒和」），亦為湖州陳氏的全資附屬公司）與國開發基金有限公司（「國開發基金」）訂立注資協議（「注資協議」）。根據注資協議，國開發基金同意以人民幣133百萬元的現金總代價認購湖州老恒和3.5%的股本權益（「資本投入」），而湖州老恒和須自該協議日期起每年按相當於資本投入1.2%的固定金額向國開發基金支付回報。此外，湖州陳氏承擔合約責任，須根據注資協議的還款時間表於八年內購回國開發基金所擁有湖州老恒和的全部股本權益。有關注資協議的進一步詳情已分別披露於本公司日期為二零一六年五月九日及二零一六年六月二十九日的公佈。

由於湖州陳氏並無根據注資協議避免向國開發基金支付現金的無條件權利，因此人民幣133百萬元的資本投入被記賬為金融負債。

其他長期應付款項結餘的分析如下：

		2016 二零一六年 RMB'000 人民幣千元
Amounts repayable:	應償還款項：	
Beyond five years	五年以上	133,000

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 24. OTHER LONG TERM LIABILITIES (CONTINUED)

(b) As at 31 December 2016, the actuarial liabilities existing in relation to the retirement benefit obligations for employees who retired prior to the acquisition of Huzhou Laohenghe Brewery Co., Limited by the controlling shareholders and the early retirement obligations for employees who early retired were RMB4,333,000 (2015: RMB4,505,000). The benefit obligations arising from the plans were unfunded.

The movements of the actuarial liabilities recognised in the statement of financial position are as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Carrying amount at beginning of year	年初的賬面值	4,505	4,684
Benefits paid	已付福利	(172)	(179)
As at end of year	於年終	4,333	4,505

The discount rates and the principal actuarial assumptions for the above obligations are as follows:

		2016 二零一六年	2015 二零一五年
Discount rates:	貼現率：		
Medical benefits	醫療福利	3%	4%
Survivor pension	撫恤金	2.9%-3.5%	2.7%-2.9%
Average annual benefit increase:	年度平均福利增加：		
Medical benefits	醫療福利	0%-4%	0%-4%
Survivor pension	撫恤金	15%	15%

### 24. 其他長期負債(續)

(b) 於二零一六年十二月三十一日，有關於控股股東收購湖州老恒和釀造有限公司前退休的僱員的退休福利責任及提早退休僱員的提早退休責任而存在的精算負債為人民幣4,333,000元(二零一五年：人民幣4,505,000元)。計劃產生的福利責任為未置存基金。

於財務狀況表內按精算方法計算確認的負債變動如下：

上述責任的貼現率及主要精算假設如下：

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

### 25. SHARE CAPITAL

#### Shares

### 25. 股本

#### 股本

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>RMB'000</b>	RMB'000
		人民幣千元	人民幣千元
Authorised:	法定：		
1,000,000,000 ordinary shares of US\$0.0005 (RMB0.00305) each	1,000,000,000股 每股面值0.0005美元 (人民幣0.00305元) 之普通股	<b>3,050</b>	3,050
Issued and fully paid:	已發行及繳足：		
578,750,000 (2015: 518,750,000) ordinary shares of US\$0.0005 (RMB0.00305) each	578,750,000股 (二零一五年：518,750,000) 每股面值0.0005美元 (人民幣0.00305元) 之普通股	<b>1,767</b>	1,584

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 25. SHARE CAPITAL (CONTINUED)

#### Shares (Continued)

A summary of movement in the Company's issued share capital and share premium account are as follows:

		Number of shares in issue 已發行 股份數目	Issued capital 已發行 股本 RMB'000 人民幣千元	Share premium account 股份溢 價賬 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2015	於二零一五年一月一日	518,750,000	1,584	769,489	771,073
Final 2014 dividend declared	已宣派二零一四年末期股息	-	-	(51,875)	(51,875)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及 二零一六年一月一日	518,750,000	1,584	717,614	719,198
Issue of shares (Note)	發行股份(附註)	60,000,000	183	304,507	304,690
Share issue expense (Note)	股份發行開支(附註)	-	-	(113)	(113)
Final 2015 dividend declared	已宣派二零一五年末期股息	-	-	(45,650)	(45,650)
At 31 December 2016	於二零一六年十二月三十一日	578,750,000	1,767	976,358	978,125

Note: On 23 June 2016, 60,000,000 new shares were issued and allotted by the Company to an independent third party at the subscription price of HK\$6.00 (RMB5.08) per share. The proceeds of RMB183,000 representing the par value were credited to the Company's issued capital. The remaining proceeds of RMB304,507,000, after netting-off the share issue expense of RMB113,000, were credited to the share premium account.

### 25. 股本(續)

#### 股本(續)

本公司已發行股本及股份溢價賬變動概述如下:

附註: 於二零一六年六月二十三日, 本公司按每股6.00港元(人民幣5.08元)之認購價向一名獨立第三方發行及配發60,000,000股新股份。所得款項人民幣183,000元(相當於面值)已計入本公司之已發行股本。餘下所得款項人民幣304,507,000元(抵銷股份發行開支人民幣113,000元後)已計入股份溢價賬。



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

## 26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 88 to 89 of the financial statements.

### (a) Merger reserve

The merger reserve represents the difference between the Company's shares of the nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under the principles of the pooling-of-interests method.

### (b) Capital reserve

Capital reserve arises from the capital contribution by the controlling shareholders of the Company.

### (c) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve are made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and are approved by the respective boards of directors.

### (d) Warrant reserve

Warrant reserve represents the proceeds received from the placing of unlisted warrants of the Group. Warrants expired on 2 September 2015 and a gain upon expiry was recognised in other income and gains in year 2015 (note 5).

## 26. 儲備

本集團於本年度及過往年度的儲備金額及其變動於財務報表第88頁至89頁的綜合權益變動表內呈列。

### (a) 合併儲備

合併儲備指根據權益合併法原則本公司應佔所收購附屬公司的繳足股本面值超出本公司收購附屬公司的成本的差額。

### (b) 資本儲備

資本儲備乃由來自本公司控股股東的注資產生。

### (c) 法定盈餘儲備

自保留利潤轉撥至法定盈餘儲備乃遵照中國有關法規及規例以及本公司於中國成立的附屬公司的組織章程細則進行，並經相關董事會批准。

### (d) 認股權證儲備

認股權證儲備指來自配售本集團非上市認股權證之所得款項。認股權證於二零一五年九月二日到期，到期收益於二零一五年度其他收入及收益中確認(附註5)。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 27. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by the assets of the Group are included in note 21(b) to the financial statements.

### 28. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its properties and equipment under operating lease arrangements. Leases for properties and equipment are negotiated for terms ranging between one and ten years.

At 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

### 27. 資產質押

有關以本集團資產作抵押的本集團銀行貸款的詳情載於財務報表附註21(b)。

### 28. 經營租賃安排

本集團根據經營租賃安排租用若干物業及設備。物業及設備的協定租期介乎一至十年。

於二零一六年十二月三十一日，本集團根據到期之不可撤銷經營租賃支付之未來最低租賃款項總額如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within one year	一年內	1,502	971
In the second to fifth years, inclusive	第二年至第五年內(包括首尾兩年)	2,522	1,752
After five years	五年後	1,110	1,572
		5,134	4,295

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

## 29. COMMITMENTS

In addition to the operating lease commitments detailed in note 28 above, the Group had the following capital commitments at the end of the reporting period:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但未計提撥備：		
Plant and machinery	廠房及機器	56,116	30,156

## 29. 承擔

除上文附註28所詳述的經營租賃承擔外，本集團於報告期末擁有下列資本承擔：

## 30. RELATED PARTY TRANSACTIONS

### (a) Outstanding balances with related parties

The Group had no outstanding balance due to its related parties as at 31 December 2016 and 2015.

### (b) Compensation for key management personnel (including directors' remuneration) of the Group:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	588	588
Performance related bonuses	表現相關之花紅	100	300
Pension scheme contributions	退休金計劃供款	63	59
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	751	947

Further details of directors' emoluments are included in note 8 to the financial statements.

## 30. 與關聯方交易

### (a) 與關聯方之未償還結餘

於二零一六年和二零一五年十二月三十一日，本集團概無應付關聯方之未償還結餘。

### (b) 本集團主要管理人員的酬金（包括董事酬金）：

有關董事酬金的進一步詳情載於財務報表附註8。

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

Trade receivables	應收貿易款項	162,471	141,959
Financial assets included in deposits and other receivables	計入按金及其他應收款項的金融資產	20,070	106,520
Time deposits	定期存款	69,396	2,874
Pledged deposits	已抵押存款	159,014	-
Cash and cash equivalents	現金及現金等價物	291,815	186,048
		<b>702,766</b>	<b>437,401</b>

### 31. 按類別劃分的金融工具

各類金融工具於報告期末之賬面值如下：

#### 金融資產

2016 二零一六年	2015 二零一五年
<b>Loans and receivables</b>	Loans and receivables
貸款及應收款項	貸款及應收款項
<b>RMB'000</b>	RMB'000
人民幣千元	人民幣千元

	162,471	141,959
	20,070	106,520
	69,396	2,874
	159,014	-
	291,815	186,048
	<b>702,766</b>	<b>437,401</b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 31. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

#### Financial liabilities

		2016 二零一六年 Financial liabilities at amortised cost 按攤銷成本 列賬的金融負債 RMB'000 人民幣千元	2015 二零一五年 Financial liabilities at amortised cost 按攤銷成本 列賬的金融負債 RMB'000 人民幣千元
Trade payables	應付貿易款項	143,819	118,459
Financial liabilities included in other payables and accruals	計入其他應付款項及應計項目的金融負債	17,512	22,758
Financial liabilities included in other long term liabilities	計入其他長期負債的金融負債	133,000	-
Interest-bearing bank and other borrowings	計息銀行及其他借款	848,987	644,760
		<b>1,143,318</b>	<b>785,977</b>

### 31. 按類別劃分的金融工具 (續)

#### 金融負債

### 32. TRANSFERS OF FINANCIAL ASSETS

As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Arrangement") and transferred certain trade receivables to banks. Under the Arrangement, the Group has retained the substantial risks and rewards, which include default risks relating to such trade receivables, and accordingly, it continued to recognise the full carrying amounts of the trade receivables. Subsequent to the transfer, the Group did not retain any rights on the use of trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. As at 31 December 2016, the original carrying value of the trade receivables transferred under the Arrangement that have not been settled amounted to RMB23,100,000 (2015: nil), of which carrying amounts that the Group continued to recognise was RMB23,100,000 (2015: nil), and that of the associated liabilities was RMB17,800,000 (2015: nil).

### 32. 轉讓金融資產

作為其正常業務的一部分，本集團已訂立應收貿易款項保理安排（「該安排」），將若干應收貿易款項轉讓予銀行。根據該安排，本集團保留與相關應收貿易款項有關的絕大部分風險及回報（包括違約風險），故繼續全額確認應收貿易款項的賬面金額。於轉讓後，本集團並未保留任何有關使用應收貿易款項的權利，包括向任何其他第三方出售、轉讓或質押應收貿易款項。於二零一六年十二月三十一日，根據該安排轉讓而尚未清償的應收貿易款項的原賬面值為人民幣23,100,000元（二零一五年：無），其中本集團繼續確認的賬面金額為人民幣23,100,000元（二零一五年：無），而相關負債的賬面金額為人民幣17,800,000元（二零一五年：無）。

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, pledged deposits, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

#### Foreign currency risk

The Group is exposed to the foreign currency risk mainly arising from changes in the exchange rate of USD against RMB. The Group has not hedged its foreign exchange rate risk based on the consideration that the foreign currency transactions are not significant to the Group.

As at 31 December 2015, the Group did not expose to the foreign currency risk because majority of its financial instruments were conducted in RMB.

### 33. 財務風險管理目標及政策

本集團的主要金融工具包括計息銀行及其他借款、已抵押存款以及現金及現金等價物。該等金融工具的主要目的是為本集團的營運籌措資金。本集團有多種直接自其業務營運產生的其他金融資產及負債，如應收貿易款項以及應付貿易款項。

本集團金融工具產生的主要風險為信用風險及流動性風險。董事檢討及議定管理各項風險的政策，有關政策概述如下。

#### 外幣風險

本集團面臨主要因美元兌人民幣匯率變動產生的外幣風險。考慮到外幣交易對本集團並不重大，故本集團並沒有對沖外匯風險。

於二零一五年十二月三十一日，本集團大部分金融工具以人民幣進行，故並無面臨外幣風險。

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

### 33. 財務風險管理目標及政策（續）

#### 外幣風險（續）

下表顯示在所有其他變數維持不變的情況下，本集團除稅前利潤（由於貨幣資產及負債的公平值變動產生）以及本集團權益對於報告期末美元匯率可能出現的合理變動的敏感度。

		Increase/ (decrease) in foreign currency rate	Increase/ (decrease) in profit before tax and equity
		外幣匯率 上升／(下降)	除稅前 利潤及權益 增加／(減少)
		%	RMB'000
		%	人民幣千元
<b>2016</b>	<b>二零一六年</b>		
If USD weakens against RMB	倘美元兌人民幣貶值	(5)	(11,421)
If USD strengthens against RMB	倘美元兌人民幣升值	5	11,421

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk

A major concentration of credit risk arises from the Group's exposure to a substantial number of trade receivables, other receivables, time deposits, and cash and cash equivalents.

Trade receivables are typically unsecured and derived from revenue earned from customers in the PRC, which exposes the Group to credit risk. The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit limit, and has strict control over credit limits of trade and other receivables. In addition, the balance of trade receivables is monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 16 and 17 above.

Cash and time deposits are mainly deposited with registered banks in Mainland China. The Group has policies to limit its credit exposure to any financial institutions and management believes these financial institutions are of high credit quality.

The carrying amounts of trade receivables, other receivables, time deposits, and cash and cash equivalents included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

### 33. 財務風險管理目標及政策（續）

#### 信用風險

信用風險主要集中在本集團所面臨的大量應收貿易款項、其他應收款項、定期存款及現金及現金等價物產生的風險。

應收貿易款項一般為無抵押及來自賺取中國客戶的收入，惟面臨信用風險。本集團已制定相關政策確保產品出售予有適當信用額度的客戶，且嚴格控制應收貿易款項及其他應收款項的信用額度。此外，本集團持續監察應收貿易款項結餘的情況，而本集團的壞賬風險並不重大。有關本集團因應收貿易款項及其他應收款項產生的信用風險的進一步數據已於上文附註16及17披露。

現金及定期存款主要存於中國內地的註冊銀行。本集團制訂了限制其面臨因任何金融機構引致的信用風險的政策，且管理層認為該等金融機構具有良好的信用質素。

計入綜合財務狀況表的應收貿易款項、其他應收款項、定期存款以及現金及現金等價物的賬面值為本集團有關其金融資產的最大信用風險。本集團概無其他面臨重大信用風險的金融資產。



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註（續）

31 December 2016 二零一六年十二月三十一日

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through capital contribution and bank loans.

The maturity profile of financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2016

		On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		於要求時	三個月內	三個月至十二個月	一年至五年	五年以上	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade payables	應付貿易款項	48,489	95,330	-	-	-	143,819
Financial liabilities included in other payables and accruals	計入其他應付款項及應計項目的金融負債	-	17,512	-	-	-	17,512
Financial liabilities included in other long term liabilities	計入其他長期負債的金融負債	-	-	-	-	134,463	134,463
Interest-bearing bank and other borrowings	計息銀行及其他借款	-	132,651	668,470	76,109	-	877,230
		48,489	245,493	668,470	76,109	134,463	1,173,024

### 33. 財務風險管理目標及政策（續）

#### 流動性風險

本集團的政策為保持充裕的現金及現金等價物並透過注資及銀行貸款取得資金。

於報告期末，按已訂約但未貼現付款為基礎的金融負債的到期情況如下：

於二零一六年十二月三十一日

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk (Continued)

At 31 December 2015

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	於要求時	三個月內	三個月至十二個月	一年至五年	總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade payables	68,122	50,337	-	-	118,459
Financial liabilities included in other payables and accruals	-	22,758	-	-	22,758
Interest-bearing bank and other borrowings	-	84,714	504,671	77,836	667,221
	68,122	157,809	504,671	77,836	808,438

#### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade payables, other payables and accruals, interest-bearing bank and other borrowings and other long term liabilities less cash and cash equivalents. Capital represents total equity of the Company. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios as at the end of the reporting periods are as follows:

### 33. 財務風險管理目標及政策(續)

#### 流動性風險(續)

於二零一五年十二月三十一日

#### 資本管理

本集團資本管理的主要目標為確保本集團持續經營能力以及維持穩健的資本比率，以支持其業務及為股東爭取最大的價值。本集團考慮經濟狀況的轉變，以管理及調整其資本架構。為維持或調整資本架構，本集團或會調整支付予股東的股息、退回股本予股東或發行新股。

本集團採用資本負債比率監控資本，該比率按淨債務除以資本再加上淨債務計算。淨債務包括應付貿易款項、其他應付款項及應計項目、計息銀行及其他借款以及其他長期負債減現金及現金等價物。資本指本公司的總權益。本集團的政策是將資本負債比率維持於合理的水平。於報告期末的資本負債比率如下：

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Capital management (Continued)

##### Group

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Trade payables	應付貿易款項	143,819	118,459
Other payables and accruals	其他應付款項及應計項目	78,510	55,847
Interest-bearing bank and other borrowings	計息銀行及其他借款	848,987	644,760
Other long term liabilities	其他長期負債	137,333	4,505
Less: Cash and cash equivalents	減：現金及現金等價物	(291,815)	(186,048)
Net debt	淨債務	916,834	637,523
Total equity	總權益	1,902,009	1,423,331
Net debt and total equity	淨債務及總權益	2,818,843	2,060,854
Gearing ratio	資本負債比率	33%	31%

### 33. 財務風險管理目標及政策 (續)

#### 資本管理 (續)

##### 本集團

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## 財務報表附註(續)

31 December 2016 二零一六年十二月三十一日

### 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 34. 本公司之財務狀況表

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

於報告期末，有關本公司財務狀況表之資料如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
<b>CURRENT ASSETS</b>	<b>流動資產</b>		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	6,388	178
Due from a subsidiary	應收一間附屬公司款項	1,000,421	689,193
Cash and cash equivalents	現金及現金等價物	692	1,309
Total current assets	流動資產總值	1,007,501	690,680
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>		
Other payables and accruals	其他應付款項及應計項目	54	50
Total current liabilities	流動負債總額	54	50
<b>NET CURRENT ASSETS AND NET ASSETS</b>	<b>淨流動資產及淨資產</b>	1,007,447	690,630
<b>EQUITY</b>	<b>權益</b>		
Share capital	股本	1,767	1,584
Reserves (Note)	儲備(附註)	1,005,680	689,046
Total equity	權益總額	1,007,447	690,630

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 財務報表附註 (續)

31 December 2016 二零一六年十二月三十一日

### 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

		Share premium account 股份溢價賬 RMB'000 人民幣千元	Warrant reserve 認股權證儲備 RMB'000 人民幣千元	Exchange fluctuation reserve 匯兌波動儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2015	於二零一五年一月一日	769,489	7,959	2,929	(73,721)	706,656
Total comprehensive income for the year	年內綜合收入總額	-	-	41,569	655	42,224
Expiry of warrants	到期認股權證	-	(7,959)	-	-	(7,959)
2014 final dividend declared	已宣派二零一四年末期股息	(51,875)	-	-	-	(51,875)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日 及二零一六年一月一日	717,614	-	44,498	(73,066)	689,046
Total comprehensive income for the year	年內綜合收入總額	-	-	62,618	(4,728)	57,890
Issue of shares (note 25)	發行股份 (附註25)	304,507	-	-	-	304,507
Share issue expenses (note 25)	股份發行開支 (附註25)	(113)	-	-	-	(113)
2015 final dividend declared	已宣派二零一五年末期股息	(45,650)	-	-	-	(45,650)
At 31 December 2016	於二零一六年十二月三十一日	976,358	-	107,116	(77,794)	1,005,680

### 34. 本公司之財務狀況表 (續)

附註：

本公司儲備概要如下：

### 35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2017.

### 35. 批准財務報表

董事會已於二零一七年三月三十日批准及授權刊發財務報表。



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