



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

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

Stock Code 股份代號: 00336

A soft-focus background image of a smiling woman's face, with a warm, golden glow and sparkling light effects scattered across the scene.

美味 *Flavor*  
生活 *Your Life*



2016-2017

Annual Report 年度報告

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## Corporate Information

### 公司資料

#### BOARD OF DIRECTORS

##### Executive Directors

Ms. CHU Lam Yiu (*Chairwoman & CEO*)  
Mr. XIA Li Qun (*Vice Chairman*)  
Mr. POON Chiu Kwok (*Company Secretary*)  
Mr. XIONG Qing (*CFO*)  
(*appointed on 17 March 2017*)  
Mr. LAM Ka Yu

##### Independent Non-executive Directors

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

##### AUDIT COMMITTEE

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

##### REMUNERATION COMMITTEE

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

##### NOMINATION COMMITTEE

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

##### QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCPA, FCCA*

##### COMPANY SECRETARY

Mr. POON Chiu Kwok *FCIS, FCS, FCPA (Aust.)*

##### AUDITORS

PricewaterhouseCoopers

##### LEGAL ADVISOR

Herbert Smith Freehills

#### 董事會

##### 執行董事

朱林瑤女士 (*主席兼首席執行官*)  
夏利群先生 (*副主席*)  
潘昭國先生 (*公司秘書*)  
熊卿先生 (*首席財務官*)  
(*於二零一七年三月十七日獲委任*)  
林嘉宇先生

##### 獨立非執行董事

李祿兆先生  
麻雲燕女士  
丁寧寧博士  
胡志強先生

##### 審核委員會

李祿兆先生 (*主席*)  
麻雲燕女士  
丁寧寧博士  
胡志強先生

##### 薪酬委員會

李祿兆先生 (*主席*)  
麻雲燕女士  
胡志強先生  
夏利群先生

##### 提名委員會

朱林瑤女士 (*主席*)  
李祿兆先生  
丁寧寧博士

##### 合資格會計師

蔡文霞女士 *FCPA, FCCA*

##### 公司秘書

潘昭國先生 *FCIS, FCS, FCPA (Aust.)*

##### 核數師

羅兵咸永道會計師事務所

##### 法律顧問

史密夫斐爾律師事務所

## Corporate Information

### 公司資料

#### PRINCIPAL BANKERS

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

#### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

#### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

#### PRINCIPAL SHARE REGISTRAR

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

#### BRANCH SHARE REGISTRAR

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

#### STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

#### COMPANY WEBSITE

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

#### 主要往來銀行

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

#### 總部及香港主要營業地點

香港  
灣仔  
港灣道18號  
中環廣場30樓  
3008室

#### 註冊辦事處

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

#### 主要股份過戶登記處

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

#### 股份過戶登記分處

卓佳登捷時有限公司  
香港  
皇后大道東183號  
合和中心22樓

#### 股份代號

香港聯合交易所有限公司：00336

#### 公司網址

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

## Financial Highlights

### 財務摘要

#### TABLE OF FINANCIAL HIGHLIGHTS

#### 財務摘要表

		2017	2016	Change in
		二零一七年	二零一六年	percentage
		RMB'000	RMB'000	百分比變動
		人民幣千元	人民幣千元	
			(Restated)	
			(經重列)	
Sales	營業額	<b>3,482,894</b>	3,200,436	+8.8%
Gross profit	毛利	<b>2,270,823</b>	2,203,988	+3.0%
Gross profit margin	毛利率	<b>65.2%</b>	68.9%	
Operating profit	營運盈利	<b>1,339,522</b>	1,424,232	-5.9%
EBIT margin	EBIT率	<b>38.5%</b>	44.5%	
Selling and marketing expenses to sales	銷售及市場推廣開支 佔銷售比率	<b>7.3%</b>	6.4%	
Administration expenses to sales	行政開支佔銷售比率	<b>26.3%</b>	22.9%	
Profit before income tax	除稅前盈利	<b>1,409,112</b>	1,493,331	-5.6%
Profit attributable to the equity holders of the Company	本公司權益持有人 應佔盈利	<b>1,065,424</b>	1,181,562	-9.8%
Adjusted Profit attributable to the equity holders of the Company <sup>≠</sup>	調整後本公司權益持有人 應佔盈利 <sup>≠</sup>	<b>1,097,184</b>	1,181,562	-7.1%
Earnings per share (RMB cents)	每股盈利 (人民幣分)			
– Basic	– 基本	<b>34.29</b>	38.04	-9.9%
– Diluted	– 攤薄	<b>34.29</b>	38.01	-9.8%
Adjusted Earnings per share (RMB cents) <sup>≠</sup>	調整後每股盈利 (人民幣分) <sup>≠</sup>	<b>35.31</b>	38.04	-7.2%
Net cash generated from operating activities	營運活動產生之現金淨額	<b>1,303,709</b>	1,188,996	+9.6%
Net cash*	淨現金*	<b>4,826,455</b>	2,919,463	+65.3%
Total equity	總權益	<b>10,606,912</b>	8,774,471	+20.9%
Final dividend per share (HK cents)	每股期末股息 (港仙)	<b>22.00</b>	–	
Debt ratio <sup>#</sup>	負債比率 <sup>#</sup>	<b>0.8%</b>	0.2%	
Current ratio (times)	流動比率 (倍)	<b>8.7</b>	6.6	
Liquidity ratio (times)	速動比率 (倍)	<b>7.9</b>	5.8	
Inventory turnover (days)	存貨周轉率 (日)	<b>206</b>	243	
Trade receivables turnover (days)	應收賬款周轉率 (日)	<b>97</b>	88	
Trade payables turnover (days)	應付賬款周轉率 (日)	<b>89</b>	112	

\* Excluding provision for impairment of goodwill of VMR of RMB22,710,000 and expenses directly related to spin-off of RMB9,050,000 attributable to the equity holders of the Company for the year ended 31 March 2017.

\* "Net cash" means "restricted bank balances" plus "Short-term time deposits" plus "Cash and cash equivalents" minus "Borrowings".

# "Debt ratio" means "Total borrowings (include current & non-current borrowings)" divided by "Total Equity (exclude non-controlling interests)".

≠ 撇除截至二零一七年三月三十一日止年度本公司權益持有人應佔之VMR之商譽減值撥備人民幣22,710,000元及分拆上市相關之直接費用人民幣9,050,000元。

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

# 「負債比率」等於「總貸款 (已包括流動及非流動貸款)」除以「總權益 (不含非控制性權益)」。

## Company Profile and Corporate Culture

### 集團簡介及企業文化



#### Corporate profile

Huabao International Holdings Limited and its subsidiaries (the "Group"), consisting of flavours and fragrances segment, aroma raw materials segment, tobacco raw materials segment, innovative tobacco products segment and other business, is mainly engaged in the R&D, production and sales of flavours and fragrances, aroma raw materials, tobacco raw materials, as well as innovative tobacco products. The Group also makes diversified investments around its core businesses. It is an investment holding group based on China's fast-moving consumer goods market.

#### 集團簡介

華寶國際控股有限公司及附屬公司（「本集團」）下設香精板塊、香原料板塊、煙用原料板塊、新型煙草製品板塊及其他業務，主要從事香精、香原料、煙用原料和新型煙草製品的研發、生產和銷售，並圍繞核心產業鏈進行多元化投資，是一家基於中國快速消費品市場的投資控股集團。

## Company Profile and Corporate Culture 集團簡介及企業文化

The Group is a market leader in China's flavours & fragrances industry. It owns many famous flavour brands, including "Hedon", "Huabao", "H&K", "Tianhong", "Huafang", "Owada", "Amber" and so on. The Group has internationalised product development and manufacturing capabilities, owns production bases in regions such as Shanghai, Guangdong, Jiangsu, Yunnan, Jiangxi, Fujian, Hong Kong and Botswana, etc., has a R&D centre in Holzminden, Germany, a state-level enterprise technology centre in Shanghai, and R&D departments in Guangdong, Yunnan and Fujian. Huabao Kongque, a subsidiary of the Group, is the Vice Chairman Unit of China Food Additives & Ingredients Association. At the same time, the Group takes on leadership roles in a number of industry associations which are relevant to flavours and fragrances business, including Deputy Director of China Association of Fragrance & Flavour and Cosmetic Industries, Deputy Director of China Association of Bakery & Confectionery Industry, Chairman of Shanghai Food Additive & Batching Association.

The Group is also one of the market leaders in China's tobacco raw material field, where its production capacity and sales revenue account for a significant market share and its production technology and product quality have taken the leading position at domestic level and reached advanced international level. Guangdong Jinye, a subsidiary of the Group, is one of the RTL R&D bases authorised by the STMA. In November 2012, the second phase of RTL production line of Guangdong Jinye was completed, put into production and accepted by the STMA, which became the first landmark of paper-making RTL production line certified by the STMA. Its production technology has been recognized by the STMA to have reached the highest technology level in terms of domestic paper-making RTL production, while its major technical parameters have also reached advanced international levels. In 2016, the "Key Laboratory for RTL Technology Research in Tobacco Industry", jointly founded by Guangdong Jinye and Guangdong Tobacco, was selected as the sole laboratory in the RTL field in China. Guangdong Jinye became the sole RTL enterprise owning a national key laboratory in China. In terms of new materials, Shanghai Huabao Biological Technology Co., Ltd. has developed rapidly in the cigarette new materials field, which is represented by burst beads and core line and is becoming a new growth point.

本集團為中國香精行業的領導者，旗下擁有「喜登」、「華寶」、「孔雀」、「天宏」、「華芳」、「澳華達」、「琥珀」等一系列知名香精品牌。本集團擁有國際化的產品研發和生產實力，在上海、廣東、江蘇、雲南、江西、福建、香港及博茲瓦納等地設有生產基地，在德國霍爾茨明登設有研發中心，在上海擁有國家級企業技術中心，另在廣東、雲南及福建設有研發部門。本集團下屬公司華寶孔雀為中國食品添加劑和配料協會副理事長單位。同時，本集團在香精業務相關行業組織中擔任多個領導職位，包括中國香精香料化妝品工業協會副理事長、中國烘焙食品糖製品工業協會副理事長和上海市食品添加劑和配料行業協會會長等。

本集團也是中國煙用原料領域的領導者之一，其生產能力及銷售額同樣在行內佔有重要市場份額，而且其生產工藝及產品質量均達到國內領先和國際先進水平。本集團的下屬公司廣東金葉是國煙局煙草薄片研發基地之一。二零一二年十一月，廣東金葉二期煙草薄片生產線竣工投產，並通過國煙局驗收，成為國內首條獲得認證的造紙法煙草薄片標志性生產線，其生產工藝獲國煙局評定為國產造紙法煙草薄片技術最高水平，主要技術指標亦已達國際先進水平。二零一六年，廣東金葉與廣東中煙共建的「煙草行業再造煙葉技術研究重點實驗室」入選國家唯一再造煙葉領域實驗室，成為全國唯一擁有國家重點實驗室的煙草薄片企業。新材料方面，上海華寶生物科技有限公司在以爆珠、芯線等為代表的捲煙新材料領域發展非常迅速，正成為新的增長點。

## Company Profile and Corporate Culture

### 集團簡介及企業文化

The Group is also one of the leading enterprises in China's aroma raw material field. The principal products include many natural aroma and synthetic aroma products. Its production capacity and sales revenue account for significant market share, and its production technology and product quality have reached the leading domestic and international level. In 2015, the Group successfully acquired Yancheng Chunzhu, a leading enterprise in aroma raw material industry. The acquisition played a positive role in the establishment and layout of the Group's aroma raw materials segment. The Group, by virtue of its own industry advantages of the leading position and strong scientific research strength, plans to build a leading aroma raw materials production base in Asia and even the world.

Meanwhile, the Group has started developing the business of innovative tobacco products, including e-cigarettes and so on. The Group has also established its own e-cigarette brand "SPV" and opened online flagship stores on Tmall.com and JD.com. In 2015, the Group completed the acquisition of controlling interests in VMR, a U.S. independent e-cigarette manufacturer, and completed additional investment in VMR in 2016.

The Group will comprehensively push forward the construction of the investment holding group based on China's fast-moving consumer goods market. It will also combine its industry expertise and integration capability with the social capital, through the multi-capital platform, multi-collaboration channel, as well as the mode of multi-investment collaboration, to create more values to the Shareholders.

本集團還是中國香原料領域的領先企業之一，主要產品包括多種天然香料和合成香料。其生產能力和銷售額在行業內佔有重要市場份額，生產工藝及產品質量均達到國內外領先水平。二零一五，本集團成功收購香原料行業的龍頭企業鹽城春竹，對本集團香原料板塊的建立和佈局起到了積極的作用。本集團將憑借自身行業領先地位的優勢和強大的科研實力，打造亞洲乃至全球領先的香原料生產基地。

同時，本集團也已著手在新型煙草製品，包括電子煙等方面開展相關業務。本集團創立了自有電子煙品牌立場（「SPV」），並在天貓和京東上設立有SPV網上旗艦店。於2015年本集團還完成了對美國獨立電子煙生產商VMR的控股股權收購並於2016年完成對VMR的增資。

本集團將全面推進建設基於中國快消品市場的投資控股集團。通過多資本平台，多合作渠道，及多種投資合作模式將我們的產業知識、整合能力與社會資本結合，為股東創造更大價值。





## Company Profile and Corporate Culture

### 集團簡介及企業文化

## Corporate Culture

### 企業文化

### Vision 願景

Leader to a better life

美好生活引領者

### Spirit 精神

Innovative, pragmatic, loyal and cooperative

創新、務實、忠誠、協作

### Core Value 核心價值觀

Client first, value creation and shared achievements

客戶至上、價值創造、共享共贏

### Strategy 戰略

- Establish an innovative organization and incentive mechanisms, and promote the strategic upgrading of the investment holding group based on China's fast moving consumer goods market.
- Vigorously speed up the spin-off of flavours and fragrances business, build up a domestic and foreign capital operation platform, and flexibly design supporting capital operation program to meet the business development and maximise Shareholder value.
- Seize the opportunity of consolidation in aroma raw materials industry and vigorously develop the aroma raw materials business.
- Grasp the needs of customers on innovative tobacco products and develop innovative tobacco businesses rapidly.
- Establish industrial funds, integrate the industry resources through the mergers and acquisitions in the industry chain, strive to achieve rapid growth of business and promote the development of core businesses.
- Grasp the trend of consumption upgrade, gain insight into customer needs and build up a platform based on customer needs and innovative capabilities and continue to be the "leader to a better life".
- 建立創新組織與激勵機制，推進基於中國快消品市場的投控集團的戰略升級。
- 全力推進香精業務分拆上市，搭建境內外資本運作平台，靈活設計配套資本運作方案，以配合業務發展，實現股東價值最大化。
- 抓住香原料行業整合的機會，大力發展香原料業務。
- 把握消費者對新型煙草製品的需求，快速發展新型煙草業務。
- 成立產業基金，通過產業鏈上的收購兼併，整合行業資源，努力實現業務的快速增長和推動核心業務群的發展。
- 把握消費升級趨勢，洞察消費者需求，建立基於消費者需求和創新能力的平台，繼續成為美好生活的領跑者。

## Chairwoman's Statement

### 主席報告



Dear Shareholders,

In 2016, the global economy was recovering moderately and developing steadily. China's economic growth was slowing down but still strong. With the deepening of the supply-side structural reform internally and the steady progress of RMB internationalization externally, China's annual GDP growth rate maintained at around 6.7%, continuing to lead the world's economic growth. As a result, doubts about China's economy encountering a "hard landing" were dispelled and the financial market was gradually stepping out of the rock bottom. In domestic market, due to the pulling effect of strong domestic demands, the consumer goods market continued to grow and the consumption of urban and rural residents also increased steadily. The emerging industries, such as online retailing, have been developing rapidly and highlighted a series of new concepts, such as quality consumption, green consumption, fashion consumption, etc. The structure of the consumer goods market has been further optimized and the trend of the consumption upgrade has become increasingly clear.

During the reporting period, the Group proactively grasped the trend of the consumption upgrade, gained an insight into customer needs, established a platform based on customer needs and innovation capabilities and formed five business segments comprising flavours and fragrances, tobacco raw materials, aroma raw materials, innovative tobacco products as well as other businesses, which built a good foundation for the sustainable development of the Group. In terms of production efficiency, the Group will comprehensively implement a new performance assessment system, enhance its industry benchmarking, optimize its management structure as well as improve its management efficiency. Meanwhile, the Group will further push forward its internal reorganization, lean production, cost control and efficiency enhancement to make sure that the overall strategic development target is comprehensively implemented.

各位股東，

二零一六年，全球經濟溫和復蘇，發展趨於穩定。中國經濟增速雖然放緩，但依然強勁。隨著對內供給側改革的不斷深入，對外人民幣國際化的穩步推進，中國經濟全年GDP增速保持在6.7%左右，繼續引領世界經濟增長。全球對中國經濟「硬著陸」的擔憂得以消除，金融市場逐步走出低谷。國內市場方面，由於強勁的內需拉動，消費品市場持續發展，城鄉居民消費能力穩步提升。網絡零售等新興業態快速發展，品質消費、綠色消費、時尚消費等亮點頻現。消費品市場結構進一步優化，消費升級趨勢日益明顯。

報告期內，本集團積極把握消費升級的大趨勢，洞察消費者需求，建立基於消費者需求和創新能力的平台，形成了包括香精、煙用原料、香原料、新型煙草製品在內的四大業務群和其他業務，為實現本集團的可持續性發展奠定了良好的基礎。生產效率方面，本集團將全面落實全新的績效考核體系，加強行業對標，優化管理結構，提高管理效率。同時，深入推進企業內部重組，精益生產、控制成本，提高效率，確保全面貫徹落實本集團的整體發展戰略目標。

## Chairwoman's Statement

### 主席報告

In terms of capital market operations, during the reporting period, the Group made efforts to push forward the Proposed Spin-off and separate listing of Huabao Flavour by way of the Proposed A Share Listing on the Growth Enterprise Market in Shenzhen Stock Exchange. The proposal was approved by Hong Kong Stock Exchange and the related resolutions have been passed at the extraordinary general meeting with a high passing rate, but it is still subject to the approval from relevant PRC regulators (including CSRC) and has to satisfy other conditions. In addition, The Group is actively considering establishing an industry fund, through a combined funding method of the company-owned funds, bank leverage and the merger and acquisition industry fund, to make mergers and acquisitions in the industry chain, to integrate industry resources, and to try its utmost to realize the rapid growth of its business and promote the development of its core businesses segments.

In terms of the construction of corporate culture and human resources, in order to coordinate with the Group's development and strategic upgrade, the management has made drastic improvements. The Group will gradually establish a performance-oriented corporate management culture, which will cover the entire corporate management and routine work. Through the management structure adjustment, the Group will gradually build a new core team with young and promising members, daring to struggle and daring to innovate, which will really benefit the Group's transformation and development.

I am strongly optimistic about the Group's new development layout and future prospect. I also deeply realize that Huabao should firmly seize the opportunity of the consumption upgrade, establish consumer insights, focus on the consumer goods industries benefiting from the consumption upgrade, and integrate industry resources through mergers and acquisitions in the industry chain. Meanwhile, we will strengthen the integration and penetration of channel resources, combine our industry expertise and integrating capability with social capital, through multiple capital platforms, multiple cooperation channels and multiple investment cooperation models, and make efforts to achieve new growth and create greater value.

Finally, on behalf of the Board, I would like to extend sincere gratitude to all Shareholders, customers, suppliers and business partners for their continuing support. My gratitude also goes to the Directors, executives and employees who have been dedicating to the development of Huabao. I am grateful for your invaluable contributions. I am confident that I will be able to lead the Group's management team, upholding the spirit of Huabao "innovative, pragmatic, loyal and cooperative", to build Huabao into a great investment holding group based on the consumer goods market.

**CHU Lam Yiu**

*Chairwoman & Chief Executive Officer*

Hongkong, 16 June 2017

資本市場方面，報告期內，本集團全力推進建議分拆華寶香精，並將其股份以獨立A股上市的方式於中國深圳證券交易所創業板發行。有關建議已獲香港聯交所批准，而有關之決議已經由股東在特別股東大會上高票通過，但仍待取得中國監管機構（包括中國證監會）的批准和滿足其他相關條件。此外，本集團正積極考慮成立產業基金，即通過自有基金、銀行槓桿和產業併購資金相結合的方式，進行產業鏈上的收購兼併，整合行業資源，努力實現業務的快速增長和推動核心業務群的發展。

企業文化和人力資源建設方面，為配合本集團的發展和戰略升級，管理層做了大刀闊斧的改善。本集團將逐步建立以業績為導向的企業管理文化，並將其貫穿於企業管理和日常工作中。通過管理架構的調整，逐步建立一支年輕有為、勇於拼搏和敢於創新的新核心團隊，真正給力集團的轉型和發展。

本人堅定看好本集團新的發展佈局和未來發展前景。深感華寶應牢牢抓住消費升級的契機，建立消費者洞察力，聚焦消費升級惠及的消費品行業，通過產業鏈上的收購兼併，整合行業資源。同時，加強對渠道資源的整合及滲透，並通過多資本平台，多合作渠道，及多種投資合作模式，將我們的產業知識、整合能力與社會資本結合，努力實現新的增長和創造更大的價值。

最後，本人謹代表董事會對各位股東、客戶、供應商及業務夥伴的長期支持表示衷心的感謝，同時對所有曾為華寶發展付出努力的董事、管理層及員工致以誠摯的謝意，感謝大家的寶貴貢獻。本人有信心帶領集團的管理團隊，秉承創新、務實、忠誠、協作的華寶精神，將華寶打造成一個偉大的基於消費品市場的投資控股集團。

**朱林瑤**

*董事會主席兼行政總裁*

香港，二零一七年六月十六日

## Management Discussion and Analysis

### 管理層討論及分析

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### Major events during the year

##### **Huabao Flavours completed stock reform and successfully introduced new investors**

In September 2016, Huabao Flavours, an indirect wholly-owned subsidiary of the Group, completed its stock reform and successfully introduced new investors, including Gongqingcheng S-Land Investment Management Partnership (Limited Partnership), Gongqingcheng Orient Securities Tianxin Investment Management Partnership (Limited Partnership) and Qushui Innovation Development Co., Ltd.. Huabao Flavours entered into an agreement with its new investors regarding the capital increase and share expansion, pursuant to which, it issued an aggregate of 54,290,000 shares valued at RMB846,924,000 to its investors, which accounted for approximately 9.8% of the total issued shares after the completion of capital increase and share expansion. The registered capital of Huabao Flavours therefore increased from RMB500,000,000 to RMB554,290,000. The introduction of the new investors strengthened the capital foundation of Huabao Flavours, which was in line with the Group's interests.

##### **Proposed spin-off approved by Hong Kong Stock Exchange and the Extraordinary General Meeting**

In August 2016, upon approval from the Board, the Group submitted an application and other relevant documents regarding the Proposed Spin-off and Proposed A Share Listing of the business of Huabao Flavours ("Spin-off Company") and its subsidiaries ("Spin-off Group") by way of separate listing on Shenzhen Stock Exchange. In October 2016, Hong Kong Stock Exchange approved the application and confirmed that the Group could continue to proceed with the Proposed Spin-off and the Proposed A Share Listing and granted a waiver from strict compliance with applicable requirements in relations to the assured entitlement of A Shares to the Shareholders under the Listing Rules.

#### 管理層討論及分析

##### 本年度內重大事項

##### **華寶香精完成股改，成功引入新投資者**

二零一六年九月，本集團間接擁有之全資附屬公司華寶香精完成股改，並成功引入新投資者，包括共青城南土投資合夥企業（有限合夥）、共青城東證田鑫投資管理合夥企業（有限合夥）和曲水創新發展有限公司。華寶香精與新投資者訂立增資擴股協議，作價人民幣846,924,000元向投資者發行合共5,429萬股華寶香精新股份（約佔增資擴股後全部發行股份的9.8%），將華寶香精的註冊資本由人民幣5億元增加至人民幣554,290,000元。新投資者的引入強化了華寶香精的資本基礎，符合本集團的利益。

##### **建議分拆獲香港聯交所批准及股東特別大會通過**

二零一六年八月，經董事會批准，本集團向香港聯交所遞交了有關建議分拆華寶香精（「分拆公司」）及其附屬公司（「分拆集團」）業務，並建議分拆公司之股份以獨立A股上市的方式於深圳證券交易所上市的申請及其他相關文件。二零一六年十月，該申請獲香港聯交所批准，確認本集團可以繼續進行建議分拆並於A股獨立上市的申請，並在上市規則下豁免有關向現有股東保證分拆公司股份配額的適用規定。

## Management Discussion and Analysis

### 管理層討論及分析

In April 2017, the Company held an extraordinary general meeting, where the proposal to spin-off Huabao Flavours and have it independently listed on Shenzhen Stock Exchange and other matters were considered and approved by the shareholders with a high passing rate. The meeting authorised the directors of the Company to make all possible necessary or expedient actions, sign all relevant documents and make all relevant transactions and arrangements on behalf of the Company. The Proposed Spin-off and Proposed Separate A Share Listing will increase the liquidity and value of the shares of the Spin-off company, provide an independent financing platform for the Spin-off Group and the remaining Group, and enhance the transparency.

#### Progress of the Spin-off

Currently, the work of Proposed Spin-off and Separate Listing is still in progress. The Spin-off Company has submitted application documents regarding the initial public offering of RMB common shares (A shares) and the listing on the Growth Enterprise Market of Shenzhen Stock Exchange to CSRC, and is being accepted for processing. However, it is still pending for approval from the relevant regulators (including CSRC) and fulfilment of other relevant conditions.

In this offering, Huabao Flavours will offer not more than 61,590,000 offer shares (no less than 10% of the total share capital of the Huabao Flavours after completion of the Proposed A Share Listing) and approximately 81.2% of share capital of Huabao Flavours will still be indirectly owned by the Group after share issuance. Upon the completion of the Proposed Spin-off and the Proposed A share listing, the Spin-off Group will be mainly engaged in flavours and fragrances businesses while the remaining group will be mainly engaged in tobacco raw materials (including RTL and new materials products applicable for the tobacco industry), aroma raw materials, innovative tobacco products as well as other businesses.

The Spin-off Company will continue to be one of the principal subsidiaries of the Group, and the Company will still be its ultimate controlling shareholder, continue to consolidate the financial statements of the Spin-off Group and continue to enjoy the benefits arising from the future development and growth of the Spin-off Group. By building up a new financing platform in China as result of the Proposed Spin-off and the Proposed A Share Listing, it is expected that, among others, the corporate governance structure of the Group will be further enhanced and strengthened.

二零一七年四月，本公司召開股東特別大會，審議並高票通過了建議分拆華寶香精於深圳證券交易所獨立上市的議案及其他相關事宜，並授權本公司董事代表本公司作出可能屬必要或權宜的一切有關行動及簽立一切有關文件以及訂立一切有關交易及安排。建議分拆及建議A股上市，將提高分拆公司股份的流動性及價值，為分拆集團和餘下集團提供獨立的募集資金平台，並增強其透明度。

#### 建議分拆的最新進展

目前，建議分拆上市的工作仍在積極準備進行中。分拆公司已就首次公開發行人民幣普通股（A股）並於深圳證券交易所創業板上市向中國證監會提交申請材料，且已收到受理通知，但A股上市的申請仍須取得有關中國監管機構（包括中國證監會等）的批准和滿足其他相關條件。

本次發行，華寶香精將申請發售不超過61,590,000股新股份（不少於分拆公司於建議A股上市完成後總股本的10%），發行後分拆公司約81.2%的股本權益將仍然由本集團間接持有。待建議分拆及建議A股上市完成後，分拆集團將主要從事食用及日用香精業務，餘下集團將主要從事煙用原料（包括再造煙葉及適用於煙草行業的新材料產品）、香原料、新型煙草製品及其他業務。

分拆公司仍然為本集團的主要附屬公司之一，本公司仍是其最終控股股東，將繼續合併分拆集團的財務報表，並繼續享有分拆集團未來業務發展和成長帶來的益處。通過建議分拆和建議A股上市在中國搭建新的融資平台，將為本集團帶來包括但不限於進一步提升及加強本集團的企業管治結構等有利結果。

## Management Discussion and Analysis

### 管理層討論及分析

#### INDUSTRY OVERVIEW

##### Tobacco Industry Overview

In 2016, despite the continued downturn of the world economy and the complex domestic and international situation, China's economy still maintained a relatively high growth rate, developing slowly but surely and soundly. Due to some unfavorable factors, such as tax-induced price hike and radical smoking control policies, the tobacco industry experienced a critical situation of a sharp decline in sales volume and rise in inventory level. The STMA actively pushed forward the supply-side structural reform, tightly controlled the production scale of tobacco leaves, proactively reduced the planned production and sales volume for cigarettes and exceeded the target of reducing inventory. Under the control policy of "total amount control, production-marketing coordination and tight balance", the STMA took some extraordinary measures to improve the relationship between supply and demand, and adjusted the market status. In 2016, the annual planned sales volume of cigarettes was reduced by 2 million cases and the annual planned production volume of cigarettes was reduced by more than 2.2 million cases. The social stock was reduced from 5.88 million cases at the beginning of the year to 4.08 million cases.

Throughout 2016, the total cigarette sales volume in China was approximately 47.01 million cases, representing a decrease of 2.79 million cases or 5.6% as compared to last year. The total cigarette production volume was 47.10 million cases, representing a decrease of 4.14 million cases or 8.1% as compared to last year. Despite the unfavorable situation of decreased production and sales volumes of cigarettes, the tobacco industry still overcame numerous difficulties, realized profit tax of RMB1.0795 trillion and handed over to the state treasury department over RMB1.0006 trillion, continuing to maintain "two super trillions" in terms of total amount of profit tax and total payment to the state treasury department, and made significant contributions to the country's fiscal revenue.

#### 行業概況

##### 煙草行業概況

二零一六年，在世界經濟持續低迷、國內外局勢錯綜複雜的情況下，中國經濟依然保持了較快的增長速度，基本做到了緩中趨穩，穩中向好。煙草行業由於受到提稅順價、控煙過激等不利因素的影響，出現了銷售大幅下滑，庫存高居不下的嚴峻形勢。但國煙局積極推進供給側結構性改革，嚴控煙葉生產規模，主動調減捲煙產銷計劃，超額完成了壓減庫存目標。在「總量控制、產銷協調、稍緊平衡」的調控方針下，國煙局採取非常措施，努力改善供求關係，調整市場狀態。二零一六年全年調減捲煙銷量計劃200萬箱，調減捲煙產量計劃220萬箱以上。社會庫存由年初的588萬箱減少到408萬箱。

二零一六年全年，全國捲煙銷量共約4,701萬箱，同比減少279萬箱或5.6%；捲煙生產共約4,710萬箱，同比減少414萬箱或8.1%；在捲煙產銷下滑的不利形勢下，煙草行業仍然克服了重重困難，實現了工商利稅人民幣10,795億元，上交財政總額人民幣10,006億元，繼續保持工商利稅總額、上交財政總額「兩個超萬億」，為國家財政增收做出了重要貢獻。

## Management Discussion and Analysis

### 管理層討論及分析

Even though the overall cigarette consumption market showed a trend of decline, the partial niche markets still have room to grow. Among them, slim cigarettes continued its upward trend of development throughout the year where its sales volume reached approximately 1.39 million cases, representing an increase of 89% as compared to last year and accounting for 3% of the total sales of the industry. The sales scale of slim cigarettes is rapidly expanding and the market coverage is more extensive. Additionally, some premium cigarettes maintained substantial growth in sales volume, and some key brands, regions and enterprises formed multiple “hundreds of billions” patterns, which played key supporting roles.

In terms of tobacco leaf production, being a foundation for industry development, the sustained development of tobacco leaf production is closely related to the overall industry development. Due to the continued decrease in cigarette production volume, continued decrease of total usage of tobacco leaves, renewal of processing equipment, as well as the rise of slim cigarettes sales in recent years, the consumption of tobacco leaves per case by tobacco enterprises in the industry continued to decline. The relationship between supply and demand in the tobacco leaf market is changing profoundly. The total supply of tobacco leaves greatly exceeds the demand of tobacco leaves, and the inventory of tobacco leaves remains high. Before the Chinese Lunar New Year, the total inventory of tobacco leaves in the country reached 4.6 million metric tons, which occupied capital of RMB412.6 billion and were available for use for over 37 months.

雖然捲煙消費市場總體呈下降趨勢，但局部細分領域仍有一定的增長空間。其中，細支煙仍然延續了其良好的發展勢頭，全年銷售約139萬箱，同比增長89%；行業比重大幅提升至3%，商業銷量規模快速擴張，市場覆蓋面更加廣泛。另外，部份高價位煙銷量保持大幅增長，部份重點品牌、重點地區和重點企業形成多個「千億級」格局，總體保持穩定，發揮了關鍵的支撐作用。

煙葉生產方面，作為行業發展的基礎，煙葉生產的可持續發展事關行業發展全局。由於近年來捲煙產量的不斷下降，煙葉的總使用量持續減少，加上工藝設備的更新換代，細支煙的「異軍突起」，導致行業捲煙企業單箱耗葉量持續降低。煙葉市場的供求關係正發生深刻的變化。煙葉總量嚴重供過於求，煙葉庫存高居不下，農曆年前全國煙葉的庫存總量達460萬噸，佔用資金人民幣4,126億元，可用時間超過37個月。

## Management Discussion and Analysis

### 管理層討論及分析

In order to guarantee the healthy development of the tobacco leaf market in the future, STMA made a strategic plan of “Three-year Adjustment Plan” and resolutely implemented the annual target on tobacco leaf scale and each production measure, resulting in the stable development of tobacco leaf production. 2016 was the final year of the years for macro control on tobacco leaves. Through three years of adjustment and control, total tobacco leaf planting area all over the country were gradually reduced by more than 5 million mu and the purchase volume were gradually reduced by more than 600,000 metric tons, which successfully reached the goal of scale control. (Source: *China Tobacco and East Tobacco*)

### Overview of food, beverage and fragrance industries

In recent years, the sustained development of China's macro-economy has provided a good opportunity for the enterprises. As the economy has shifted from international demands to domestic demands, the quality and sustainability of economic growth are gradually improving. According to the data from National Bureau of Statistics, from January to December of 2016, the main business revenue of food processing enterprises of industrial scale reached RMB11.1 trillion, representing an increase of 6.8% as compared to last year, and the total profit reached RMB724.77 billion, representing an increase of 6.5%, of which, the agricultural product processing industry rose by 6.1% as compared to last year, the food processing industry rose by 8.8% as compared to last year, and the alcohol, beverage and refined tea processing industry rose by 8.0% as compared to last year. Overall, the food industry's economic benefits maintained steady and rapid growth and the profitability tended to be stable. (Source: *National Bureau of Statistics*)

Through years of sustained development, the food industry has gradually entered into a stage where quantity is stable and quality is improving. Moreover, with the continued increase in per capita income, people's pursuit of quality life is higher and higher. The food industry is in the process of optimization and upgrading. On one hand, foreign invested enterprises are accelerating the layout of China's market. On the other hand, the domestic enterprises are striving to improve their industrial structure and actively expand into the food ingredient industry.

為了保證煙葉市場未來的健康發展，國煙局做出了「三年調控」戰略部署，並堅決落實煙葉規模調控年度目標和各項生產措施，實現了煙葉生產平穩發展。二零一六年是宏觀調控的最後一年。通過三年調控，全國煙葉種植面積逐步調減500餘萬畝，收購量漸進調減餘60萬噸，出色完成規模調控目標。(資料來源：《中國煙草》《東方煙草網》)

### 食品、飲料和日化行業概況

近年來，中國宏觀經濟的持續發展為企業提供了良好的機遇。隨著經濟由外需向內需驅動的轉換，經濟增長質量和可持續性也逐步得到提升。國家統計局數據顯示，2016年1~12月份，食品工業規模以上企業主營業務收入人民幣11.1萬億元，同比增長6.8%；實現利潤總額人民幣7,247.7億元，同比增長6.5%。其中，農副食品加工業同比增長6.1%，食品製造業同比增長8.8%，酒、飲料和精製茶製造業同比增長8.0%。食品工業經濟效益整體保持了平穩較快增長，食品行業盈利能力趨於穩定。(資料來源：國家統計局)

食品行業經過多年持續發展，逐漸進入量穩質升的階段。且隨著人均收入的不斷提升，人們對品質生活的追求也越來越高。食品工業正處於不斷調整優化、轉型升級的過程中。一方面，外資企業加速對中國市場的佈局，另一方面，國內本土企業在努力提升自身產業結構，並積極向食品配料行業拓展。



## Management Discussion and Analysis

### 管理層討論及分析

Food ingredient products are a major component of food. In recent years, the international food ingredient industry has been developing rapidly, covering almost all food production and application, including snacks, soft drinks, children's food, fast food and so on. There is a huge potential for the demands from the food ingredient market and the booming development of the downstream food industries also drives the rapid development of the food ingredient industry. However, due to the impact of varying dietary habits in different regions, the food ingredient industry shows strong regional character. A lot of brands can only cover their own regional markets or subdivided fields and the food ingredient industry is less centralized. With the continued increase in investment, brand awareness of consumers and industrial competitions, the centralization of the food ingredient industry will further increase and the consumption level will also gradually improve.

The food safety regulation system of China has been continually strengthened and the food industry has been regulated more tightly, especially the implement of the most stringent Food Safety Law in October 2015 and a series of food safety related laws and regulations in the first half of 2016, all of which have had higher requirements on food safety supervision and management and mainly showed higher production standards, more detailed sales supervision and more stringent punishments for illegal activities. The new regulations have increased enterprises' productions costs, sped up the elimination and merges of small-and-medium-sized food enterprises. Meanwhile, they have also pushed the industry to innovate and engage in high standard of development, created a better consumption environment for consumers, and benefited a healthy and sustainable development of the food industry.

In terms of fragrance industry, according to statistics from National Bureau of Statistics on enterprises above designated size, the main business income from soap and synthetic detergents manufacturing in 2016 reached RMB183.25 billion, representing an increase of 6.3% as compared to last year. The main business income from cosmetics manufacturing reached RMB160.95 billion, representing an increase of 5.7%. The fragrance industry grows steadily, of which, fragrances used for detergent products have room to grow as the industry grows. However, the household disinfectant market has changed and the market for traditional coiled mosquito-repellent incense and insecticide spray has been shrunk year by year. (Source: China Cleaning Industry Association)

食品配料產品是食品的重要組成之一。近年來國際食品配料行業發展迅速，幾乎涵蓋於所有食品生產應用中，包括休閒食品、軟飲料、兒童食品、方便食品等。食品配料市場的需求潛力巨大，且食品下游行業的蓬勃發展帶動了食品配料行業的高速增長。但由於受各地不同飲食習慣的影響，食品配料呈現較強的地域性。許多品牌只能覆蓋到各自的區域市場或者細分領域，行業集中度較低。隨著投資的不斷增加，消費者品牌意識的提高，及行業競爭的進一步加劇，食品配料的行業集中度將會進一步提高，消費檔次也會逐漸提升。

中國食品安全法規體系不斷健全，對食品行業的規範更加嚴格。尤其是2015年10月頒佈實施的史上最嚴《食品安全法》及2016年上半年一系列食品安全法規與條例的密集出台，對食品的安全監管要求越來越高，主要表現在生產標準更高、銷售監管更細和違法懲罰更嚴。新的法規提高了企業的生產成本，加速了中小食品企業的淘汰和整合，但同時也推動行業的創新與高標準發展，為消費者營造了良好的消費環境，有利於食品行業健康持續地發展。

日化行業方面，根據國家統計局對規模以上企業的統計，2016年肥皂及合成洗滌劑製造累計實現主營業務收入人民幣1,832.5億元，較去年同期增長6.3%。化妝品製造主營業務收入人民幣1,609.5億元，較去年同期增長5.7%。日化行業平穩增長。其中，洗滌類大日化產品配套的香精仍會伴隨行業的增長有一定的增長空間，但家衛消殺市場已經發生變革，傳統的盤式蚊香和氣霧殺蟲劑已經逐年萎縮。(資料來源：《中國洗滌用品行業信息網》)

## Management Discussion and Analysis

### 管理層討論及分析

To sum up, with the accelerated pace of China's urbanization, the consumption demands continued to grow and the consumption power of urban and rural residents improved steadily. The consumer market continued to maintain stable and fast development, while pulling effect of consumption on the economy became more obvious and the consumer market structure continued to be optimized. Throughout 2016, the total retail sales of consumer goods reached RMB33 trillion, representing an increase of 10.4% as compared to last year. The scale of the consumer market continues to expand steadily. (Source: National Bureau of Statistics)

#### Latest developments of innovative tobacco products

Due to intensified efforts on smoking control and heavier tax burden, the market of traditional tobacco products was developing slowly whereas the sales and profits of cigarettes continued to decline. In order to maintain a competitive edge, tobacco manufactures around the world were shifting their focus to the R&D and promotion of innovative tobacco products, as well as developing towards the direction of diversified and intelligent products.

Innovative tobacco products mainly consist of three categories: smoke-free tobacco products, heat-not-burn products and e-cigarette. Among them, due to lower entry barriers, e-cigarettes have developed rapidly by rolling out new, novel and customized products that have diversified flavours. In 2016, the global sales of e-cigarettes reached approximately USD6.4 billion. The North America market remained the largest market, accounting for more than 40% of global sales volumes. (Source: "Tobacco China")

In March 2016, the European Union adopted e-cigarette products into the "Revision of the Tobacco Products Directive", which stipulates specific criteria for the sales of e-cigarettes, including using warnings package, reducing nicotine content, etc. In May, the U.S. Food and Drug Administration ("FDA") also enacted a bill, for the first time, to include e-cigarettes into authorities' supervision, which prohibited e-cigarette sales to American citizens under the age of 18, and also stipulated that a list of components and a series of descriptions indicating the health effects of the products should be provided with all e-cigarette products. The enactment of this bill indicates that the e-cigarette market in the U.S. will enter into a cooling period, meaning that without FDA's permission, there will be no more new products shown in the market. In addition to the FDA bill, a number of states in the U.S., including Pennsylvania and California, are putting pressure on the e-cigarette industry by way of imposing more taxes. The enactment of various regulations has increased the entry barrier for the industry and increased production costs, which will impact the development of the e-cigarette industry.

總的來說，隨著中國城鎮化步伐加快、消費需求持續增長以及城鄉居民消費能力穩步提升，消費品市場繼續保持平穩較快發展，消費對經濟的拉動效應進一步顯現，消費品市場結構持續優化。2016年全年，社會消費品零售總額突破人民幣33萬億，比上年增長10.4%。消費品市場規模繼續穩定擴大。(資料來源：國家統計局)

#### 新型煙草製品的最新發展

由於控煙力度不斷加大，收稅負擔逐漸加重，傳統煙草製品市場發展緩慢，捲煙銷量和利潤不斷下降。為了保持競爭優勢，各國煙草製造商紛紛轉向新型煙草製品的研發和推廣，並朝著多元化、智能化的方向發展。

新型煙草製品目前主要包括無煙氣煙草製品、加熱不燃燒產品和電子煙三大類。其中，電子煙由於進入門檻較低，發展迅速，產品不斷推陳出新，口味多樣化、個性化，細節創新層出不窮。2016年全球電子煙的零售總和約為美元64億左右，最大的市場仍然是北美，整個北美電子煙銷量佔全球的40%以上。(資料來源：《煙草在線》)

2016年3月，歐盟將電子煙產品納入了《煙草製品草案修正案》，當中規定了電子煙產品銷售的具體標準，包括電子煙包裝須使用警示包裝，尼古丁含量要減少等；5月，美國食品藥品監督管理局（「FDA」）也推出了新規定，首次將電子煙列入機構監管，禁止向18歲以下的美國公民出售電子煙，同時規定電子煙的產品必須提供成分清單，以及產品對於健康影響的一系列說明。這一法案的推出意味著美國電子煙市場將進入一個冷凍期，即沒有FDA的允許，市場上將不會出現任何新產品。除了FDA出台的方案，美國不少州，包括賓夕法尼亞州和加州等，逐漸通過加稅的方式對電子煙行業施壓。不同法規的陸續出台，提高了行業的准入門檻，增加了生產成本，對電子煙行業的發展勢必造成一定的衝擊。

## Management Discussion and Analysis

### 管理層討論及分析

#### RESULTS

For the year ended 31 March 2017, the Group's sales revenue reached approximately RMB3,483 million, representing an increase of approximately 8.8% over last financial year. Gross profit margin reached approximately 65.2%, representing a decrease of approximately 3.7 percentage points as compared to last financial year. EBIT margin reached approximately 38.5%, representing a decrease of 6.0 percentage points as compared to last financial year. Profit attributable to equity holders of the Company was approximately RMB1,065 million, representing a decrease of approximately 9.8% as compared to last financial year. Basic earnings per share was RMB34.29 cents, representing a decrease of approximately 9.9% as compared to last financial year.

#### BUSINESS REVIEW

In order to implement and promote the Group's overall strategy as well as to facilitate the integration of various segments and to fully benefit from their synergies, the Group has made necessary adjustments to the organizational structure during the reporting period. In particular, the fragrances segment was combined with the food flavours segment to form the flavours and fragrances business segment, which are principally engaged in the R&D, production and sales of flavour and fragrance products. RTL segment and the new materials segment were merged into the tobacco raw materials segment, the main business of which includes R&D, production and sales of paper-making RTL and new materials products that are innovative, functional and applicable to tobacco industry. Other segments include the aroma raw materials segment, innovative tobacco products segment and other business.

#### Review of flavours and fragrances business

For the year ended 31 March 2017, sales revenue of the flavours and fragrances business of the Group amounted to RMB2,065 million, representing a decrease of approximately 6.2% from the last financial year. The operating profit of the flavours and fragrances segment was about RMB1,205 million, representing a decrease of 10.4% as compared to approximately RMB1,345 million for the last financial year. The EBIT margin of the flavours and fragrances segment was approximately 58.4%, representing a decrease of 2.7 percentage points as compared to approximately 61.1% for the last financial year.

#### 業績

截至二零一七年三月三十一日止年度，本集團實現銷售收入約人民幣34.83億元，同比增加約8.8%；毛利率約為65.2%，比上一財政年度下降了3.7個百分點；EBIT率達約38.5%，比上一財政年度下降了6.0個百分點。本公司權益持有人應佔權益約為人民幣10.65億元，比上一財政年度下降約9.8%。每股基本盈利人民幣34.29分，比上一財政年度減少約為9.9%。

#### 業務回顧

為配合本集團整體戰略的實施與推進，促進板塊間的整合與協同效應的發揮，本集團在報告期內對組織架構進行了必要的調整。其中，日用香精板塊將與食用香精一起，合併成為香精業務板塊，主要從事香精產品的研發、生產和銷售；煙草薄片和捲煙新材料一起，合併為煙用原料板塊，主要業務包括研發、生產及銷售造紙法煙草薄片產品及創新、具功能性等適用於煙草行業的新材料產品；其他的板塊還包括香原料板塊、新型煙草製品板塊及其他業務。

#### 香精業務回顧

截至二零一七年三月三十一日止年度，本集團香精業務的銷售收入達到了人民幣20.65億元，較上一財政年度減少了約6.2%。香精板塊的營運盈利為人民幣12.05億元，較上一財政年度的人民幣13.45億元減少了約10.4%；EBIT率達約58.4%，較上一財政年度的約61.1%降低了2.7個百分點。

## Management Discussion and Analysis

### 管理層討論及分析

#### a) Flavours

Due to the severe situations of declining in both the production and sales and high inventory level in the tobacco industry, traditional selling styles for flavours used for tobacco were challenged. The Group has been actively taking corresponding measures by using market demands as a starting point, insight into the new trends, new technologies and new fields in the development of domestic and foreign flavour industries, and further strengthening team building, product development and business model upgrade. On one hand, the Group adjusted the products structure, promoted the updates and upgrades of the customers' existing products, and increased the market penetration rate of the customers' existing products. On the other hand, the Group took the opportunity for consumption upgrade, explored new market opportunities for customers through insight into customers, provided a package of solutions, developed new products and new business markets, so as to constantly improve the company's core product structure and enrich the product line to meet the diverse needs of customers.

#### a) 食用香精

面對煙草行業產銷雙降，庫存高居不下的嚴峻形勢，傳統的煙草用香精銷售方式受到挑戰。本集團正積極採取相應的對策，以市場需求為出發點，深刻洞察國內外香精行業發展的新趨勢、新技術和新領域，進一步加強團隊建設、產品開發和業務模式的升級。一方面，調整產品結構，推動客戶現有產品的升級換代，增加對客戶現有產品的市場滲透率；另一方面，把握消費升級機遇，通過消費者洞察為客戶發掘新的市場機會，提供一攬子解決方案，拓展新產品、新業務市場；從而不斷完善公司核心產品結構，豐富產品系列，以滿足客戶的多樣化需求。



Manufacturing workshop  
生產車間



Technology Department  
技術部門

## Management Discussion and Analysis

### 管理層討論及分析

The Group is equipped with better technologies in the markets of dairy beverages and roasted nuts. Its customer base covers some famous enterprises in the country. It has comprehensive customer resources and advanced emulsification technology and extraction technology. During the reporting period, Huabao Kongque, with its brand superiority, targeted the niche markets by using bakery and dairy industries as breakthrough and established a platform for food flavours and food ingredients, which resulted in good effects. Despite the beverage industry and the confectionery industry encountering gloomy situations, Huabao Kongque still managed to make certain business growth by virtue of the technical strength of R&D and stable customer resources. Among these achievements, in addition to guaranteeing the quality and service of traditional products, the focus of R&D for roast flavours was shifted to medium and top grade nuts, resulting in winning new big customers. In addition, despite the dairy industry showing a downturn, the sales revenue of dairy flavours of Huabao Kongque achieved growth against the market, mainly due to new products development to its existing big customers and the development of new customers, including customers in the beer industry.

本集團在乳品飲料、堅果炒貨等市場中具備較好的技術水平。客戶群體涵蓋了部份國家知名企業，有著完善的客戶資源和先進的乳化技術及提取技術等。報告期內，華寶孔雀憑借自身的品牌優勢，瞄準細分市場，以烘焙和乳品行業作為突破口，打造食品香精加食品配料的平台，取得了良好的效果。尤其是在飲料市場和糖果市場不景氣的情況下，華寶孔雀依托技術研發實力和穩定的客戶資源，仍然取得了一定的業務增長。其中，炒貨類香精在保證傳統產品的質量和服務之外，研發重心側重中高檔堅果，並已成功打入新的大客戶；乳品香精銷售收入逆勢增長，主要源於為已有的大客戶研發新的產品和開發新客戶，包括啤酒行業的大客戶等。



Huabao Kongque was granted "Top 20 Quality Services Suppliers for Nuts and Roasted Food Industry (flavours)"  
華寶孔雀獲「堅果炒貨優質服務證書」



Huabao Kongque was awarded the First Prize in Science and Technology Progress  
華寶孔雀獲科學進步獎一等獎

## Management Discussion and Analysis

### 管理層討論及分析

Guangzhou Huabao, by virtue of the Group's advantages, has made a variety of breakthroughs and achievements in natural and organic food ingredients, natural extracts & functional ingredients, special food ingredient for dietary uses, as well as substitutes for polypeptide and oil. In terms of the flavours of snacks, puffed food is still the Company's key product, which is highly recognized by the industry. Guangzhou Huabao attaches great importance to the development of culinary flavours by actively developing potential meat product customers, and it also developed a series of products that had culinary flavours during the reporting period.

In terms of food ingredients, since the active cooperation with the German dairy manufacturer to promote the special oil products, certain accomplishments in sales have been achieved. The Group is planning to further expand the food ingredient production lines, which are expected to become the new highlights attracting new customers and new profits growth points for the Company. The Group will fully utilize the direct sales to big customers and the distribution network to strengthen the Company's abilities in package solutions.

With the improvement of the Company's technology, transformation of input into output, breakthrough of winning new customers, the market share of the food flavours will gradually increase. The Group will strive to upgrade its big customer business mode, by putting links, such as R&D, design and service on the frontline, to provide its customers with high-quality and customized direct sales services so as to increase the market share of big customers. Meanwhile, the Group will fully make good use of its marketing channels, which are widely distributed with rich resources, to expand the technical service to its core customers in the channels so as to increase the market share of small and medium-sized customers.

廣州華寶依托本集團的優勢，在天然有機食品配料、天然提取物及功能性配料、特殊膳食用食品配料、多肽、油脂替代品等產品上取得了許多突破性的成果。休閒食品口味方面，膨化食品依然是公司的支柱產品，有良好的行業認可度。廣州華寶還注重往餐飲化風味方面發展，積極發展具有潛力的肉製品客戶，並在報告期內並開發了一系列菜餚風味的產品。

食品配料方面，自去年積極與德國乳品製造商展開合作及推出特種油脂產品以來，取得了一定的銷售成績。本集團還計劃進一步拓展食品配料生產線，有望成為吸引客戶的新亮點和公司新的利潤增長點；充分利用公司大客戶直銷及經銷網絡優勢，強化公司一攬子解決方案的能力。

隨著公司技術的提升、投入成果的轉換、新型客戶的不斷突破，未來食品香精在整個市場的佔有率會逐步提高。本集團將努力升級大客戶業務模式，通過研發、設計、服務等環節前置，為客戶提供優質的個性化直銷服務，提高大客戶的市場佔有率；同時，充分發揮佈局廣泛、資源豐富的經銷渠道優勢，加大對渠道核心客戶的技術服務，增強對中小型客戶的市場滲透力。

## Management Discussion and Analysis

### 管理層討論及分析

#### b) Fragrances

In terms of fragrances, Xiamen Amber has been a leader in the markets of incense and household disinfection and insecticide products. Despite a decrease in demands for incense fragrances in the domestic market, Xiamen Amber managed to make full use of its R&D advantage and influence in the industry, actively developed new fragrance products that were suitable for domestic and overseas markets, expanded exports and actively adjusted the product structure, which resulted in some achievements. In terms of the disinfection product market, Xiamen Amber has successfully developed an auxiliary fragrance product designed for a specific type of insecticide spray, satisfying the demands of some new markets. Moreover, the sales volume in some Southeast Asian markets is increasing year by year, which partly made up for the shortfall of the domestic market.

During the reporting period, the proportion of sales of incense and disinfection fragrances of Xiamen Amber decreased by 5.37% while the proportion of sales of detergent fragrances increased by 2.31% and the proportion of sales of other fragrances also increased by more than 3% as compared to last financial year. The decrease of sales of incense and disinfection products was offset by the sales of other fragrances. The adjustment of product structure made some progress. In terms of detergent fragrances, Xiamen Amber successfully developed a laundry tablet fragrance in 2016, which was widely recognized by the customers, making it the most important factor for the growth of detergent fragrances during the reporting period. In the future, in terms of laundry detergents and soap, especially laundry detergent fragrances, Xiamen Amber will continue to maintain this growth. Even though the price of some imported raw materials increased a lot last year, the management took some measures, such as increasing orders during the low season and reducing time of payment, to offset the increase of costs in that period, resulting in the relative growth in gross profit from sales.

During the reporting period, Xiamen Amber was awarded as “Xiamen City Special New Small and Micro Enterprises”, “Xiamen City Innovative Enterprise”, “Xiamen City Technology Small Giant Enterprise”, etc. by Xiamen Science and Technology Bureau and other departments. In the future, the Group will further consolidate and expand its advantage in the incense and disinfection market through technology innovations and technical services, and centralize the superior resources from Xiamen Amber, such as products and technologies, to greatly develop the daily chemical washing product market. In the meantime, the Group will vigorously push forward the construction of the sales team to improve sales, to fully exploit the advantage of the company's products, and expand the market share.

#### b) 日用香精

日用香精方面，廈門琥珀在熏香、家用衛生殺蟲用品的香精市場上一直處於行業領先地位。近年來，儘管國內市場熏香香精需求總量呈下降趨勢，但廈門琥珀充分發揮在該行業的研發優勢和行業影響力，積極開發適合國外市場的新型香精產品，擴大出口，同時積極調整產品結構，取得了一定成效。在消殺產品市場方面，廈門琥珀成功研發出針對特定殺蟲氣霧劑配套的香精產品，滿足了部份新的市場需求。部份東南亞區域市場的銷量逐年增長，一定程度上彌補了國內市場的缺口。

報告期內，廈門琥珀的熏香消殺類香精所佔比重降低了5.37%，洗滌用品類香精銷售比重提高了2.31%，其他日化香精的比重也同比增加了3%以上。熏香消殺類產品下降的缺口被其他日化香精所彌補，產品結構調整取得了一定成效。洗滌香精方面，廈門琥珀2016年成功研發洗衣片香精，受到消費者的普遍認可，成為報告期內洗滌類香精增長的最主要因素。未來廈門琥珀在洗衣液和肥皂，尤其是洗衣液香精方面，會持續保持增長態勢。過去一年雖然部份進口原材料價格的大幅上漲，但管理層通過加大淡季訂貨量，縮短付款期等措施，消化了本期成本上漲的壓力，令廈門琥珀的銷售毛利略有增長。

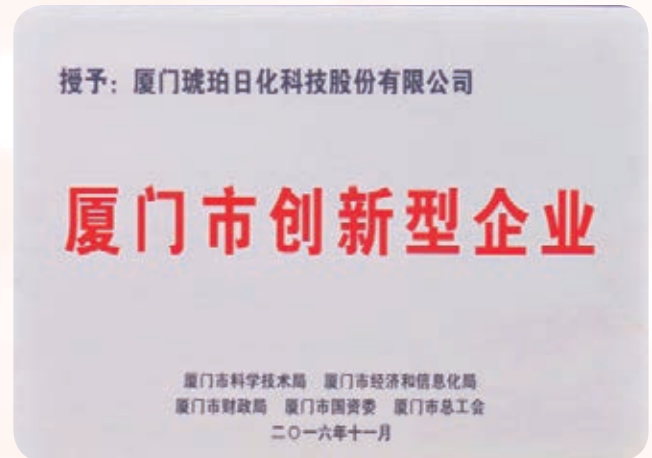
報告期內，廈門琥珀被廈門市科技局等部門先後評定為「廈門市專精特新企業」，「廈門市創新型企業」，「廈門市科技小巨人企業」等稱號。未來本集團將通過技術創新及技術服務，進一步鞏固和擴大在熏香消殺市場的優勢；並集中廈門琥珀在產品、技術方面的優勢資源，大力發展大日化洗滌類香精的市場；同時大力推動銷售團隊建設，提升營銷水平，充分發揮公司產品優勢，擴大市場佔有率。

## Management Discussion and Analysis

### 管理層討論及分析



Xiamen Amber was awarded "Special New Small and Micro Enterprise"  
廈門琥珀獲「專精特新小微企業」稱號



Xiamen Amber was awarded "Xiamen Innovative Enterprise"  
廈門琥珀獲「創新型企業」稱號

### Review of tobacco raw materials business

For the year ended 31 March 2017, sales revenue of the tobacco raw material sector of the Group amounted to RMB706 million, representing an increase of approximately 12.1% from the last financial year. The operating profit of the sector was about RMB256 million, representing an increase of 17.0% as compared to RMB219 million for the last financial year. The EBIT margin of the sector was approximately 36.3%, representing an increase of 1.6 percentage points as compared to approximately 34.7% for the last financial year. The increase in sales revenue of tobacco raw materials was mainly due to the increase in sales volume after clearing the RTL inventory of tobacco industry, but the situation continued to be grim for RTL industry.

With the release of RTL capacities in the industry last year, plus the unchanged RTL inclusion rate and the high inventory of tobacco leaves, the supplies of the RTL still exceeded the demands. The excessive capacities resulted in fierce competition in the industry. In the face of this negative situation, Guangdong Jinye used "led by strategy, driven by innovation" as its guiding principle and the improvement on integrated management and control level as its core to tighten its work on technology innovation and lean management, as wells striving to reduce costs and increase profits, resulted in great achievements.

### 煙用原料業務回顧

截至二零一七年三月三十一日止年度，本集團煙用原料板塊的營業額達到了人民幣7.06億元，較上一個財政年度增加了約12.1%。板塊營運盈利為人民幣2.56億元，較上一年度的人民幣2.19億元上升了17.0%；板塊營運盈利率達約36.3%，較上一財政年度的34.7%上升了1.6個百分點。煙用原料的銷售收入增加主要是由於煙草行業薄片去庫存後銷量有所回升，但薄片行業形勢依然嚴峻。

隨著上年再造煙葉行業產能的陸續釋放，加上薄片添加率整體並無變化和行業煙葉庫存高企不下，薄片產品仍然是供過於求。行業產能過剩導致同業競爭進一步加劇。面對行業的不利形勢，廣東金葉以「戰略引領、創新驅動」作為指導思想，以提高企業綜合管控水平為核心，狠抓技術創新和精益管理工作，努力實現降本增效，取得了積極的成效。



## Management Discussion and Analysis

### 管理層討論及分析

During the reporting period, on one hand, Guangdong Jinye was making great efforts in optimizing production modes, enhancing productivity and lowering production related energy consumption. On the other hand, it was activity pushing forward the technology innovation and modification projects for its workshops and accelerating the enhancement of product yields. Meanwhile, it continued to push forward the target cost management on the basis of comprehensive budgets, resulting in great achievements. In the future, Guangdong Jinye will make more efforts to expand the overseas market and continue to strengthen technology innovation on products and workmanship. While actively upgrading the quality of existing products, it will strive to develop new products and speed up the workmanship innovation on key processes. In the meantime, it will observe the needs for its customers' new products, market distinctive functional RTL with reference to the characteristics of cigarettes, help customers improve the product value and balance the relationship between production and sales.

During the reporting period, Guangdong Jinye was accredited as "Guangdong Province Academician Expert Enterprise Workstation" by Guangdong Province Science & Technology Association. This accreditation highlights the powerful strength of Guangdong Jinye in enterprise technology innovation, and plays an important role in the Company's continuing to master core technologies of RTL industry and consolidating the technology leading position in the industry.

報告期內，廣東金葉一方面努力優化生產模式，提高生產效率，降低生產耗能，另一方面，積極推進車間創新技改項目，促進產品得率提高；同時，持續推進全面預算為基礎的目標成本管理，取得了良好成效。未來，廣東金葉將積極拓展海外市場，並且堅持加強產品和工藝技術創新。在積極提升老產品質量的同時，努力進行新產品開發，加快關鍵工序的工藝技術創新。同時，洞察客戶新產品開發需求，結合捲煙特色，推出特色功能性薄片，幫助客戶提升產品價值，形成產銷良性互動。

報告期內，廣東金葉被廣東省科學技術協會授予「廣東省院士專家企業工作站」榮譽稱號，彰顯了廣東金葉在企業技術創新方面的強大實力，對該公司持續掌握再造煙葉行業核心技術，鞏固行業科技領先地位將起到重要作用。



Guangdong Jinye was accredited as "Guangdong Province Academician Expert Enterprise Workstation"

廣東金葉獲「廣東省院士專家企業工作站」稱號



Guangdong Jinye was awarded the "High and New Tech Enterprise"

廣東金葉獲「高新技術企業」證書

## Management Discussion and Analysis

### 管理層討論及分析

At present, the new tobacco materials are still in development stage. With the continued launches of new tobacco products, to some extent, customers have had increased demand on new tobacco materials. Currently, main products include cigarette capsule, wired conductor, smiling-faced shape filter, etc., among which, capsules and wire conductors developed rapidly. There are a wide variety of capsules, of which water-soluble capsules have made progress. During the reporting period, the new tobacco material business grew markedly, and the clientele also grew greatly as compared to the previous stage. The Group, by working with the new material company of China tobacco, successfully established a production platform for filters, and continued to maintain the existing strategic collaboration relationships with major customers.

The R&D for new products is the key to the development of new tobacco materials. With more participants entering into the market, the market competition will become fiercer in the future. The Group will continue to improve its technology platform and teamwork, enrich its production lines and establish technology systems and technology superiorities, and at the same time, attach great importance to the development of key products and form a business foundation. Moreover, based on the development requirements from China tobacco companies and by combining independent R&D with external R&D, the Group will actively play an important role in the technologies of appearance, aroma supplement, flavor supplement, style, etc.

#### Review of aroma raw materials business

For the year ended 31 March 2017, sales revenue of the aroma raw materials segment reached RMB439 million, representing an increase of 55.2% from the last financial year, achieved high growth. Operating profit of the segment reached RMB70.87 million, representing an increase of approximately 46.9% from the last financial year. The EBIT margin was approximately 16.1%, representing a decrease of 0.9 percentage point as compared to approximately 17.0% for the last financial year. The increases in sales revenue and operating profit of this segment were mainly due to the consolidation of Yancheng Chunzhu's financial statements into the Group's consolidated financial statements upon the acquisition. The decline in profit margin was mainly due to the amortisation of intangible assets recognized in the acquisition of the Yancheng Chunzhu.

捲煙新材料方面目前仍處於發展期。隨著捲煙新產品的不斷推出，客戶對捲煙新材料的需求有一定程度上增加。目前的主要產品包括煙用膠囊、芯線和笑臉紙等，其中爆珠和芯線產品增長較快，膠囊系列產品更豐富，水溶性膠囊取得了階段性進展和突破。報告期內，捲煙新材料業務實現了較為明顯的增長，客戶範圍也較之前有明顯的增加和擴展。本集團還在報告期內與中煙新材料公司順利建成了濾棒生產平台，並繼續與重點客戶維持原有的戰略合作關係。

新材料的發展重點在於新產品的研發。隨著市場參與者的增加，未來市場競爭會愈發激烈。本集團將繼續完善技術平台和隊伍，豐富產品線，建立技術體系和技術優勢，同時重點推進重點產品，形成業務基礎。本集團還將積極配合中煙公司產品開發的需要，結合自主研發和外部研發，積極在外觀、香味補償、味覺補償、風格負載等多方面發揮作用。

#### 香原料業務回顧

截至二零一七年三月三十一日止年度，本集團香原料板塊營業額達到人民幣4.39億元，較上一個財政年度上升了55.2%，取得了高速增長。板塊營運盈利達約人民幣7,087萬元，較上一個財政年度增加了約46.9%；EBIT率達約16.1%，較上一財政年度的17.0%下降了約0.9個百分點。板塊銷售收入和營運盈利的增加主要是因為收購鹽城春竹後其財務報表併入本集團合併報表；利潤率下降主要是由於收購鹽城春竹而新增的無形資產攤銷。

## Management Discussion and Analysis

### 管理層討論及分析

Driven by downstream end-consumer goods and the flavour and fragrance industry, domestic and foreign aroma material industries grew steadily with progress made. With good product quality, complete range of products and stable sales channels, as well as the Group's rich industry resources and strong capital strength, aroma raw materials segment maintained rapid development during the reporting period. In this segment, Yancheng Chunzhu had rapid development momentum. In addition to continuing to maintain long-term stable collaborative relationship with big international customers, it actively researched and developed new products by using the Group's research and development advantages; product varieties and quantities increase year by year. During the reporting period, many reserved new products were launched, and some formed a certain market scale. Currently, some new principal products are recognised and accepted by large international aroma companies, and the average market share in global market is increasing year by year. While insisting on the cooperation policy of "big customer, big brand", Zhaoqing Perfumery Co., Ltd. (Guangdong) put more efforts to increase channel sales. During the reporting period, the sales grew steadily and exports remained stable.

During the reporting period, Yancheng Chunzhu researched and developed a new product "Glibenolide", which was identified as high-tech product by the Jiangsu Provincial Department of Science and Technology; In the same year, Yancheng Chunzhu was awarded the honorary title of "Green Low Carbon Enterprise" by Jiangsu Province.

受下游終端消費品以及香精行業的拉動，國內外香原料行業發展穩中有升。憑借良好的產品質量，齊全的產品種類和穩定的銷售渠道，以及本集團豐富的業內資源和雄厚的資金實力，香原料板塊在報告期內保持快速發展。其中，鹽城春竹發展勢頭迅猛，除了繼續與國際大客戶保持長期穩定的合作關係，還利用本集團的研發優勢，積極研發新產品，產品銷售的品種和數量逐年有序增加。報告期內不少儲備的新產品陸續上馬，部份已經形成一定的市場規模。目前，一些主要新產品均已獲國際大型香料公司認可和接受，在全球的平均市場佔有率逐年提高。廣東肇慶香料廠有限公司在堅持「大客戶，大品牌」的合作戰略的同時，加大渠道銷售力度。報告期內，銷售平穩增長，出口保持穩定。

報告期內，鹽城春竹新研發的產品「格蓬酯」獲江蘇省科學技術廳認定為高新技術產品；同年鹽城春竹還被江蘇省授予「綠色低碳環保企業」榮譽稱號。



Yancheng Chunzhu's new product "Glibenolide" was awarded "High and New Tech Product Certificate"

鹽城春竹之新產品「格蓬酯」獲「高新技術產品認定證書」



Yancheng Chunzhu was awarded "Jiangsu Province Green Low Carbon Enterprise"

鹽城春竹獲「江蘇省綠色低碳環保企業」稱號

## Management Discussion and Analysis

### 管理層討論及分析

Aroma raw material segment is growing rapidly. As the country elevates environmental protection standards and manufacturing safety requirements, small-scale workshop-style factories will be bound to be phased out. The Group will seize the opportunity of industry consolidation and reinforce its efforts to develop the aroma raw materials business. However, it is difficult to meet the continued growing needs of customers due to the shortage of existing capacity of this segment. The Group is actively exploring the integration of industries and the allocation of industry resources, and plans to build a production base of professional aroma raw materials with an annual output of over 10,000 tonnes. In the future, the development of aroma raw material business of the Group will be stable. It will lead the industry towards new, safer and environment-friendly standards, and also create greater room for profit.

#### Review of innovative tobacco products business

For the year ended 31 March 2017, sales revenue of the innovative tobacco products segment reached RMB271 million, representing a substantial increase of 269.7% from last financial year. Operating loss of the segment was about RMB111 million. The substantial increase of the sales revenue was mainly due to the consolidation of VMR's financial statements into the Group's consolidated financial statements upon the acquisition. However, VMR was still in loss position during the reporting period.

In terms of the domestic market, during the reporting period, Standpoint introduced closed smoke bomb system smoking set which was more convenient for end customers and improved consumer experience and customer reviews. Standpoint took an active part in the electronic cigarette exhibition held in Shenzhen in April 2016, and made efforts in product development and marketing to build SPV brand. In terms of sales channels, the Group was continue to make efforts to build an online and offline complete sales network. In addition to operate the online flagship stores on jd.com and Tmall, it also successfully launched on the Orient TV Shopping Channel by using satellite TV as its medium. In terms of offline sales, in addition to the continuing operation of Brookstone flagship store distribution channels, it was also actively developing direct marketing channel. In July 2016, it opened the first physical store and successfully settled in the central commercial landmark Shanghai Moon Star Global Harbour in Putuo District, Shanghai. The setting up of the physical store is conducive to the establishment of healthy operation mode of e-cigarette, and will play a good demonstration role in the development of the future offline direct stores.

香原料板塊發展迅速。隨著國家對環保和安全生產標準標準的提高，勢必淘汰小規模、作坊式的工廠。本集團將抓住行業調整的機遇，大力發展香原料事業。但由於板塊現有產能不足，難以滿足客戶不斷增長的需求。本集團正積極探討行業的整合和行業資源配置，並計劃建成一個年產萬噸以上的專業香原料生產基地。未來本集團的香原料業務發展會更加平穩，並將引領行業邁向更安全、更環保的新標準，也將創造出更大的利潤空間。

#### 新型煙草製品業務回顧

截至二零一七年三月三十一日止年度，本集團新型煙草製品的營業額為人民幣2.71億元，較上一個財政年度大幅增加了約269.7%。板塊營運虧損約為人民幣1.11億元。銷售收入的大幅上升主要是由於收購VMR後其財務報表併入本集團合併報表，但VMR在報告期內仍處於虧損階段。

國內市場方面，報告期內，立場推出了終端消費者使用更方便的封閉式煙彈系統煙具，提高了消費者的使用體驗和客戶評價；積極參加了2016年4月在深圳舉辦的電子煙展會，在產品開發和市場推廣方面努力打造SPV品牌。銷售渠道建設方面，本集團仍然努力建設線上、線下完整的銷售網絡。除了在京東、天貓上經營網絡旗艦店，還以衛星電視為媒介於2016年底前成功登陸東方電視購物頻道。線下方面除了繼續經營Brookstone旗艦店的代銷渠道，同時積極發展直銷。2016年7月開設第一家實體店，並順利入駐上海普陀區中心商業地標月星環球港。直營店的誕生有利於建立電子煙健康的營運模式，對後期線下直營店的開拓將起到良好的示範作用。

## Management Discussion and Analysis

### 管理層討論及分析



Standpoint attended e-cigarette exhibition  
立場參加電子煙展會



Physical store of Standpoint located in Shanghai  
立場位於上海的直營店

In terms of international market, due to the gradually strengthened regulatory impact of FDA and the fiercely competitive market, the sales of VMR in international market have been seriously challenged. During the reporting period, VMR's revenue was flat as compared to last year and the losses declined. But its actual performance still did not reach expectations and the management expected that the future development of e-cigarette would still be challenging. The Group, according to the result of goodwill impairment test and the sake of prudence, decided to write off part of the goodwill arising from the acquisition of VMR by RMB22,710,000.

#### Review of research and development

The Group pays great attention to constantly enhancing the capacity of R&D. During the financial year, the Group's R&D cost amounted to RMB242 million, representing an increase of RMB46.53 million as compared to the last financial year. R&D cost represented approximately 6.9% of sales revenue, such ratio increased by 0.8 percentage points as compared to approximately 6.1% of the last financial year. Technology is an important part of maintaining leadership in the industry, and the company will continue to increase investment in technology, equipment and basic research.

國際市場方面，由於受到FDA不斷加強的監管影響，以及激烈的市場競爭，VMR在國際市場的銷售受到極大的挑戰。報告期內，VMR的收入較去年持平，虧損有所減少。但實際業績仍未如預期，管理層預期未來電子煙發展仍然充滿挑戰。本集團根據商譽減值測試的結果，以及謹慎性原則，決定將部份有關收購VMR所產生的商譽減值人民幣2,271萬元。

#### 研發情況回顧

本集團非常注重不斷地提升自身的研發能力。於本財政年度內，本集團共投入研發費用人民幣2.42億元，比上一財政年度增加了人民幣4,653萬元；而研發費用佔銷售收入的比例為約6.9%，比上一財政年度的約6.1%上升了0.8個百分點，進一步加大了投入。技術是行業內保證領先性的重要環節，公司會一如既往地繼續加大對技術、設備和基礎研究工作的投入。

## Management Discussion and Analysis

### 管理層討論及分析

In terms of flavours, the Group has made breakthroughs in natural extracts, non-burning flavours and some other aspects. In June 2016, Yunnan Tianhong technology centre obtained the invention patent certificate of “A Yunnan black tea essential oil and its preparation method” issued by the State Intellectual Property Office. Compared with the traditional extraction method, the invention adopts the new technology of supercritical fluid extraction, which is easy to operate and pollution-free. It provides an efficient and environmentally friendly extraction and separation method for preparation of Yunnan black tea essential oil. Guangzhou Huabao has made breakthroughs in the development of non-water-soluble and high-temperature-resistant microcapsule flavour. This type of product can resist high temperatures above 200 degrees in aqueous food systems, and is widely applied in baking food, chicken essence, puffed food and other industries, showing broad prospects. In terms of flavouring, through more than half a year’s effort, technology division of Guangzhou Huabao has made progress in flavour and fragrance analysis methods. At present, it has the ability to analyse the essential components of flavour and fragrance. It is believed that flavour and fragrance analysis capabilities will be further improved through the gradual improvement of its own database. Huabao Kongque’s new technology “preparation of milk flavour enhancer by thermal reaction” was granted the technology first prize by the Roasted Seeds and Nuts Industry Association. Some of its R&D technologies of emulsion flavour, including development of a new transparent emulsification process and preparation of low temperature emulsifying products are in leading position in emulsion flavour industry. At the same time, it realised breakthrough in Chinese herb extraction technology, and obtained the preparation technology of natural flavour.

In terms of fragrances, the Xiamen Key Fragrance Laboratory, which was prepared and established by Xiamen Amber in 2016, has been completed preliminarily acceptance work and will become the only key laboratory in the field of flavours and fragrances in Xiamen. In terms of technical cooperation, Xiamen Amber has completed the transformation of 6 project research achievements such as “process development for a kind of hygiene capsule flavour”, “research on the extraction technology of western red cedar essential oil” and so on.

食用香精方面，本集團在天然提取物、非燃燒香精等方面有所突破。2016年6月，雲南天宏技術中心獲得了由國家知識產權局頒發的「一種滇紅精油及其製備方法」發明專利證書。與傳統提取方法相比，本發明採用最新的超臨界流體萃取技術，操作簡便，無污染，為滇紅茶精油製備提供了一種高效、環保的提取分離方法。廣州華寶經過多年研究，在非水溶性耐高溫微膠囊香精的開發上取得突破。該類產品具有在含水食品體系中耐受200度以上高溫的能力，廣泛應於焙烤食品、雞精、膨化食品等行業，應用前景廣闊。調香方面，通過半年多的努力，廣州華寶技術部在香精剖析方法上面取得了長足的進步，目前已具備解析出香精基本組成的能力。相信通過逐步完善自有的數據庫，香精剖析能力將進一步提高。華寶孔雀的新技術「利用熱反應製備奶味增香劑」獲得堅果炒貨行業協會技術一等獎。其部分乳化香精的研發技術，包括透明乳化新工藝的研製和低溫乳化產品的製備等，在乳化香精行業中處於領先地位；同時還實現了中草藥提取技術的突破，並已具備天然香精的製備技術。

日用香精方面，2016年廈門琥珀籌建的廈門市香精重點實驗室已初步完成驗收，屆時將成為廈門市在香精領域唯一的重點實驗室；在技術合作方面，廈門琥珀相繼完成了「一種衛生香用膠囊香精工藝開發」、「崖柏精油的提取工藝研究」等6個項目的研發成果轉化。

## Management Discussion and Analysis

### 管理層討論及分析

In terms of RTL, Guangdong Jinye was granted the technical inventions third prize of China Tobacco Corporation. Its research project "Study and application of smoke medium for heating non-burning tobacco products" was selected as one of the major special projects of the STMA. Guangdong Jinye has also been awarded as "Guangdong Province Academician Experts Enterprise Workstation", "Guangdong High and New Tech Enterprise", "National Intellectual Property Advantage Enterprise" and "Cultivating Enterprise of Shantou Intellectual Property Advantage Enterprises". It marks a solid step forward in the aspects of promoting production and research cooperation and introducing and gathering high-level talents. In January 2017, the "Key Laboratory of reconstituted tobacco leaves technology research in tobacco industry" jointly established by Guangdong Jinye and Guangdong Tobacco became the only laboratory for RTL field, and Guangdong Jinye became the only RTL enterprise which owns the national key laboratory of tobacco. This represents high evaluation by the STMA in respects of Guangdong Jinye's industry contribution and innovative achievements, and also highlights the company's industry-leading technological advancements and scientific research level.

再造煙葉方面，廣東金葉獲中國煙草總公司技術發明三等獎，其研發項目《加熱不燃燒煙草製品用發煙介質的研究與應用》被評為國煙局重大專項之一。廣東金葉還被授予「廣東省院士專家企業工作站」、「廣東省高新技術企業」、「國家知識產權優勢企業」及「汕頭市知識產權優勢企業培育企業」等榮譽稱號，標志着廣東金葉在推進產學研合作、引進聚集高層次人才方面邁出了堅實的一步。2017年1月，廣東金葉與廣東中煙共建的「煙草行業再造煙葉技術研究重點實驗室」成為入選的唯一再造煙葉領域實驗室，廣東金葉由此成為全國唯一擁有國家重點實驗室的煙草薄片企業。這既代表着國煙局對廣東金葉行業貢獻與創新成果的高度評價，同時彰顯出公司行業領先的技術優勢與科研水平。



Guangdong Jinye was granted "National Intellectual Property Advantage Enterprise"

廣東金葉獲「國家知識產權優勢企業」稱號

## Management Discussion and Analysis

### 管理層討論及分析

During the reporting period, the R&D team filed for a total of 50 new patent applications in regards to invention, utility innovation and appearance design, and was granted 28 patents which had been previously applied, including 18 invention patents, 6 utility innovation patents and 4 appearance design patents.

Some of the major patents granted include:

- Tobacco rod pre-treatment process
- An optimized coating process for paper-making RTL
- A preparation method of new type tobacco stem slice
- A solid filter rod with a particle composition and its preparation method
- An aqueous capsule and its preparation method
- A method of extracting limonene from litsea cubeba
- A Yunnan black tea essential oil and its preparation method
- A production process of flavouring products for eugenol
- A tipping paper used combining with the rotating filter rod
- A preparation method for extracting e-liquid with the assistance of microwave
- A filter rod composed with particle and its preparation method

報告期內，研發團隊新申請的發明、實用新型和外觀設計專利項目共50項，已申請並獲授權的專利28項，包括發明專利18項、實用新型6項、外觀設計4項。

其中主要獲授權專利項目包括：

- 煙棒預處理工藝
- 一種造紙法再造煙葉優化塗布工藝
- 一種新型煙梗梗片的製備方法
- 一種顆粒組成型的固型濾棒及其製備方法
- 一種含水膠囊及其製備方法
- 一種從山蒼子中提取檸檬烯的方法
- 一種滇紅精油及其製備方法
- 一種用於加香產品的丁香酚生產工藝
- 一種配合旋轉濾棒使用水松紙
- 一種利用微波輔助萃取製備電子煙液的方法
- 一種顆粒組成裝成型濾棒及其製備方法

### Human resources and corporate culture construction

As at 31 March 2017, the Group employed over 2,200 employees in the PRC, Hong Kong, Germany, U.S., Botswana and Korea, and last year there were approximately 2,465 employees. The labour costs for the year (including pension and mandatory provident fund, etc.) amounted to RMB436 million, representing an increase of RMB68 million from RMB368 million of the last financial year. The increase in the labour costs was primarily attributable to the increase of the average number of employees last year.

### 人力資源及企業文化建設

於二零一七年三月三十一日，本集團在中國大陸、香港、德國、美國、博茨瓦納及韓國共聘用員工逾2,200人，去年為2,465人。本年度共發生員工成本（包括退休保險及強積金等）為人民幣4.36億元，比上財政年度的人民幣3.68億元增加了人民幣6,800萬元。本年度員工成本的增加，主要是由於全年平均人數較去年增加所致。



## Management Discussion and Analysis

### 管理層討論及分析

2016 was the transforming year of human resource management from transactional management to modern human resource management. Modern human resource management is to assist the Company to face the constant changes, improve staff quality and skills, and achieve the Company's strategic development goals. In the aspect of human resource management and development, in order to further improve the basic work of human resource management, while strengthening the effective combination of fixed posts and personnel, human resources training and development, human resource management informatization and human resource management system construction, the Group continued to broaden the vision of human resources managers, grasp the dynamics of human resources and absorb the advanced ideas and concepts of external human resources management to reform and innovate in human resource management. Through the good talent introduction mechanism, the Group strengthened the personnel training plan and cleared talent development goals, optimised human resources institutions reasonably, and established a first-class talent team. At the same time, it established a salary system, employee performance appraisal system and employee motivation system that matched the market to attract and stabilise excellent talents.

The Group has paid special attention to recruitment and training, and has made strict requirements on all aspects of recruitment and training, including demand planning, implementation planning and evaluation completion. Giving full play to the foundation and core role of its human resources work, the Group completed every target work timely with high quality and ensured the supply and promotion of the Company's human resources. In order to meet the needs of the strategy and the personal development of the employees, the Group strengthened the training work to continuously enhance the company's competitiveness, improve staff quality and ability, and meet the needs of the company and employees' personal development.

For the construction of corporate culture, the group has focused on increasing humanised care to employees and enhancing team cohesion, such as organizing the staff sports game, badminton competition, and table tennis match and so on. It not only aroused the enthusiasm of employees, but also reflected the uniqueness and diversity of the company. In terms of self-media, the Group actively used the internet thinking, integrating and optimising of the existing self-media platform, focused on building the official WeChat platform, and maintained it timely, upgraded official website and designed paper publicity carrier which conformed to the enterprise temperament. This provided a good platform for enterprise publicity and cultural landing. To better construct the image of the Group, increase publicity, and develop service business, the Group also organised to design and make the Group's brochures.

2016年是人力資源管理從事務性管理邁向現代人力資源管理轉型的一年。現代人力資源管理是幫助公司面對不斷的變化，提升員工素質和技能，完成公司戰略發展目標。在人力資源管理與開發方面，為進一步做好人力資源管理基礎工作，在加強定崗定員、人力資源培訓與開發、人力資源管理信息化和人力資源管理制度建設有效結合的同時，本集團不斷開拓人力資源管理人員視野，把握人力資源動態，吸收外部先進的人力資源管理思想和理念，進行人力資源管理改革與創新。並通過良好的人才引進機制、強化人員培養計劃和明確人才發展目標等方式，合理優化人力資源機構，建立一流的人才隊伍。同時建立與市場匹配的薪酬體系、員工績效考核體系，以及員工激勵體系，吸引和穩定優秀人才。

本集團一直對招聘、培訓予以特別的重視和關注，對招聘、培訓工作的需求計劃、實施計劃、完成評估等各個環節嚴格要求。充分發揮其人力資源工作基礎和核心作用，並高質量、及時地完成了各項工作指標任務，保證了公司人力資源的供應和提升。為適應戰略和員工個人發展需要，本集團大力加強培訓工作為了不斷增強公司的競爭實力，提高員工素質和能力，滿足公司及員工個人發展的需要。

對於企業文化建設，本集團重點着手於增加人性化的員工關懷和增強團隊凝聚力等方面。如組織員工運動會，開展羽毛球賽、乒乓球賽等。既調動了員工的積極性，又體現了公司的獨特性和差異性。在自媒體建設方面，本集團積極使用互聯網思維，整合優化現有的自媒體平台，重點打造官方微信平台，及時維護、升級官網，設計製作符合企業氣質的紙質宣傳載體。為企業的宣傳，文化的落地搭建了一個良好的互聯網平台。為更好地塑造集團形象，加大宣傳力度，服務業務開展，本集團還組織設計、製作了集團宣傳冊。

## Management Discussion and Analysis

### 管理層討論及分析



Huading Technology Annal Gathering 2016  
華鼎科技2016年會

The Group's construction of corporate culture and advertising work will constantly seek innovation and breakthroughs with the change of time and the development of technology. And will pass the best, the most optimistic and the most worthy precipitation of corporate culture and thoughts to the employees to improve the employee satisfaction, sense of belonging and pride of employees and enhance the corporate image, awareness and reputation.

本集團的企業文化建設和宣傳工作將會隨着時代的變化，科技的發展，不斷尋求創新和突破，把最好的、最積極向上的、最值得企業沉澱的好文化、好思想傳遞給員工，提高員工的滿意度、增強員工的歸屬感和自豪感，提升企業的形象、知名度和美譽度。



Yancheng Chunzhu "Love Donation"  
鹽城春竹愛心募捐活動



The Opening Ceremony of Employee Sports Game in Guangdong Jinye  
廣東金葉職工運動會開幕

## Management Discussion and Analysis

### 管理層討論及分析

#### Future development strategy

In order to align with the Group's development and strategic upgrading and build a multi-level capital platform, the Group's Board of Directors will comprehensively promote the Proposed Spin-off and Separate Listing of Huabao Flavours by way of Proposed A Share Listing on the Shenzhen Stock Exchange. At present, the transaction has been approved by the extraordinary general meeting, and the application documents have been submitted to the CSRC regarding the initial public offering of RMB ordinary shares (A shares) and listing on the Growth Enterprise Market of Shenzhen Stock Exchange, and is being accepted for processing. But the application is still subject to the approval from relevant Chinese regulatory authorities (including the CSRC, etc.) and fulfilment of other relevant conditions.

In the future, with the accumulation of years of industry status, brand advantages, market advantages and scale advantages, the Group will grasp the trend of consumption upgrade, build consumer insight, and actively develop new customers, new products and new businesses. While promoting the balanced development of the business, the Group will gradually expand its production capacity and strengthen the domestic and international customer base, continue to maintain and strive to improve its industry status. At the same time, through mergers and acquisitions, industry integration and other means, it will enhance its international competitiveness, deepen the enterprise group and international operations, and comprehensively promote the construction of investment holding group based on China's fast-moving consumer goods market. It will integrate relevant industry knowledge, integration ability and social capital through multi-capital platform, multi-channel cooperation and a variety of investment cooperation model and create greater value for Shareholders.

#### 未來發展策略

為配合本集團的發展和戰略升級，打造多層次的資本平台，本集團董事會將全面推進有關建議分拆華寶香精並將其股份以獨立A股上市方式於深圳證券交易所上市的項目。目前有關交易已獲特別股東大會通過，並已就首次公開發行人民幣普通股（A股）並於深圳證券交易所創業板上市向中國證監會提交申請材料，且已收到受理通知。但A股上市有關申請仍須取得有關中國監管機構（包括中國證監會等）的批准和滿足其他相關條件。

未來本集團將借助多年積累的行業地位、品牌優勢、市場優勢和規模優勢，牢牢抓住消費升級的趨勢，建立消費者洞察力，積極開拓新客戶、新產品和新業務。在促進各項業務的均衡發展的同時，本集團將逐步擴大產能和加強國內外客戶基礎，繼續保持並努力提高行業地位。同時，通過收購兼併、行業整合等手段，提升國際競爭力，深化企業集團化、國際化運作，全面推進建設基於中國快消品市場的投資控股集團。通過多資本平台、多合作渠道和多種投資合作模式將有關的產業知識、整合能力與社會資本結合，為股東創造更大價值。

## Management Discussion and Analysis

### 管理層討論及分析

#### FINANCIAL REVIEW

#### Analysis of annual results for the year ended 31 March 2017

##### Sales revenue

The Group's sales revenue amounted to RMB3,482,894,000 for the year ended 31 March 2017, representing an increase of approximately 8.8% as compared with RMB3,200,436,000 for the last financial year. The sales revenue increased mainly due to the increase in sales revenue of tobacco raw materials as compared to last year, and increase in sales revenue of aroma raw materials and innovative tobacco products due to the consolidation of financial statements of Yancheng Chunzhu and VMR respectively after last year's acquisition. However, the increase was partly offset by the fall in sales revenue of the flavours and fragrances segment due to the sluggishness of macroeconomics. For the year ended 31 March 2017, sales revenue from flavours and fragrances reached RMB2,064,734,000, contributing approximately 59.3% of total sales revenue; sales revenue from tobacco raw materials reached RMB705,981,000, contributing approximately 20.3% of total sales revenue, sales revenue from aroma raw material reached RMB439,450,000, contributing approximately 12.6% of total sales revenue; sales revenue from innovative tobacco products reached RMB271,012,000, contributing approximately 7.8% of total sales revenue.

##### Cost of goods sold

The Group's cost of goods sold amounted to RMB1,212,071,000 for the year ended 31 March 2017, representing an increase of approximately 21.6% as compared to RMB996,448,000 for the last financial year.

##### Gross profit and gross profit margin

Gross profit of the Group increased from RMB2,203,988,000 for the last financial year to RMB2,270,823,000 for the year ended 31 March 2017, representing an increase of approximately 3.0%; gross profit margin was 65.2%, representing a decrease of 3.7 percentage points from 68.9% of the last financial year. The decrease in gross profit margin was mainly because sales revenue of products with relatively lower gross margin accounted for a higher proportion than the last year.

#### 財務狀況回顧

#### 截至二零一七年三月三十一日止年度的業績分析

##### 營業額

截至二零一七年三月三十一日止年度，本集團的營業額達人民幣3,482,894,000元，較上一財政年度的人民幣3,200,436,000元增加了約8.8%。營業額的增加，主要是由於煙用原料營業額較去年上升，以及香原料板塊和新型煙草板塊在去年分別收購鹽城春竹及VMR而併入其財務報表致使營業額上升，但由於宏觀經濟不景氣，香精板塊銷售收入下滑而抵銷了部份升幅。截至二零一七年三月三十一日止年度，香精產品的營業額達人民幣2,064,734,000元，佔總收入約59.3%；煙用原料的營業額達人民幣705,981,000元，佔總收入約20.3%；香原料營業額達人民幣439,450,000元，佔總收入約12.6%；新型煙草製品的營業額達人民幣271,012,000元，佔總收入約7.8%。

##### 銷售成本

截至二零一七年三月三十一日止年度，本集團的銷售成本為人民幣1,212,071,000元，較上一財政年度的人民幣996,448,000元增加了約21.6%。

##### 毛利和毛利率

本集團的毛利由上一財政年度的人民幣2,203,988,000元增加至截至二零一七年三月三十一日止年度的人民幣2,270,823,000元，增加了約3.0%；毛利率為65.2%，較上一財政年度的68.9%下降了3.7個百分點，主要是由於毛利率相對較低的產品營業額佔比較去年高。

## Management Discussion and Analysis

### 管理層討論及分析

#### Other income and other gains – net

Other income and other gains – net of the Group was RMB239,526,000 for the year ended 31 March 2017, representing an increase of RMB78,676,000 as compared to RMB160,850,000 for the last financial year. The increase in other income is mainly attributable to a decrease in foreign exchange loss as compared with last year and transfer of reserves to income statement upon disposal of available-for-sale financial asset during the year.

#### Selling and marketing expenses

The selling and marketing expenses of the Group mainly comprised travelling expenses, transportation costs, advertising and promotion expenses, salaries and office expenses. The selling and marketing expenses of the Group for the year ended 31 March 2017 were RMB255,589,000, representing an increase of approximately 23.8% as compared with RMB206,409,000 for the last financial year. Selling and marketing expenses to total sales revenue for the year ended 31 March 2017 and 2016 amounted to approximately 7.3% and 6.4% respectively. The increase of such ratio was mainly attributable to the Group stepping up its selling efforts and increasing market research and development activities which caused the increase in selling and marketing expenses, and the consolidation of VMR and its selling and marketing expenses to sales revenue ratio was higher than the average ratio of the Group.

#### Administrative expenses

The Group's administrative expenses amounted to RMB915,238,000 for the year ended 31 March 2017, representing an increase of approximately 24.7% as compared with RMB734,197,000 for the last financial year. Administrative expenses to total sales revenue during the current financial year amounted to approximately 26.3%, representing an increase of approximately 3.4 percentage points as compared with 22.9% for the last financial year. The increase in the administrative expenses was mainly attributable to an increase in administrative expenses of new tobacco products segment, an increase in amortisation expense of intangible assets arising from acquisition of VMR and Yancheng Chunzhu, expenses directly related to spin-off, and the provision of impairment for part of VMR's goodwill during the reporting period.

#### Operating profit

Operating profit of the Group for the year ended 31 March 2017 was RMB1,339,522,000, representing a decrease of approximately 5.9% as compared with RMB1,424,232,000 for the last financial year, while the operating profit margin decreased to approximately 38.5% of the current financial year from approximately 44.5% of the last financial year. The decrease in operating profit was mainly attributable to the sharp increase in selling expenses, marketing promotion expenses and administrative expenses.

#### 其他收入及其他收益 – 淨額

截至二零一七年三月三十一日止年度，本集團的其他收入及其他收益 – 淨額為人民幣239,526,000元，較上一財政年度的人幣160,850,000元增加了人民幣78,676,000元。其他收入及其他收益的增加主要是由於匯兌虧損較去年減少及本年度因處置可供出售金融資產而由儲備轉回收益表所致。

#### 銷售及市場推廣開支

本集團的銷售及市場推廣開支主要包括差旅費、運輸成本、廣告及宣傳費、薪金及辦公費用等。本集團截至二零一七年三月三十一日止年度的銷售及市場推廣開支為人民幣255,589,000元，較上年度的人民幣206,409,000元增加約23.8%。於截至二零一七年及二零一六年三月三十一日止年度的銷售及市場推廣開支所佔銷售收入的比例分別為約7.3%及6.4%。該比例的上升主要是由於本集團持續加大營銷力度及市場調研和開發拓展，以致銷售及市場推廣開支增加，以及合併VMR而其銷售及市場推廣開支佔銷售收入的比例較集團平均的比例高所致。

#### 行政開支

本集團截至二零一七年三月三十一日止年度的行政開支為人民幣915,238,000元，較上一財政年度的人幣734,197,000元，增加了約24.7%。而本財政年度的行政開支所佔銷售收入的比例約為26.3%，較上一財政年度的22.9%增加了約3.4個百分點。行政開支金額增加的原因是新型煙草製品板塊管理費用增加、因收購VMR及鹽城春竹而新增之無形資產攤銷、新增分拆上市相關的直接費用、以及VMR的部份商譽於本報告期內計提減值撥備所致。

#### 營運盈利

本集團營運盈利在截至二零一七年三月三十一日止年度為人民幣1,339,522,000元，較上一財政年度的人幣1,424,232,000元，減少了約5.9%。而本集團的營運盈利率由上年度的約44.5%下降至本年度的約38.5%。營運盈利的減少主要是由於銷售費用，市場推廣費用和行政費用大幅增加所致。

## Management Discussion and Analysis

### 管理層討論及分析

#### Income tax expenses

Income tax expenses of the Group for the year ended 31 March 2017 was RMB294,573,000, representing a decrease of approximately 1.0% as compared with RMB297,686,000 for the last financial year. Income tax rate of the current year was approximately 20.9%, which was slightly increased by approximately 1.0 percentage point as compared with last financial year.

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

Profit attributable to the equity holders of the Company was RMB1,065,424,000 for the year ended 31 March 2017, representing a decrease of 9.8% as compared with RMB1,181,562,000 for the last financial year. If the provision for goodwill impairment of VMR of RMB22,710,000 and spin-off related direct expenses of RMB9,050,000 were excluded, the profit attributable to the equity holders of the Company would become RMB1,097,184,000, representing a decrease of 7.1% as compared to last financial year.

#### Net current asset value and financial resources

As at 31 March 2017, the net current asset value of the Group was RMB6,314,161,000 (2016: RMB4,382,190,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 31 March 2017, the Group's cash and bank balances amounted to RMB4,901,955,000 (2016: RMB2,934,463,000), over 70% of which was held in RMB. In addition, the Group hold structured investment products of RMB111,000,000 (2016: RMB138,000,000) which was classified as available-for-sale financial assets.

#### Bank borrowings and debt ratio

As at 31 March 2017, the Group had bank borrowings of RMB75,500,000 (2016: RMB15,000,000), all of which were due within one year. Among which, RMB75,500,000 (2016: RMB4,000,000) were unsecured loan with average annual interest rate of 3.97% (2016: 1.90%). The secured loan of RMB11,000,000 as at 31 March 2016 has been fully repaid during the year. As at 31 March 2017, the Group's debt ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was 0.8%, representing a slight increase as compared with 0.2% as at 31 March 2016.

#### 稅務開支

本集團的稅務開支在截至二零一七年三月三十一日止年度為人民幣294,573,000元，較上一財政年度的人民幣297,686,000元，減少了約1.0%。本年度所得稅稅率約為20.9%，較上一財政年度稍為上升了1.0個百分點。

#### 本公司權益持有人應佔盈利

本公司權益持有人應佔盈利在截至二零一七年三月三十一日止年度為人民幣1,065,424,000元，較上一財政年度的人民幣1,181,562,000元下降了約9.8%。如果撇除了VMR商譽減值的人民幣22,710,000元以及與分拆上市有關之直接費用約人民幣9,050,000元，本公司權益持有人應佔盈利將為人民幣1,097,184,000元，較上一財政年度下降了約7.1%。

#### 流動資產淨值和財務資源

於二零一七年三月三十一日，本集團的流動資產淨值人民幣6,314,161,000元（二零一六年：人民幣4,382,190,000元）。本集團主要透過經營業務提供營運資金，維持穩健財務狀況。於二零一七年三月三十一日，本集團的銀行及庫存現金為人民幣4,901,955,000元（二零一六年：人民幣2,934,463,000元），其中超過70%是以人民幣持有。此外，本集團持有之結構性理財產品金額為人民幣111,000,000元（二零一六年：人民幣138,000,000元），分類為可供出售金融資產列示。

#### 銀行貸款及負債比率

於二零一七年三月三十一日，本集團的銀行借貸總額為人民幣75,500,000元（二零一六年：人民幣15,000,000元），全部於一年內到期償還。當中無抵押貸款為人民幣75,500,000元（二零一六年：人民幣4,000,000元），該無抵押貸款的平均年息率為3.97厘（二零一六年：1.90厘）。於二零一六年三月三十一日，有抵押貸款為人民幣11,000,000元，並已於本年全數償還。於二零一七年三月三十一日，本集團之負債比率（總債務（包括流動及非流動貸款）除以總權益，不含非控制性權益）為0.8%，比二零一六年三月三十一日的0.2%稍微上升。

## Management Discussion and Analysis

### 管理層討論及分析

#### Investing activities

The Group's investing activities were for the purchase of property, plant and equipment, financial assets investment and the strategically development strategies for M&As. For the year ended 31 March 2017, the net cash used in investing activities amounted to RMB562,780,000, mainly used for new placement of short-term deposits, acquisition of associates and addition of available-for-sale financial assets. For the year ended 31 March 2016, the net cash generated from investing activities amounted to RMB11,633,000.

#### Financing activities

For the year ended 31 March 2017, the net cash generated from financing activities amounted to RMB714,165,000, mainly from the capital contribution from non-controlling interests. For the year ended 31 March 2016, the net cash used in financing activities amounted to RMB672,152,000.

#### Trade receivables turnover period

Debtors' turnover period is calculated on the basis of the average amount of trade receivables net of provisions as at the beginning and end of a relevant financial year divided by the total sales revenue for the corresponding period and multiplied by 360 days. The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with, the customers. For the year ended 31 March 2017, the Group's average debtors' turnover period was 97 days, representing an increase of 9 days as compared with 88 days for the last financial year ended 31 March 2016. The increase of trade receivables turnover days was mainly attributable to better payment terms granted to the clients due to the sluggishness of the industry.

#### Trade payable turnover period

Creditors' turnover period is calculated on the basis of the average amount of trade payables as at the beginning and the end of a relevant financial year divided by the cost of goods sold for the corresponding period and multiplied by 360 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the year ended 31 March 2017, the Group's average creditors' turnover period was 89 days, representing a decrease of 23 days as compared with 112 days for the last financial year ended 31 March 2016. The decrease of trade payable turnover day was mainly due to the acquisition of Yancheng Chunzhu and VMR with relatively shorter turnover period, which affected the Group's consolidated figures.

#### 投資活動

本集團的投資活動主要與購買物業、機器及設備和作為收購兼併活動的戰略性發展策略有關。截至二零一七年三月三十一日止年度，投資活動所用的現金淨額為人民幣562,780,000元，主要用於新增短期定期存款，以及用於收購聯營公司、購入可供出售金融資產等。而截至二零一六年三月三十一日止年度，投資活動所產生的現金淨額為人民幣11,633,000元。

#### 融資活動

截至二零一七年三月三十一日止年度，本集團融資活動所產生的現金淨額為人民幣714,165,000元，主要來自非控制性權益持有人的注資。而截至二零一六年三月三十一日止年度，融資活動所用的現金淨額為人民幣672,152,000元。

#### 應收賬週轉期

應收賬週轉期乃通過將有關財政年度年初及年末經扣除撥備的應收貿易賬款平均金額除以相應期間的營業總額再乘以360天計算。本集團一般給予客戶約0-180日的信貸期，根據客戶業務量的大小和業務關係時間長短而定。截至二零一七年三月三十一日止年度，本集團的平均應收賬週轉期為97日，比較截至二零一六年三月三十一日止財政年度的88日上升了9日，應收賬款週轉期上升的主要是由於行業不景氣而給客戶更寬鬆的付款期。

#### 應付賬週轉期

應付賬週轉期乃通過將有關財政年度年初及年末的應付貿易賬款平均金額除以相應期間的銷售成本再乘以360天計算。供貨商給予本集團的信貸期介乎零日至180日。截至二零一七年三月三十一日止年度，本集團的平均應付賬週轉期為89日，比較截至二零一六年三月三十一日止財政年度的112日下降了23日，主要因為新收購的鹽城春竹及VMR的應付賬週轉期較短而影響集團的綜合數字。

## Management Discussion and Analysis

### 管理層討論及分析

#### Inventory and inventory turnover period

As at 31 March 2017, the Group's inventory balance amounted to RMB693,490,000 (2016: RMB694,951,000). For the year ended 31 March 2017, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and end of a relevant financial year divided by the total cost of goods sold for the corresponding period and multiplied by 360 days) was 206 days, representing a decrease of 37 days as compared with 243 days for the last financial year. The decrease in inventory turnover period was mainly attributable to the effective implementation of the Group's destocking policy.

#### Foreign exchange and exchange rate risk

The principal businesses of the Group are located in Mainland China and the majority of the sales revenue is denominated in RMB, with the exception of only a certain amount of imported raw materials and equipment which are denominated in foreign currency such as USD or EUR. The Group's bank deposits are mainly denominated in RMB, USD and HKD. Management concurs the views of the People's Bank of China on the RMB exchange rate, that is, the RMB exchange rate has the capability to continuously remain basically stable within reasonable range of equilibrium.

#### Pledge of assets

As at 31 March 2017, the secured bank loan of the Group has been fully repaid.

#### Capital Commitments

As at 31 March 2017, the Group had capital commitments in respect of the purchase of property, plant, equipment, available-for-sale financial assets and investments in associates, contracted for but not provided in the financial statements amounting to approximately RMB149,329,000 (2016: RMB138,914,000), mainly was investment in high-tech fund amounted to RMB91,176,000.

#### Contingent liabilities

Based on the information available to the Board, the Group had no contingent liabilities as at 31 March 2017.

#### 存貨和存貨週轉期

本集團的存貨結餘於二零一七年三月三十一日為人民幣693,490,000元(二零一六年：人民幣694,951,000元)。在截至二零一七年三月三十一日止年度，存貨週轉期(將有關財政年度年初及年末的存貨平均結餘除以相應期間的銷售成本總額再乘以360天計算)為206日，較上一財政年度的243日下降了37日。存貨和存貨週轉期較上年度有所下降主要是由於集團實施去庫存政策見成效。

#### 外匯及匯率風險

本集團的主要業務均在中國，收入絕大部份業務均以人民幣結算，僅部份進口原料及設備以美元或歐元等外幣結算。本集團持有的銀行存款主要為港幣、美元和人民幣，管理層認同中國人民銀行對人民幣匯率的看法，即人民幣匯率有條件繼續在合理均衡水平上保持基本穩定。

#### 資產抵押

於二零一七年三月三十一日，本集團的抵押貸款已全數清還。

#### 資本承擔

於二零一七年三月三十一日，本集團就已訂約購買的物業、廠房、設備及可供出售金融資產及於聯營公司之投資但並未於財務報表撥備的資本承擔約人民幣149,329,000元(二零一六年：人民幣138,914,000元)，主要是高科技創新基金的投資約人民幣91,176,000元。

#### 或然負債

根據可供董事會查閱的資料，本集團於二零一七年三月三十一日並無任何重大的或然負債。



## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷 (註)

#### EXECUTIVE DIRECTORS 執行董事



**Ms. CHU Lam Yiu**, aged 47, the Chairwoman of the Board, CEO, Executive Director and the chairwoman of Nomination Committee of the Company. Ms. Chu has been a member of the Board since March 2004. Ms. Chu is the mother of Mr. LAM Ka Yu (Executive Director of the Company). Ms. Chu is also a director of the Company's principal subsidiaries marked with "C1" as set out in Note 33 to the consolidated financial statements. Ms. Chu has extensive experience in formulating strategies and making executive decisions on business operation, investments and market development. She was a member of the Fourth and Fifth Chinese People's Political Consultative Conference Committee (Shenzhen, Guangdong province). Ms. Chu, through the corporations controlled by her, is the beneficial owner of shares of the Company as set out in page 84 headed under Directors' Interests in Shares, Underlying Shares and Debentures.

**朱林瑤女士**，47歲，本公司董事會主席、首席執行官、執行董事及提名委員會主席，自二零零四年三月起出任董事會成員。朱女士為林嘉宇先生（本公司執行董事）之母。朱女士亦是載於綜合財務報表附註33有「C1」符號之本公司主要附屬公司的董事。朱女士擁有企業營運、投資及市場拓展之策略制定及決策方面之豐富經驗。彼曾擔任中國人民政治協商會議廣東省深圳市第四及第五屆委員會委員。朱女士，透過受其控制的公司，實益擁有本公司股份，詳情已載於第84頁標題為「董事於股份、相關股份及債券之權益」。



**Mr. XIA Li Qun**, aged 50, an Executive Director, Vice Chairman and a member of the Remuneration Committee of the Company. Mr. Xia has been a member of the Board since September 2006. Mr. Xia is also a director of the Company's principal subsidiaries marked with "X1" and the legal representative of those companies marked with "X2" as set out in Note 33 to the consolidated financial statements. Mr. Xia holds a Bachelor's degree in economics and is a certified accountant, certified tax specialist and certified appraiser in China. Mr. Xia has over 20 years of financial and corporate management experience. He previously worked in domestic accounting firms in China and was a senior management member of a foreign invested enterprise in China. Mr. Xia is currently the honorary chairman of the Food Additives and Ingredients Association in Shanghai City.

**夏利群先生**，50歲，本公司執行董事、副主席及薪酬委員會委員，自二零零六年九月起出任董事會成員。夏先生亦是載於綜合財務報表附註33分別有「X1」及「X2」符號之本公司主要附屬公司的董事及法定代表人。夏先生持有經濟學學士學位及中國註冊會計師、註冊稅務師及註冊評估師資格。夏先生擁有逾二十年財務及企業管理方面經驗。彼曾任職於中國內地會計師事務所和擔任中國之外商投資企業高層管理職位。夏先生現擔任上海市食品添加劑和配料行業協會名譽會長。

## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷 (註)



**Mr. POON Chiu Kwok**, aged 54, an Executive Director, Vice President and the Company Secretary of the Company. Mr. Poon has been a member of the Board since March 2004. Mr. Poon was awarded the postgraduate diploma in laws by the University of London. He holds a Bachelor's degree in laws, a Bachelor's degree in business studies and a Master's degree in international accounting. He is a fellow of CPA Australia, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and a member of its Technical Consultation Panel and Professional Development Committee and a fellow member and an associate instructor of the Hong Kong Securities and Investment Institute. Mr. Poon has years of experience in compliance, corporate finance and listed companies management.

**潘昭國先生**，54歲，本公司執行董事、副總裁及公司秘書，自二零零四年三月起出任董事會成員。潘先生獲倫敦大學授予法學研究生文憑；擁有法學學士學位、商業學學士學位和國際會計學碩士學位。彼為澳洲會計師公會之資深註冊會計師、英國特許秘書及行政人員公會及香港特許秘書公會資深會士，香港特許秘書公會的技术諮詢小組成員及專業發展委員會委員。彼亦是香港證券及投資學會資深會員及其特邀導師。潘先生於合規、企業財務及上市公司管理方面擁有多年經驗。



**Mr. XIONG Qing**, aged 40, an Executive Director, CFO (both appointed on 17 March 2017) and Vice President of the Company, joined the Group since May 2007. He served as an Executive Director of the Company from February 2008 to December 2013. Mr. Xiong is also a director of the Company's principal subsidiaries marked with "XQ1" and the legal representative of those companies marked with "XQ2" as set out in Note 33 to the consolidated financial statements. Mr. Xiong majored in international accounting from Tsinghua University School of Economics and Management, and graduated with a Bachelor's degree in economics. Mr. Xiong is also an Executive Master of Business Administration degree holder of European Institute of Business Administration (INSEAD in France). Prior to joining the Group, Mr. Xiong worked in several international investment banks for years. He has extensive experiences with Chinese enterprises and international capital market.

**熊卿先生**，40歲，本公司執行董事、首席財務官（均於二零一七年三月十七日獲委任）及副總裁，自二零零七年五月起加入本集團。彼曾於二零零八年二月至二零一三年十二月期間擔任本公司之執行董事。熊先生亦是載於綜合財務報表附註33分別有「XQ1」及「XQ2」符號之本公司主要附屬公司的董事及法定代表人。熊先生畢業於清華大學經濟管理學院國際會計專業，獲經濟學學士學位。熊先生亦持有歐洲工商管理學院（法國INSEAD）高級管理人員工商管理碩士學位。熊先生在加入本集團之前曾在多家國際投資銀行任職多年，並對中國大陸之企業以及國際資本市場方面擁有豐富經驗。

## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷（註）

#### EXECUTIVE DIRECTORS 執行董事



**Mr. LAM Ka Yu**, aged 24, an Executive Director of the Company. Mr. Lam has been a member of the Board since November 2013. Mr. Lam is the son of Ms. CHU Lam Yiu (the Chairwoman of the Board, CEO and Executive Director of the Company). Mr. Lam is also a director of the Company's principal subsidiaries marked with "L1" and the legal representative of those companies marked with "L2" as set out in Note 33 to the consolidated financial statements. Mr. Lam educated in the United Kingdom and the United States of America. For corporate management experiences, Mr. Lam is currently a managing director and legal representative of a private company, which is engaged in e-commerce business in China. He previously served as a director and the general manager of a company which is engaged in advertising media business in China and he was a director of a non-profit foundation in China.

**林嘉宇先生**，24歲，本公司執行董事，自二零一三年十一月起出任董事會成員。林先生是朱林瑤女士（本公司董事會主席、首席執行官、執行董事）的兒子。林先生亦是載於綜合財務報表附註33分別有「L1」及「L2」符號之本公司主要附屬公司的董事及法定代表人。林先生於英國及美國接受教育，就企業管理經驗方面，林先生目前於一家主要在中國經營電子商務業務的私人公司擔任董事長及法定代表人，彼曾於一家在中國經營廣告傳媒業務的公司擔任董事及總經理職務，及曾為國內一家非牟利基金會的理事。

## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷 (註)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事



**Mr. LEE Luk Shiu**, aged 59, an Independent Non-executive Director, the chairman of both of the Audit Committee and Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Lee has been a member of the Board since May 2006. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Lee has over 30 years of experience in commercial accounting and corporate finance. Mr. Lee has principally engaged in corporate finance and regulatory aspects in the Hong Kong Stock Exchange. He was an assistant vice president of the Listing Division of the Hong Kong Stock Exchange, and his duties included regulating and monitoring the Hong Kong listed companies in relation to their compliance with the Listing Rules and processing new listing applications. He also served as a senior consultant of an investment bank for more than 5 years.

**李祿兆先生**，59歲，本公司獨立非執行董事、審核委員會和薪酬委員會主席及提名委員會委員，自二零零六年五月起出任董事會成員。李先生為英國特許公認會計師公會資深會員及香港會計師公會會員。李先生在商業會計及企業融資方面擁有超過三十年經驗，曾主要從事香港聯交所之企業融資及監管事宜。李先生曾任職香港聯交所上市科助理副總監，其職責包括規管及監督香港上市公司有關遵守上市規則的情況及處理新上市申請之程序。彼亦曾擔任一間投資銀行的高級顧問逾五年時間。



**Ms. MA Yun Yan**, aged 56, an Independent Non-executive Director and a member of both of the Audit Committee and Remuneration Committee of the Company. Ms. Ma has been a member of the Board since September 2004. Ms. Ma graduated from the Law School of Peking University in 1984 and obtained qualification as a lawyer in China in 1986. She is the senior Partner of Shu Jin Law Firm. Ms. Ma is currently a member of the Ninth Listing Committee of Shenzhen Stock Exchange (she was a member of its Eighth and Fourth Committee) and an independent non-executive director of Shenzhen Techand Ecology & Environment Co., Limited (listed on the Shenzhen Stock Exchange). From August 2009 to August 2011, she was a member of the Growth Enterprises Board Public Offering Review Committee of CSRC. She has been dedicated to teaching and doing research in the Law School in relation to international commerce and investment aspects for 10 years. She has years of experience in the legal field in relation to the capital markets, including investment, merger and acquisition, issuance of securities, etc., and has lead-managed the issuance of shares and convertible bonds and major restructuring of numerous companies listed in PRC and Hong Kong.

**麻雲燕女士**，56歲，本公司獨立非執行董事、審核委員會和薪酬委員會委員，自二零零四年九月起出任董事會成員。麻女士於一九八四年畢業於北京大學法律系，一九八六年於中國內地取得律師資格，為廣東信達律師事務所高級合夥人。麻女士現擔任深圳證券交易所第九屆上市委員會委員（彼曾為上述委員會第四及第八屆委員）以及深圳市鐵漢生態環境股份有限公司（於深圳證券交易所上市）之獨立非執行董事。麻女士由二零零九年八月至二零一一年八月止擔任中國證監會創業版發行審核委員會委員。彼曾經從事國際商務與投資領域的法學教學、研究工作共十年時間。彼多年從事投資、收購合併、證券發行等資本市場的法律業務，曾主辦了多家於中國及香港上市之公司的股票、可換股債券發行以及重大重組。

## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷（註）



**Dr. DING Ningning**, aged 69, an Independent Non-executive Director and a member of both of the Audit Committee and Nomination Committee of the Company. Dr. Ding has been a member of the Board since August 2013. Dr. Ding graduated from Tsinghua University with a Bachelor's degree in electrical engineering, and graduated from the Party School of the Central Committee of the Communist Party of China in its first doctorate course in economics. Dr. Ding is currently a researcher of the Social Development Research Department of the Development Research Center ("DRC") of the State Council of the PRC, an executive director of the China International Association for Urban and Rural Development. He has been conducting research at the DRC for over 30 years since 1982, and he was a director of the Enterprise Economic Research Department of the DRC from 1993 to 1998 and a director of the Social Development Research Department of the DRC from 1998 to 2008. Dr. Ding was a member of the Listed Company Supervisory Committee of CSRC.

**丁寧寧博士**，69歲，本公司獨立非執行董事、審核委員會和提名委員會委員，自二零一三年八月起出任董事會成員。丁博士畢業於清華大學電機工程系，獲工學學士學位，並取得中共中央黨校首屆經濟學博士學位。丁博士現擔任中國國務院發展研究中心（「該中心」）社會發展研究部研究員和中國城鄉發展國際交流協會常務理事。彼自一九八二年參加該中心的研究工作，至今已逾三十年，一九九三年至一九九八年擔任該中心企業經濟研究部部長，一九九八年至二零零八年擔任該中心社會發展研究部部長。丁博士曾擔任中國證監會的上市審查委員。



**Mr. WU Chi Keung**, aged 60, an Independent Non-executive Director and a member of both of the Audit Committee and Remuneration Committee of the Company. Mr. Wu has been a member of the Board since August 2013. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Wu has over 30 years of experience in financial audit, corporate restructuring and merger and acquisitions. He was a partner of Deloitte Touche Tohmatsu until he retired in December 2008.

**胡志強先生**，60歲，本公司獨立非執行董事、審核委員會和薪酬委員會委員，自二零一三年八月起出任董事會成員。胡先生為英國特許公認會計師公會資深會員及香港會計師公會會員。胡先生於財務審計、企業重組及收購合併方面擁有超過三十年經驗。直至二零零八年十二月退休前，彼曾為德勤•關黃陳方會計師行合夥人。

## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷 (註)

#### SENIOR MANAGEMENT 高級管理層



**Ms. YUAN Xiao Qin**, aged 48, a president of Huabao Flavours, joined the Group since August 2006. Ms. Yuan is also a director of the Company's principal subsidiaries marked with "YX1" and the legal representative of those companies marked with "YX2" as set out in Note 33 to the consolidated financial statements. Ms. Yuan holds an MBA degree and is a qualified engineer. Before joining the Group, Ms. Yuan served as executive in a Hong Kong listed state-owned enterprise. She has over 20 years of experience in senior management position. Ms. Yuan is currently a deputy director of China Association of Fragrance Flavour and Cosmetic Industries, a deputy director of China Association of Bakery & Confectionery Industry, chairman of the Food Additives and Ingredients Association in Shanghai City and a consultant of the Federation of Industry and Commerce in Chaoyang District, Shantou City. She was a representative of the People's Congress in Shantou City, Guangdong Province and a member of the National Committee of the Chinese People's Political Consultative Conference in Chaoyang District, Shantou City.

**袁肖琴女士**，48歲，華寶香精總裁，自二零零六年八月起加入本集團。袁女士亦是載於綜合財務報表附註33分別有「YX1」和「YX2」符號之本公司主要附屬公司的董事及法定代表人。袁女士持有工商管理碩士學位及工程師資格。袁女士在加入本集團前，在一家香港上市的中國國有企業擔任管理職務，擁有超過二十年的高層行政經驗。袁女士現兼任中國香料香精化妝品工業協會副理事長、中國焙烤食品糖製品工業協會副理事長、上海市食品添加劑和配料行業協會會長、汕頭市潮陽區工商業聯合會顧問。彼曾擔任廣東省汕頭市人民代表大會代表及汕頭市潮陽區政協委員。



**Mr. CHOY Man Fai**, aged 53, a vice president of Huabao Flavours, joined the Group since August 2006, responsible for marketing and sales of tobacco flavours. Mr. Choy is also a director of the company's principal subsidiaries marked "FC1" and the legal representative of those companies marked "FC2" as set out in Note 33 to the consolidated financial statements. He holds a diploma of applied chemical technology of Hong Kong Polytechnic University. Mr. Choy served as a marketing manager in a number of world renowned flavours and fragrances companies. Mr. Choy has over 20 years of experience in flavours and fragrances marketing and management.

**蔡文輝先生**，現年53歲，華寶香精副總裁，自二零零六年八月起加入本集團，負責煙用香精市場與銷售工作。蔡先生亦是載於綜合財務報表附註33有「FC1」和「FC2」符號之本公司主要附屬公司的董事及法定代表人。彼持有香港理工大學應用化學技術工藝專業文憑。蔡先生曾任職於多家國際知名香精香料公司市場銷售管理職位。蔡先生擁有超過二十年香精香料市場行銷及管理方面經驗。

## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷（註）



**Mr. SONG Jun He**, aged 48, a director and vice president of Huabao Flavours, joined the Group since August 2006. Mr. Song is also a director of the Company's principal subsidiaries marked with "SJ1" and the legal representative of those companies marked with "SJ2" as set out in Note 33 to the consolidated financial statements. Mr. Song graduated from Anhui University and holds a Bachelor's degree in analytical chemistry. Before joining the Group, Mr. Song was a board member of a large domestic chemical enterprise. He has comprehensive management experience in R&D and production in the field of chemical industry.

**宋俊和先生**，48歲，華寶香精董事兼副總裁，自二零零六年八月起加入本集團。宋先生亦是載於綜合財務報表附註33有「SJ1」和「SJ2」符號之本公司主要附屬公司的董事及法定代表人。宋先生畢業於安徽大學，獲分析化學專業學士學位。宋先生在加入本集團前，曾在一家國內大型化工企業擔任董事會成員，具有豐富的化工行業技術研發及生產等綜合管理經驗。



**Mr. CHEN Cong**, aged 35, vice president, chief financial officer and board secretary of Huabao Flavours, joined the Group since January 2013. Mr. Chen is also a director of the Company's principal subsidiaries marked with "CC1" as set out in Note 33 to the consolidated financial statements. Mr. Chen graduated from Tsinghua University with a Master's degree in finance. Before joining the Group, Mr. Chen worked in a leading domestic investment bank for several years. He has extensive experiences in the field of capital operation.

**陳聰先生**，35歲，華寶香精副總裁兼財務總監和董事會秘書，自二零一三年一月起加入本集團。陳先生亦是載於綜合財務報表附註33有「CC1」符號之本公司主要附屬公司的董事。陳先生畢業於清華大學，獲金融學碩士學位。陳先生在加入本集團前，曾在一家國內領先的投資銀行任職多年，在資本運作領域擁有豐富經驗。

## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷 (註)



**Mr. ZHANG Zi Heng**, aged 39, a director of Huabao Flavours and the president of Tobacco Raw Materials Division of the Group, joined the Group since July 1999. Mr. Zhang is also a director of the Company's principal subsidiaries marked with "ZH1" and the legal representative of those companies marked with "ZH2" as set out in Note 33 to the consolidated financial statements. Mr. Zhang graduated from East China University of Science and Technology and holds a Bachelor's degree in applied chemistry (industry of fine chemistry). Mr. Zhang joined the Group after graduation, and he has served in the production, management and purchasing departments of the Group. He has extensive experiences in the field of corporate management. Mr. Zhang is currently a committee member of The Chinese People's Political Consultative Conference in Chaoyang District, Shantou City and a vice chairman of the Federation of Industry and Commerce in Chaoyang District, Shantou City.

張子恒先生，39歲，華寶香精董事及集團煙用原料事業部總裁，自一九九九年七月起加入本集團。張先生亦是載於綜合財務報表附註33分別有「ZH1」和「ZH2」符號之本公司主要附屬公司的董事及法定代表人。張先生畢業於華東理工大學，獲精細化工學士學位。張先生大學畢業後即加入本集團，先後在生產、管理、採購等部門任職，在企業營運方面擁有豐富經驗。張先生現兼任及汕頭市潮陽區政協委員及汕頭市潮陽區工商業聯合會副主席。



**Mr. ZHAO De Xu**, aged 40, the president of Innovative Tobacco Products Division of the Group, joined the Group since February 2015. Mr. Zhao is also a director of the Company's principal subsidiaries marked with "DX1" as set out in Note 33 to the consolidated financial statements. Mr. Zhao graduated from The Brandenburg University of Technology in Germany and holds a Master degree in information technology. He worked in Germany for more than 10 years. Mr. Zhao was selected as a member of China's "Thousand Talents Plan" of Xinjiang Project and as an overseas high-level talent of Jiangsu Province. He was named the "2012 China's most valuable CIO" and one project he participated was awarded the "First Class Award of Nanjing Enterprise Management Modernization Innovation Achievements". Before joining the Group, Mr. Zhao held executive position in a large diversified holding group. He has extensive experiences in the fields of corporate management, strategic and information management.

趙德旭先生，40歲，集團新型煙草製品事業部總裁，自二零一五年二月起加入本集團。趙先生亦是載於綜合財務報表附註33有「DX1」符號之本公司主要附屬公司的董事。趙先生畢業於德國勃蘭登堡州工業大學，獲信息技術碩士學位，並曾在德國工作逾十年。趙先生曾入選中國「千人計畫」新疆項目、江蘇省海外高層次人才及獲選「2012年度中國最具價值CIO」，其參與創造的項目曾榮獲「南京市企業管理現代化創新成果一等獎」。趙先生在加入本集團前，曾在大型多元化控股集團擔任高管職務，彼在企業管理、戰略與信息管理等领域擁有豐富經驗。



## Biographical Details of Directors and Senior Management (Note)

### 董事及高級管理層履歷（註）



**Mr. Alan DAVIES**, aged 69, the chief flavourist of Huabao Flavours and general manager of Aromascape Development Centre in Germany, joined the Group since February 2007. Mr. Davies is also a director of the Company's principal subsidiaries marked with "AD1" as set out in Note 33 to the consolidated financial statements. Mr. Davies holds a Higher National Diploma in food science of Grimsby College of Technology, United Kingdom. Mr. Davies served as a senior flavourist in charge of creation and applications in a number of world renowned flavours and fragrances companies and tobacco factory, including BBA, Carreras Rothmans, Dragoco and Symrise. Mr. Davies has over 35 years of experience in tobacco flavours.

**Alan DAVIES先生**，69歲，華寶香精首席調香師，德國Aromascape研發中心總經理，自二零零七年二月起加入本集團。Davies先生亦是載於綜合財務報表附註33有「AD1」符號之本公司主要附屬公司的董事。Davies先生持有英國Grimsby College of Technology的食品科學高級國家文憑，亦曾任職多家國際知名的香精香料公司和煙廠，包括BBA、Carreras Rothmans、Dragoco及Symrise，期間擔任高級調香師及主管開發和應用，Davies先生擁有超過三十五年的煙用香精香料經驗。

Note: Information contained in this section was up to 31 March 2017

註：此部份所載資料乃截至二零一七年三月三十一日止

## Corporate Governance Report

### 企業管治報告

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

#### CORPORATE GOVERNANCE

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

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

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The INEDs of the Company were not appointed for a specific term as they are subject to retirement by rotation no later than the third annual general meeting of the Company since their last appointment or re-election and are eligible for re-election in accordance with the Company's bye-laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

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

#### 企業管治

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

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

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

## Corporate Governance Report

### 企業管治報告

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

#### Changes in Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 17 November 2016 (being the date of approval of the Company's 2016/17 interim report) and 16 June 2017 (being the date of approval of this Annual report) of the Company are set out below:

1. Mr. XIA Li Qun ceased to act as CFO of the Company with effect from 17 March 2017.
2. Mr. XIONG Qing was appointed as Executive Director and CFO of the Company with effect from 17 March 2017.
3. Mr. POON Chiu Kwok was appointed as an independent non-executive director for each of Jinchuan Group International Resources Co., Ltd. (with effect from 21 March 2017) and Honghua Group Limited (with effect from 15 June 2017) (both listed on the Hong Kong Stock Exchange).

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

#### 董事資料更新

根據上市規則第13.51B(1)條，按照第13.51(2)條(a)至(e)和(g)段要求，於二零一六年十一月十七日（為通過本公司二零一六／二零一七年度之中期報告當日）至二零一七年六月十六日（為通過本年報當日期間），本公司的董事資料變動載列如下：

1. 夏利群先生不再擔任本公司之首席財務官，自二零一七年三月十七日起生效。
2. 熊卿先生獲委任為本公司之執行董事兼首席財務官，自二零一七年三月十七日起生效。
3. 潘昭國先生分別獲委任為金川集團國際資源有限公司（自二零一七年三月二十一日起生效）；以及宏華集團有限公司之獨立非執行董事（自二零一七年六月十五日起生效）（均於香港聯交所上市）。

## Corporate Governance Report

### 企業管治報告

#### THE BOARD

##### Board Composition

The Company has a well-balanced Board. The Board comprises five Executive Directors and four INEDs. The members of the Board are as follows:

##### Executive Directors

Ms. CHU Lam Yiu	(Chairwoman and CEO)
Mr. XIA Li Qun (Note 1)	(Vice Chairman)
Mr. POON Chiu Kwok	(Company Secretary)
Mr. XIONG Qing (Note 2)	(CFO)
Mr. LAM Ka Yu	

##### Independent Non-executive Directors

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

##### Notes:

1. Ceased to act as CFO with effect from 17 March 2017
2. Appointed as Executive Director and CFO with effect from 17 March 2017

There is no relationship (including financial, business, family or other material relationship) between any members of the Board, except for Ms. CHU Lam Yiu is the mother of Mr. LAM Ka Yu (both are Executive Directors of the Company). Biographies of the Directors are set out on pages 40 to 44 of this annual report. The present Board has experience, expertise, and qualifications in aspects of production and operation, management, accounting and finance, legal and regulatory both in Hong Kong and China. Two out of four INEDs possess recognized professional qualification in accounting. The INEDs bring independent judgment, professional knowledge and experience appropriate for the Board's deliberations. All Directors have relevant qualifications in relevant field of expertise and have exhibited personal and professional ethics and integrity. The diversity of experiences and backgrounds enables the Board to enhance better corporate governance and performance standard and to bring in valuable contributions and objective advices for the development of the Group's businesses.

#### 董事會

##### 董事會成員

本公司有一個全面化的董事會。董事會由五名執行董事及四名獨立非執行董事組成。董事會成員如下：

##### 執行董事

朱林瑤女士	(主席兼首席執行官)
夏利群先生 (附註1)	(副主席)
潘昭國先生	(公司秘書)
熊卿先生 (附註2)	(首席財務官)
林嘉宇先生	

##### 獨立非執行董事

李祿兆先生
麻雲燕女士
丁寧寧博士
胡志強先生

##### 附註：

1. 於二零一七年三月十七日不再擔任首席財務官
2. 於二零一七年三月十七日獲委任為執行董事兼首席財務官

董事會成員之間並無任何關係(包括財務、業務、家屬或其他重大關係)，除了朱林瑤女士及林嘉宇先生(均為本公司執行董事)為母子關係。董事履歷載於本年報第40至44頁。現時之董事會於生產營運、管理、會計及金融、法律以及香港和中國規管方面具有經驗、專長及資格。四名獨立非執行董事當中兩名擁有認可的會計專業資格。獨立非執行董事為董事會議事提供適當專業的知識、經驗及獨立判斷。所有董事在其專業範圍內擁有相關資歷，並顯示了個人專業操守和誠信。董事會的多元化經驗及背景可提升良好企業管治表現及標準，並為本集團業務發展帶來寶貴貢獻及客觀建議。

## Corporate Governance Report

### 企業管治報告

During the year ended 31 March 2017, the Board met the requirements of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the board, with at least one independent non-executive director possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules). The Company has received, from each of the INEDs, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the INEDs are considered to be independent pursuant to the Listing Rules.

#### Chairwoman and Chief Executive Officer

Ms. CHU Lam Yiu is the Chairwoman of the Board (responsible for the management of Board operation and development of the Group's strategic planning) and Executive Director of the Company. She took up the position of CEO (responsible for important management and business decisions making of the Group) since 9 April 2013. Ms. Chu has extensive experience in business operation and strategic planning. The Board believes that Ms. Chu, by taking up the roles of the Chairwoman and CEO concurrently, is beneficial to the business development and management of the Group.

Mr. XIA Li Qun as Vice Chairman, is responsible for the daily operational management of the Group and report to the CEO directly.

There are guidelines setting out the authority and duties of the Chairwoman and the CEO, details of which were set out in the Corporate Governance Report of the Company's annual report from year 2007/2008 to year 2012/2013. With the support of Mr. XIA Li Qun as the Vice Chairman, Mr. XIONG Qing as the Chief Financial Officer, Mr. POON Chiu Kwok as the Company Secretary and the Qualified Accountant, the Chairwoman shall ensure that all Directors are properly briefed on issues arising at board meetings and receive adequate, complete, reliable and timely information for making decisions. Apart from the above, the Chairwoman is also responsible for the duties as specified in code provisions A.2.4 to A.2.9 of the CG Code.

於截至二零一七年三月三十一日止年度內，董事會符合上市規則有關委任佔董事會成員人數至少三分之一的獨立非執行董事，並且其中至少一名獨立非執行董事須具備適當的專業資格，或具備相關適當的會計或相關的財務管理專長之規定（遵守上市規則第3.10條的規定）。根據上市規則第3.13條，本公司已獲得各獨立非執行董事之年度獨立性確認書。董事會已評估彼等之獨立性，並認為全體獨立非執行董事根據上市規則均被視為獨立。

#### 主席與首席執行官

朱林瑤女士為本公司董事會主席（負責領導董事會的運作及本集團的戰略規劃）兼執行董事，彼自二零一三年四月九日起兼任首席執行官（負責本集團重大管理及業務決策）職務。朱女士於企業營運和策略規劃方面具有豐富經驗，董事會相信朱女士同時出任主席及首席執行官之職，有利於本集團的業務發展及管理。

夏利群先生兼任副主席，負責本集團日常營運管理工作，並直接向首席執行官匯報。

主席與首席執行官之權力及職責訂有指引，詳情已刊載於本公司二零零七／二零零八年度至二零一二／二零一三年度之年報內的企業管治報告。主席於副主席夏利群先生、首席財務官熊卿先生、公司秘書潘昭國先生及合資格會計師的支持下，須確保所有董事就於董事會會議提出的事項得到適當說明，並獲得充足完整、可靠和及時的資料以作出決策。除上述外，主席亦負責企業管治守則條文第A.2.4至A.2.9條指定之職務。

## Corporate Governance Report

### 企業管治報告

#### Roles and Responsibilities of Directors

The primary objective of the Board is to maximize the profitability of the Company and to safeguard and enhance long-term value of the Company for the shareholders. To this end, the Board assumes the responsibilities for leadership and control of the Company and oversees the businesses, strategic development direction, financial performance and corporate governance of the Group. All new board members have been given information on the general business background and policy of the Company on joining the Board. All Directors have been provided with regular trainings by external experienced lawyers to update and refresh the applicable legal and other regulatory requirements and enhance the knowledge and skills required from Directors to perform their duties.

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

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

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

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

#### Board Meetings

The Board conducts scheduled board meetings on a quarterly basis to discuss strategies and business issues, including financial performance of the Group. Details of attendance of the Directors at the physical meetings are set out on page 69 of this annual report.

Notices of board meeting are given to each member of the Board at least 14 days prior to the meeting, whereby the Director can put forward his/her proposed items into the agenda. The agenda and the relevant board papers are then circulated to the Directors at least 3 days before a board meeting is convened to enable them to make informed decisions at the meeting.

#### 董事的角色和責任

董事會之主要目的乃為股東創造本公司最大利潤及提高和保護其長期價值。為此，董事會負有領導和控制本公司，監察本集團業務及策略發展方向、財務表現和企業管治的責任。所有加入董事會的新成員均獲有關本公司一般業務背景和政策之資料。全體董事均獲經驗豐富的外聘律師提供定期培訓，以更新適用法規及監管規定要求和增進董事履行職責時所需的知識技能。

在主席領導下，董事會集體負責制定審批公司的業務策略、為管理層設立目標、監督業務表現和評估管理策略的有效性。

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

本公司之公司細則載有關於董事會責任及議事程序的條文。重大業務政策均須經董事會討論和審批。為確保董事履行職責，公司設有適當的組織架構和清晰的責任和權限。

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

#### 董事會會議

董事會每季舉行預定的董事會會議，討論政策和業務事宜，包括本集團財務表現。董事出席會議的紀錄載於本年報第69頁。

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

## Corporate Governance Report

### 企業管治報告

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

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

During the reporting period, the Chairwoman has held a meeting with the INEDs without the presence of Executive Directors.

#### Directors' Appointment and Re-election

Although all the Directors were not appointed for a specific term, every Director shall, in accordance with bye-law 87 of the Company, retire from office by rotation no later than the third AGM of the Company since their last appointment or re-election and are eligible for re-election.

#### Directors' Interests and Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding dealing in the securities of the Company by the Directors. Having made specific enquiries of all Directors, the Company has received their written confirmations that they have complied with the required standard as set out in the Model Code throughout the reporting period. Full details of the Directors' interests in the shares are set out on page 84 of this annual report.

#### Delegation of Directors

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

董事會及董事委員會會議紀錄的初稿於定稿前，分別會提交董事及有關董事委員會成員審閱和表達意見，會議紀錄最後版本由公司秘書保管，可供所有董事及委員會委員查閱。如個別董事在董事會會議擬考慮的事項中存有利益，該(等)董事需放棄投票，董事會將確保有足夠的獨立董事參與會議並作出決策。

各董事均有權查閱董事會文件及有關資料，以及不受限制地取得公司秘書／本公司法務部門的意見及服務，確保董事會程序及所有適用規則及規例均獲得遵守。董事亦可在有需要時徵求獨立專業意見，有關費用由本公司支付。本公司鼓勵獨立非執行董事積極參與董事會會議，並擔任董事會轄下委員會委員。

於報告期內，主席已與獨立非執行董事舉行一次沒有執行董事出席的會議。

#### 董事之委任和重選

雖然所有董事的委任均沒有指定任期，根據本公司之公司細則第87條，所有董事須於其上次獲委任或重選後不超過第三屆本公司股東週年大會上輪值告退，並符合資格膺選連任。

#### 董事權益和進行證券交易

本公司已採納標準守則，作為董事進行本公司證券交易的操守準則。經向全體董事作出特定查詢後，本公司已收到全體董事之書面確認彼等在報告期內已遵守標準守則所規定之標準。董事權益詳情載列於本年報第84頁。

#### 董事的委託

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

## Corporate Governance Report

### 企業管治報告

#### BOARD COMMITTEES

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

#### Remuneration Committee

The Remuneration Committee consists of three INEDs, namely Mr. LEE Luk Shiu (the chairman of Remuneration Committee), Ms. MA Yun Yan, Mr. WU Chi Keung, and an Executive Director, Mr. XIA Li Qun.

The Remuneration Committee's responsibilities include making recommendations for approval by the Board with respect to matters relating to the remuneration of Executive Directors and senior management. The terms of reference of the Remuneration Committee was published on the Company's website at [www.huabao.com.hk](http://www.huabao.com.hk) and on the Hong Kong Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). In discharging its responsibilities, the Remuneration Committee has performed the following works:

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

Directors will abstain from voting in determining their own remuneration packages. During the year ended 31 March 2017, the Remuneration Committee met once regarding the emolument packages of the Directors and senior management for reviewing, among others, remuneration package of newly appointed Executive Director and CFO, Mr. XIONG Qing. The individual attendance of Remuneration Committee members at meetings is set out on page 69 of this annual report. Details of the emolument of the Directors are set out in Note 35 to the consolidated financial statements while details of the New Share Option Scheme and the Share Options granted under the 2006 Share Option Scheme to the Directors and senior management are set out on pages 80 to 82 of this annual report.

#### 董事委員會

本公司設有薪酬委員會、審核委員會和提名委員會。各委員會已訂明書面職權範圍，清晰確定其責任和授權。委員會主席在每次會議後向董事會匯報和作出建議。

#### 薪酬委員會

薪酬委員會由三名獨立非執行董事，即李祿兆先生（為薪酬委員會主席）、麻雲燕女士和胡志強先生，連同一名執行董事夏利群先生組成。

薪酬委員會之主要職責包括就有關執行董事及高級管理層的薪金事宜向董事會作出推薦意見，以備董事會通過。薪酬委員會的職權範圍已刊登於本公司網站[www.huabao.com.hk](http://www.huabao.com.hk)和香港聯交所網站[www.hkexnews.hk](http://www.hkexnews.hk)。為履行其職責，薪酬委員會已進行下列工作：

- 檢閱本公司之執行董事及高級管理層之薪酬政策及架構並作出推薦意見；
- 參考市場水平、本集團業務表現及董事會不時訂立之個別及企業目標及目的，評估執行董事之薪酬組合，並就獨立非執行董事之薪酬作出推薦意見以備董事會通過；及
- 審閱及評估本公司之購股權計劃。

董事須就釐定彼等薪酬組合時放棄投票。於截至二零一七年三月三十一日止年度內，薪酬委員會就審閱本公司董事和高級管理層的薪酬組合召開一次會議，其中包括審閱新委任的執行董事及首席財務官熊卿先生之薪酬待遇。各薪酬委員會委員出席會議的紀錄載於本年報第69頁。董事之薪金詳情載於綜合財務報表附註35，而新購股權計劃詳情及按二零零六年購股權計劃授予董事和高級管理層之購股權亦載於本年報第80至82頁。



## Corporate Governance Report

### 企業管治報告

#### Audit Committee

The Audit Committee comprises four INEDs, namely Mr. LEE Luk Shiu (the chairman of Audit Committee), Ms. MA Yun Yan, Dr. DING Ningning and Mr. WU Chi Keung.

The principal responsibilities of the Audit Committee include assisting the Board in maintaining a high standard of corporate governance, developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, particularly by providing independent review of the effectiveness of the Company's financial reporting process and material internal controls, including financial, operational, compliance and risk management controls and, to maintain good and independent communications with the management as well as auditors of the Company. The Audit Committee is also responsible for performing the corporate governance duties set out in the terms of reference under code provision D.3.1 of the CG Code as delegated by the Board. In discharging its responsibilities, the Audit Committee has performed the following work:

- To review the financial budget and planning including the annual and interim financial statements and results announcements during the financial year;
- To discuss with the external auditors and the management on possible accounting risks;
- To review the effectiveness of the Group's financial controls, corporate governance, internal controls and risk management systems;
- To review the sufficiency of manpower, resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
- To approve the audit fees and terms of engagement of the external auditors;

#### 審核委員會

審核委員會由四名獨立非執行董事，即李祿兆先生（為審核委員會主席）、麻雲燕女士、丁寧寧博士和胡志強先生組成。

審核委員會的主要職責為協助董事會維持高水平企業管治，制定及檢討本公司的企業管治政策及常規，並向董事會提出建議，尤其是就本公司的財務匯報流程之有效性和重大內部監控包括財務、運作、合規和風險控制提供獨立意見，以及與本公司管理層及核數師保持良好及獨立的溝通。審核委員會已獲董事會授權，負責履行載列於職權範圍內有關企業管治守則條文第D.3.1條之職能。履行其職責時，審核委員會已進行下列工作：

- 審閱財政年度內之財務預算及籌資計劃，包括全年及中期財務報表及業績公佈；
- 與外聘核數師及管理層就潛在會計風險作出討論；
- 檢討本集團之財務監控、企業管治、內部監控及風險管理系統之有效性；
- 檢討處理會計、內部審核及財務匯報職能方面的人手、資源、員工資歷經驗及接受的培訓課程及有關預算是否充足；
- 批准外聘核數師之核數費用及委任任期；

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- To review the independence of the external auditors and make recommendations to the Board on the re-appointment of the external auditors; and
- To review and monitoring the Company's policies and practices on compliance with corporate governance and other legal and regulatory requirements, and to report to the Board on their decisions or recommendation.

The terms of reference of Audit Committee was published on the Company's website at [www.huabao.com.hk](http://www.huabao.com.hk) and on the Hong Kong Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk).

The Audit Committee meets regularly with the Company's external auditors to discuss accounting issues, and reviews the effectiveness of risk management and internal control systems. During the year ended 31 March 2017, the Audit Committee met twice for reviewing the financial reports for 2015/2016 audited annual results and 2016/2017 interim results (including the Company's compliance with the CG Code and the contents disclosed in the Corporate Governance Report) and the effectiveness of the Group's risk management and internal controls system. The individual attendance of Audit Committee members at meetings is set out on page 69 of this annual report. Members of the Audit Committee were satisfied with the Company's risk management and internal control systems and the financial reporting disclosures.

The Audit Committee of the Company has reviewed the Group's audited annual results for the year ended 31 March 2017.

#### Nomination Committee

The Nomination Committee comprises an Executive Director, Ms. CHU Lam Yiu (the chairwoman of Nomination Committee) and two INEDs, namely Mr. LEE Luk Shiu and Dr. DING Ningning.

- 審閱外聘核數師之獨立性及就續任外聘核數師向董事會作出推薦意見；及

- 檢討及監察本公司在遵守企業管治及其他法律及監管規定方面的政策及常規，並向董事會匯報其決定或建議。

審核委員會的職權範圍已刊登於本公司網站 [www.huabao.com.hk](http://www.huabao.com.hk) 和 香港聯交所網站 [www.hkexnews.hk](http://www.hkexnews.hk)。

審核委員會與公司的外聘核數師定期開會討論會計問題，並檢討風險管理及內部監控系統之有效性。於截至二零一七年三月三十一日止年度內，審核委員會舉行兩次會議以審閱二零一五／二零一六年度之經審核全年業績及二零一六／二零一七年度之中期業績（包括本公司遵守企業管治守則情況和於企業管治報告中披露的內容）以及檢討本集團之風險管理及內部監控系統之有效性。各審核委員會委員出席會議的紀錄載於本年報第69頁。審核委員會委員對本公司之風險管理及內部監控系統和財務報告的披露表示滿意。

本公司審核委員會已審閱本集團截至二零一七年三月三十一日止年度之經審核全年業績。

#### 提名委員會

提名委員會由一名執行董事，朱林瑤女士（為提名委員會主席）和兩名獨立非執行董事，即李祿兆先生和丁寧寧博士組成。

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The principal responsibilities of the Nomination Committee include formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy, considering the development targets and strategies of the Company and the skills mix needed in respect of the Board, and making recommendations to the Board on the appointment of directors and succession planning for directors. The terms of reference of the Nomination Committee was published on the Company's website at [www.huabao.com.hk](http://www.huabao.com.hk) and on the Hong Kong Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). In discharging its responsibilities, the Nomination Committee has performed the following work:

- To review the structure, size and composition of the Board and diversity of Board members, and make any proposed changes to the Board according to the Company's corporate strategy;
  - To consider the development targets and strategies of the Company and the skills mix needed in respect of the Board, and make recommendations to the Board;
  - To assess the independence of INEDs and review the INEDs' annual confirmations on their independence; and make disclosure of its review results in the Corporate Governance Report;
  - To review the time required from a Director to perform his/her responsibilities; and
  - To make recommendations to the Board on the appointment or re-appointment of directors.
- 提名委員會之主要職責為制定提名政策供董事會考慮，並執行經董事會批准的提名政策，考慮公司發展目標策略和董事會所需的技能組合，以及就董事委任和董事的繼任計劃向董事會提出建議。提名委員會的職權範圍已刊登於本公司網站[www.huabao.com.hk](http://www.huabao.com.hk)和香港聯交所網站[www.hkexnews.hk](http://www.hkexnews.hk)。履行其職責時，提名委員會已進行下列工作：
  - 檢討董事會的架構、人數、組成及成員的多元化，並按公司的企業策略向董事會提出任何改動建議；
  - 考慮公司發展目標策略及董事會所需的技能組合，然後向董事會提出建議；
  - 評核獨立非執行董事的獨立性及審視獨立非執行董事就其獨立性而作出的年度確認；並在《企業管治報告》內披露檢討結果；
  - 檢討董事履行其責任所需付出的時間；及
  - 就董事的委任或重新委任向董事會提出建議。

#### Board Diversity Policy

The Company adopted a board diversity policy in September 2013 (the "Policy") which sets out the approach to achieve diversity on the board by considering a number of factors and measurable objectives, including without limitation, gender, age, cultural and educational background, professional skills, knowledge, experience and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and background of the Board. Appointments of Board members shall be based on merit, and candidates will be assessed based on objective criteria. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee will monitor the implementation of the Policy; review the Policy from time to time, as appropriate; report to the Board on their decisions or propose recommendations on any amendments for the Board's review and approval, to ensure the effectiveness of the Policy.

#### 董事會成員多元化政策

本公司於二零一三年九月採納之董事會成員多元化政策（本「政策」）載列董事會為達致成員多元化而採取的方針，當中會考慮多項因素及可計量目標，包括但不限於性別、年齡、文化及教育背景、專業技能、知識、經驗及服務任期方面，以確保董事會的才能、技能、經驗及背景有恰當的比重及權衡。董事會成員的委任均以用人唯才為原則，在考慮人選時以客觀條件進行評估，本公司亦會根據本身的業務模式及與時並進的特定需要去考慮各種因素。提名委員會將監察本政策的執行，在適當時候作出檢討，向董事會匯報其討論決定或提出任何修訂建議，並交由董事會審批，以確保本政策持續有效。

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During the year ended 31 March 2017, the Nomination Committee met once for reviewing the Board's structure, the diversity of Board members and the commitment of Directors (including considering the appointment of Mr. XIONG Qing as Executive Director and CFO) and making recommendations to the Board. The Nomination Committee considered that the composition of the Board is well balanced and diversified in terms of gender, age, educational background, professional skills and experience. It meets with the needs of the business operations and development of the Group. The Board is of the view that every Director has dedicated sufficient time and attention to the affairs of the Company. Each Director had disclosed to the Company at the time of his/her appointment of the directorships held in other listed companies or nature of offices held in public organizations and other significant commitments. The Company has also requested Directors to provide in a timely manner any change in such information. The individual attendance of Nomination Committee members at meetings is set out on page 69 of this annual report.

#### RISK MANAGEMENT AND INTERNAL CONTROL

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

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

於截至二零一七年三月三十一日止年度內，提名委員會就檢討董事會的架構、成員的多元化和董事履行職務的情況召開一次會議，包括就委任熊卿先生為執行董事及首席財務官作出考慮，並向董事會提出建議。提名委員會認為董事會的組成結構平衡得宜，不論在性別、年齡、教育背景、專業技能及經驗上均呈現多元化，亦配合集團的業務運作及發展需求。董事會確認每名董事均已投入足夠時間及精神處理公司之事務。每名董事於接受委任時均會向公司披露於其他上市公司之董事職務或於公眾組織所擔任之職位性質以及其他重大承擔。公司亦已要求董事適時向公司提供該等資料之任何變動。各提名委員會委員出席會議的紀錄載於本年報第69頁。

#### 風險管理及內部監控

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

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

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

#### Organizational Structure and Risk Management

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

The Company has set out the Internal Audit Department with scope of works advised by the Audit Committee.

The Legal Department is led by experienced professional legal staff, together with Compliance Department and other business functions (including Internal Audit Department) of the Group monitor and assess risk regularly, boost related management standards and evaluate investment projects. The Company has engaged a reputable law firm, Herbert Smith Freehills, as its annual retainer counsel for provision of legal advice relating to compliance of Listing Rules and regulatory requirements.

#### Authority and Control

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

#### Budgetary Control and Financial Reporting

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

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

董事會為有效的內部監控已設立的主要程序如下：

#### 組織結構及風險管理

本集團設有適當的組織結構和明確的營運政策和程序以及責任和授權。

本公司設立內部審計部門，其工作範疇經由審核委員會建議。

本集團的法務部及合規部，其中法務部以資深的專業法務人員為首，連同其他業務部門（包括內部審計部門），定期監測和評估風險、提升相關管理水平和評估投資項目。本公司已聘用一間著名律師事務所－史密夫斐爾律師事務所作為其常年法律顧問，就上市規則和監管要求的合規性提供法律意見。

#### 授權和監控

授予執行董事和高級管理層適當的權力執行企業政策及策略和董事會制定的相關事項。

#### 預算控制和財務匯報

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

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

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#### Risk Management and Internal Control Review

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

- (i) To follow up the enhancement progress in response to the previous recommendations from an external independent expert in respect of internal control system;
- (ii) To carry out a high level review on the internal control system of new members/businesses of the Group under the principles set out by The Committee of Sponsoring Organizations of the Treadway Committee ("COSO") covering major control aspects;
- (iii) To arrange site visit and perform focused walk through test on the internal control system of members of the Group on a selective basis pursuant to the principles of COSO; and
- (iv) To design and review the questionnaires on the effectiveness of the risk management and internal control systems submitted by the head offices of the Group, subsidiaries, business sectors of the Company.

The Company has adopted a set of risk management and internal control policies and procedures to safeguard the Group's assets, to ensure proper maintenance of accounting records and reliability of financial information, and to ensure compliance with relevant laws and regulations.

The Directors and senior management of the Company received the information about local, market and the competitors' dynamic movements each week and their understanding of the risk assessment is enhanced through the on-the-job training and regular senior management meetings, at which they discuss cases of the potential risk management.

Identification, assessment and management:

- The head of each department such as the Investment Department, Finance Department and the Board of the Company will inform and report to the relevant Directors regarding the factors that have impact on the profit and price based on the nature of business and their own experience. During the course of execution, the concerned project teams of the Company will handle relevant documents and report to the relevant personnel (including the Directors).

#### 風險管理及內部監控評估

於報告期內，內部審計部門對內部監控系統（包括財務、營運和合規監控和風險管理功能）進行年度評估。評估採用風險導向方式塑造和檢討內部控制系統成效，包括下列工作：

- (i) 回應過往外部獨立專家的意見，跟進提升內部監控系統的進度；
- (ii) 根據The Committee of Sponsoring Organization of the Treadway Committee (「COSO」) 所訂之原則，當中包括檢討各重大之監控範疇，對集團新成員或業務的內部監控系統進行高層次檢查；
- (iii) 隨機到訪本集團之廠房和根據COSO的原則對其內部監控系統進行專項穿行測試；和
- (v) 設計及檢查集團總部、各事業部門及附屬公司就風險管理及內部監控系統的有效性提交的調查表格。

本公司已採納一套風險管理及內部監控政策及程序，以保障本集團資產，確保會計記錄妥善保存及財務資料的可靠性，以及確保遵守相關法律及法規。

本公司的董事及高級管理層每星期都會收到週報資料（包括地方、市場及競爭對手的動態），透過定期的高級管理層會議討論有關潛在的風險管理個案及在職培訓，以增加董事及高級管理層對風險評估的認知。

辨認、評估及管理：

- 本公司的部門主管（包括投資部、財務部及董事會）會根據業務性質及自身經驗，針對那些對盈利或價格有影響的因素知會有關董事及作出匯報。當有關的狀況執行中時，本公司相關專案小組會處理專案文件，並向有關人員（包括董事）匯報情況。

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- As for the matters as required to be disclosed under the Listing Rules, the Compliance Department will present the issues to the Board for review and discussion, and the Legal and Compliance Departments will inform relevant members of the project team that dealing in the shares of the Company is prohibited.

Review prior to the transactions:

- Generally, the price sensitive information forms regarding the daily operation and connected transactions of the Company will be circulated to relevant departments at the beginning of every month by the Finance Department, and the Finance Department will combine and submit the forms to the Compliance Department for general review in the middle of each month, ensuring that there are no material omissions. Legal Department will also confirm with the Compliance Department for any material contracts.

During the reporting period, Internal Audit Department has presented its review report and make recommendations to the Audit Committee and the Audit Committee has discussed with the management and reported the progress of the work plan and related findings, particularly those related to new members of the Group to the Board at board meeting.

#### Measures to further enhance Internal Control Systems and Corporate Governance practices

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

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

- 若按上市規則需要披露的事項，合規部門將提呈董事會審閱及審議，並提交所有董事審閱，同時法務部／合規部會通知專案組有關成員禁止買賣本公司股票。

截至交易前的檢查：

- 本公司的日常經營及關連交易的價格敏感資訊表，通常於每個月初經由財務部發出給相關部門，並於每月中旬由財務部匯總到合規部做總體檢查，確認並無任何重大遺漏，而法務部亦會每月向合規部確認有關重大合同事項。

於報告期內，內部審計部門直接向審核委員會提交其評估報告和建議，審核委員會已與管理層討論，並在董事會會議上向董事會提交其工作計劃進展和相關發現，尤其是關於本集團新成員。

#### 提升內部監控制度及企業管治的措施

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

董事會已進一步加強企業管治常規，包括監控本集團營運和業務發展的內部匯報實施制度，以便按月記錄潛在股價敏感資料，監察持續披露責任。董事會進一步提升企業管治常規就對外貸款制定政策監測借貸水平。此外，本公司常年法律顧問每年至少兩次為董事（原有及新加入的董事）和相關高級管理層提供上市規則、法規要求和執法個案的培訓。

## Corporate Governance Report

### 企業管治報告

During the Reporting Period, the Internal Audit Department of the Company has carried out internal control audits in respect of those risk areas, such as business operation, financial system, project investment and management, corporate governance, etc., and also head offices, business sectors and certain subsidiaries of the Group. The Internal Audit Department has reported to the Directors in respect of the effectiveness of the risk management and internal control system and significant risks. The Board reviewed and evaluated the effectiveness of risk management and internal control systems of the Company and its subsidiaries by considering reviews performed by the Audit Committee with the assistance of the management team and Internal Audit Department and external auditors.

As a result of the above review, the Board confirms, and management has also confirmed to the Board, that the Group's risk management and internal control systems are effective and adequate (including the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate) and have complied with the CG Code provisions on risk management and internal control throughout the reporting period and up to the date of this annual report.

#### Directors' Training

All Directors participated in appropriate continuous professional development and provided the Company with their records of training they received for the period from 1 April 2016 to 31 March 2017. Directors participated in the training which included reading regulatory updates, attending seminars or conducting training sessions and exchanging views.

報告期內，本公司內部審計部門就業務營運、財務系統、項目投資管理、公司治理等風險領域，以及集團總部、事業部及若干下屬企業進行了內部控制審計。內部審計部門就風險管理及內部監控系統的有效性和重大風險向董事進行了匯報。董事會透過審核委員會並且在管理層以及內部審計部門和外聘核數師的協助下對本公司及其附屬公司之風險管理及內部監控系統之成效進行檢討及評估。

根據上述檢討的結果，董事會確認，及管理層亦向董事會確認，本集團之風險管理及內部監控制度均有效和充足（包括本公司在會計、內部審核及財務匯報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算足夠的），並於報告期內及截至本年報日期已遵守企業管治之守則條文的風險管理及內部監控制度之規定。

#### 董事培訓

於二零一六年四月一日至二零一七年三月三十一日止期間內，所有董事均已參與合適之持續專業發展，並已向公司提供所接受培訓之紀錄。董事參與的培訓，包括閱讀最新監管資料，以及出席專題研討會或作培訓交流。

**Attend seminars/  
conduct training  
sessions and  
exchange views**  
出席專題研討會/  
作培訓交流

#### Executive Directors

Ms. CHU Lam Yiu  
Mr. XIA Li Qun  
Mr. POON Chiu Kwok  
Mr. XIONG Qing <sup>(Note)</sup>  
Mr. LAM Ka Yu

#### 執行董事

朱林瑤女士  
夏利群先生  
潘昭國先生  
熊卿先生 <sup>(附註)</sup>  
林嘉宇先生

Yes 有  
Yes 有  
Yes 有  
N/A 不適用  
Yes 有

#### Independent Non-executive Directors

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

#### 獨立非執行董事

李祿兆先生  
麻雲燕女士  
丁寧寧博士  
胡志強先生

Yes 有  
Yes 有  
Yes 有  
Yes 有

Note: appointed on 17 March 2017

附註：於二零一七年三月十七日獲委任



## Corporate Governance Report

### 企業管治報告

#### Company Secretary's Training

Mr. POON Chiu Kwok, the Executive Director, Vice President and Company Secretary of the Company, is responsible for assisting the Board for facilitating communications among Directors as well as ensuring that the Board's policy and procedures are followed properly. The Company Secretary also provides professional advice and services to the Board on corporate governance and other matters. He is also responsible for organizing general meetings and facilitating the induction and professional development of Directors.

During the year ended 31 March 2017, Mr. Poon has obtained over 15 hours of relevant professional training.

#### ACCOUNTABILITY AND AUDIT

##### Directors' Responsibility in Preparing Financial Reporting

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

##### Auditors' Statement and Remuneration

The external auditors have a primary responsibility for auditing and reporting on the financial statements and the Auditors' Report to the Shareholders, details of the financial statements and Auditors' Report are set out on pages 93 to 94 of this annual report.

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

Nature of Services	服務性質	Amount 金額 (RMB000) (人民幣千元)
Audit services	核數服務	
– for the audit of the Group	– 集團審計	4,734
– for the statutory and other audits of the subsidiaries	– 子公司法定及其他審計	6,146
Non-audit services	非核數服務	250

Please also refer to Note 23 to consolidated financial statement set out on page 181 of this annual report for details of Auditors' Remuneration.

#### 公司秘書培訓

本公司執行董事、副總裁兼公司秘書潘昭國先生負責協助董事會，確保董事會成員之間有良好交流溝通及董事會之政策和程序得到適當的遵循。公司秘書亦向董事會提供企業管治事宜等各方面之專業意見及服務，並負責舉行公司股東大會事宜，以及安排董事之入職培訓及專業發展。

截至二零一七年三月三十一日止年度內，潘先生已獲得超過十五小時之相關專業培訓。

#### 問責和審核

##### 董事編製財務報表的責任

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

##### 核數師聲明和酬金

外部核數師主要職責為就財務報表及核數師報告進行核數及向股東作出報告，財務報表及核數師報告詳情載於本年報第93至94頁。

於報告期內，就本公司核數師（包括附屬公司法定的核數師）向本集團提供之核數及非核數服務，已付／應付核數師之費用如下：

核數師酬金詳情請參考載於本年報第181頁綜合財務報表附註23。

## Corporate Governance Report

### 企業管治報告

#### SHAREHOLDERS' RIGHTS

Shares with voting rights in the Company are ordinary shares. The number of issued ordinary shares as at 31 March 2017 was 3,107,962,876. Details of share capital of the Company are set out in Note 16 of Notes to the consolidated financial statements on page 169 of this annual report. Shareholders holding issued ordinary shares of the Company were set out below:

#### 股東權利

賦有投票權的股份均為本公司普通股股份。於二零一七年三月三十一日，已發行普通股股份數目為3,107,962,876股。本公司股本詳情載於本年報第169頁綜合財務報告附註16內。持有本公司已發行普通股之股東如下：

Category/Name	類別／名稱	Full details can be found on the following page of this report 詳細資料載於本年報以下頁數	Total number of issued Shares held	Percentage of the issued share capital
			合共持有已發行股份數目	佔已發行股本百分比
Ms. CHU Lam Yiu <sup>(Note 1)</sup>	朱林瑤女士 <sup>(附註1)</sup>	Page 84 第84頁	2,287,578,900	73.60%
Directors of the Company	本公司董事	Page 84 第84頁	3,720,000	0.12%
Substantial Shareholders <sup>(Note 2)</sup>	主要股東 <sup>(附註2)</sup>	Page 86 第86頁	218,933,000	7.04%
			2,510,231,900	80.76%
Public	公眾人士		597,730,976	19.24%
Total	合計		3,107,962,876	100.00%

#### Notes:

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

#### 附註：

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

#### Procedures for shareholders to convene a special general meeting

Pursuant to bye-law 58 of the bye-laws of the Company, 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 at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a SGM to be called by the Board for the transaction of any business transaction specified in such requisition.

#### 股東召開股東特別大會的程序

按本公司之公司細則第58條，於遞呈要求之日期持有不少於賦有本公司股東大會表決權之本公司繳足股本十分之一之股東，於任何時候均有權透過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，以處理有關要求中指明之任何事項。

## Corporate Governance Report

### 企業管治報告

The requisition shall state clearly the matters required to be considered and approved at the SGM and must be signed by the requisitioner(s) (with contact details) and submitted to the Board in written form to the Company's principal place of business in Hong Kong at least 21 days before the proposed date of the SGM.

The SGM shall be held within 2 months after the deposit of such requisition. If the Directors do not within 21 days from the date of the deposit of the requisition proceed to convene a meeting, the requisitionists may themselves do so in accordance with the provisions of Section 74(3) of the Companies Act 1982 of the laws of Bermuda (as amended) (the "Companies Act"), but any meeting so convened shall not be held after the expiration of 3 months from the said date.

#### Shareholders' right to propose resolutions at general meeting

Pursuant to Sections 79 and 80 of the Companies Act, (i) any number of shareholders representing not less than one-twentieth (5%) of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates; or (ii) not less than 100 shareholders, may submit to the Company a written request stating the resolution intended to be moved at AGM or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statement must be signed by all the requisitionists and may consist of several documents in like form, each signed by one or more of the requisitionists, and must be deposited at the Company's principal place of business in Hong Kong, not less than 6 weeks before the AGM in case of a requisition requiring notice of a resolution or not less than one week before the general meeting in case of any other requisition. Provided that if an AGM is called for a date 6 weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

#### Shareholders' right to propose a person for election as a director

Shareholders shall have right to propose a person for election as a director at the Company's general meeting. Please refer to the detailed procedures for such right on the Company's website [www.huabao.com.hk](http://www.huabao.com.hk).

有關要求須清楚列明擬於股東特別大會上考慮及批准的事項和聯絡詳情，並經遞呈要求人士簽署後以書面形式通知董事會，在建議召開股東特別大會日期至少二十一天前遞交至本公司於香港的主要營業地點。

股東特別大會應於遞呈該要求後兩個月內舉行。倘董事未能於接獲要求當日起計二十一天內召開該大會，遞呈要求人士可以按照一九八二年百慕達公司法（經修訂）（「公司法」）第74(3)條之規定召開該大會，惟據此召開的任何股東大會不得於遞呈要求當日起計三個月屆滿後舉行。

#### 股東於股東大會上提呈議案的權利

根據公司法第79及80條，(i)於遞呈要求日期持有不少於全體股東總投票權（賦有於要求所涉股東大會上之投票權）二十分之一（5%）之股東（不論人數）；或(ii)不少於100名股東，可向本公司遞呈書面要求並列明擬於股東週年大會上動議的決議案，或就於特定股東大會提呈之任何決議案所述的事項或處理的事務作出不超過1,000字的書面陳述。

該書面要求／陳述必須由所有遞呈要求人士簽署（可由多份格式相似並各自經一名或多名遞呈要求人士之文件組成），並須於股東週年大會舉行前至少六個星期（如屬要求決議案通告的要求）或股東大會舉行前至少一個星期（如屬任何其他要求）前遞交至本公司於香港的主要營業地點。倘股東週年大會在該要求書遞交後六個星期或較短期間內召開，則該要求書雖然並非在指定時間內遞交，但就此而言，亦須當作已恰當地遞交。

#### 股東建議人士參選董事的權利

股東有權於本公司股東大會上建議人士參選董事，有關權利的詳細程序可於本公司網站[www.huabao.com.hk](http://www.huabao.com.hk)上查閱。

## Corporate Governance Report

### 企業管治報告

#### Making enquires

Shareholders shall have the right to examine the relevant information of the Company according to the Bye-laws. Shareholders should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited. Shareholders may also direct questions or requests for information through the Company's website at [www.huabao.com.hk](http://www.huabao.com.hk) or by contacting the Head of Investor Relations Department of the Company (e-mail: [ir@huabao.com.hk](mailto:ir@huabao.com.hk)).

#### ACCESSIBLE AND TRANSPARENT COMMUNICATION WITH SHAREHOLDERS

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

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

#### Open Communications

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

#### Shareholders' communication policy

The shareholders' communication policy is available for viewing on the Company's website at [www.huabao.com.hk](http://www.huabao.com.hk).

#### 股東查詢

根據本公司之公司細則，股東有權查閱有關本公司之資料。若股東對其名下持有任何問題，可向本公司之香港股份過戶登記分處卓佳登捷時有限公司提出。股東亦可透過本公司網站[www.huabao.com.hk](http://www.huabao.com.hk)或聯絡本公司之投資者關係部主管（電郵：[ir@huabao.com.hk](mailto:ir@huabao.com.hk)）作出提問或要求索取資料。

#### 與股東緊密及具透明之溝通

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

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

#### 開明的溝通

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

#### 股東通訊政策

本公司之股東通訊政策可於公司網站[www.huabao.com.hk](http://www.huabao.com.hk)上查閱。

## Corporate Governance Report

### 企業管治報告

#### Shareholders' Meeting(s) held during the reporting period

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

Meeting 會議	Date 日期	Venue 地點	Resolutions 決議案
AGM 股東週年大會	9 August 2016 二零一六年 八月九日	Falcon Room, Gloucester Luk Kwok, 72 Gloucester Road, Wanchai, Hong Kong 香港灣仔告士打道72號 六國酒店富萊廳	<ol style="list-style-type: none"> <li>To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31 March 2016; 省覽截至二零一六年三月三十一日止年度經審核財務報表、董事會報告及核數師報告；</li> <li>To re-elect Directors and to authorize the Board to fix their remunerations; 重選董事，並授權董事會釐定彼等之酬金；</li> <li>To re-appoint the auditors and to authorize the Board to fix their remunerations; 續聘核數師，並授權董事會釐定其酬金；</li> <li>To grant general mandates to buy back shares, to issue shares and to exercise the buy-back mandate; and 授予一般授權以回購股份、發行股份及行使回購授權；及</li> <li>To approve the adoption of the New Share Option Scheme and the termination of the 2006 Share Option Scheme. 批准採納新購股權計劃及終止二零零六年購股權計劃</li> </ol>

#### MERGERS & ACQUISITIONS

Details of the mergers and acquisitions of the Company carried out during the reporting period can be found on page 74 of this annual report.

#### CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Group can be found on pages 87 to 90 of this annual report.

#### 於報告期內舉行的股東大會

股東大會為董事會與股東提供一個溝通論壇。為方便股東在股東大會上行使權利，重要事宜乃根據個別決議案於股東大會上處理，包括選舉及重選個別董事。於報告期內舉行之股東大會總括如下：

#### Resolutions

#### 決議案

- To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31 March 2016;  
省覽截至二零一六年三月三十一日止年度經審核財務報表、董事會報告及核數師報告；
- To re-elect Directors and to authorize the Board to fix their remunerations;  
重選董事，並授權董事會釐定彼等之酬金；
- To re-appoint the auditors and to authorize the Board to fix their remunerations;  
續聘核數師，並授權董事會釐定其酬金；
- To grant general mandates to buy back shares, to issue shares and to exercise the buy-back mandate; and  
授予一般授權以回購股份、發行股份及行使回購授權；及
- To approve the adoption of the New Share Option Scheme and the termination of the 2006 Share Option Scheme.  
批准採納新購股權計劃及終止二零零六年購股權計劃

#### 收購合併

於報告期內，本公司收購合併詳情載於本年報第74頁。

#### 持續關連交易

本集團之持續關連交易詳情載於本年報第87至90頁。

## Corporate Governance Report

### 企業管治報告

#### ATTENDANCE RECORD

Details of attendance of the Directors (either in person or through telephone conferences) at board regular meetings, meetings of board committees and general meetings during the reporting period are set out below:

#### 出席記錄

各董事於報告期內親自出席或透過電話會議方式出席董事會會議、董事委員會會議及股東大會的出席率詳情載列如下：

		Board Regular Meeting(s) 董事會定期會議	Audit Committee Meeting(s) 審核委員會會議	Remuneration Committee Meeting(s) 薪酬委員會會議	Nomination Committee Meeting(s) 提名委員會會議	Annual General Meeting(s) 股東週年大會
<b>No. of meeting held</b>	<b>會議次數</b>	9	2	1	1	1
<b>Executive Directors</b>	<b>執行董事</b>					
Ms. CHU Lam Yiu (Chairwoman and CEO)	朱林瑤女士 (主席兼首席執行官)	9/9	N/A 不適用	N/A 不適用	1/1	1/1
Mr. XIA Li Qun (Vice Chairman)	夏利群先生 (副主席)	9/9	N/A 不適用	1/1	N/A 不適用	1/1
Mr. POON Chiu Kwok (Company Secretary)	潘昭國先生 (公司秘書)	9/9	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Mr. XIONG Qing (CFO) (Note)	熊卿先生 (首席財務官) (附註)	1/1	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Mr. LAM Ka Yu	林嘉宇先生	9/9	N/A 不適用	N/A 不適用	N/A 不適用	1/1
<b>Independent Non-executive Directors</b>	<b>獨立非執行董事</b>					
Mr. LEE Luk Shiu	李祿兆先生	9/9	2/2	1/1	1/1	1/1
Ms. MA Yun Yan	麻雲燕女士	9/9	2/2	1/1	N/A 不適用	1/1
Dr. DING Ningning	丁寧寧博士	9/9	2/2	N/A 不適用	1/1	1/1
Mr. WU Chi Keung	胡志強先生	9/9	2/2	1/1	N/A 不適用	1/1

Note: appointed on 17 March 2017

附註：於二零一七年三月十七日獲委任

#### MAJOR CHANGES TO THE BYE-LAWS

During the reporting period, the Company did not make any amendments to the Company's Bye-laws.

#### 公司細則重大變更

於報告期內，本公司之公司細則並無作出任何修訂。

## Investor Relations Report

### 投資者關係報告

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

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

### Investor Relations Review

In order to develop continuously and maintain investor relations communications to ensure that the most updated information would be transmitted to investors in an accurate and fair manner, the Company organized various activities proactively and aggressively through different channels, conducted effective and satisfactory communications under reasonable circumstances.

- **Detailed financial statements**

The company attaches great importance to annual reports and interim reports, put a lot of resources for preparation, and treats it as one of the major communication bridge between the company and investors. Through this approach, the latest information of the Group is transmitted to investors in order to convey the Group's comprehensive strategy, operating principles, business and financial performance and future prospects in a detailed and accurate manner.

- **Annual General Meetings and Special General Meeting**

It is important that the Shareholders have access to clear and meaningful data which enables them to have a constructive dialogue with the Company. Shareholders can raise any questions and comments on the performance or future business directions of the Company and on any resolutions to be considered at the AGM and SGM. The Company's Chairman and the Audit Committee's Chairman were present in person or through telephone/video conferences and available to answer questions raised at the AGM and SGM during the year.

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

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

### 投資者關係工作回顧

在本報告期內，本公司為持續發展及維持投資者關係溝通，以確保最新訊息能準確公平地傳遞至投資者，本公司主動且積極地透過不同渠道進行各項活動，務求在合理的情況下發揮事半功倍的良好溝通。

- **詳盡的財務報告**

本公司高度重視年度報告和中期報告，投放大量資源編製，並將其作為本公司與投資者之間的主要溝通橋梁之一。通過此途徑將本集團最新的資訊傳遞給投資者，務求詳盡準確地傳達本集團全方位的戰略、經營方針、業務及財務表現和未來展望。

- **股東週年大會和股東特別大會**

對股東而言，能夠取得清晰及有效數據十分重要，他們可藉此與本公司建立有效溝通。股東可就本公司之表現、未來業務方針及於股東週年大會及股東特別大會將予審議之任何決議案提出任何詢問及發表評論。年內，本公司主席及審核委員會之主席已親自出席或通過電話／視像會議方式出席股東週年大會及股東特別大會，並解答所提出的問題。

## Investor Relations Report

### 投資者關係報告

- **Information Disclosure**

In order to meet the regulatory requirements of Hong Kong and mainland China, the Company has strengthened information disclosure. During the period of voluntary conditional cash offer by the largest shareholder and the proposed Spin-off of Huabao Flavours, the Company actively communicated with shareholders and investors to deliver the relevant information timely and accurately through e-mails, phone calls and other ways.

- **Investment Conferences**

The Company treasures every opportunity to communicate with and explain its strategies to investors and Shareholders through active participation in investors' conferences hosted by reputable investment banks, securities houses and research institutes.

- **Ongoing Communication with the Investment Community**

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

- **E-Communication via Websites of the Company and Professional Investor Relations**

The Company's website at [www.huabao.com.hk](http://www.huabao.com.hk) contains information such as important corporate data, biographical details of Directors, organizational structure and press releases. In addition, the Company also has professional investors <http://huabao.todayir.com/html/ir.php>, interim and annual reports, announcements and circulars, which enables the Company's Shareholders and members of the investor community to have timely access to the most updated information about the Company.

- **信息披露**

為適應中港兩地的監管要求，本公司加強了信息披露工作。在大股東自願要約及華寶香精分拆上市期間，積極主動與本公司股東及投資者交流，通過電話、郵件等形式及時準確傳遞有關的信息。

- **投資者會議**

透過積極參與由知名的投資銀行、證券行及研究機構主持的投資者會議，本公司把握每一個機會與投資者及股東溝通及向彼等闡述本公司策略。

- **持續與投資社群溝通**

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

- **透過公司網站及專業投資者關係網站進行電子溝通**

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



## Investor Relations Report

### 投資者關係報告

#### • Media Communications

The Company paid great attention to the relationship with the media and proactively issued press releases from time to time. Especially during the period of the voluntary conditional cash offer by the largest shareholder, the Company initiated the issuance of press releases and actively communicated with the media so that to deliver comprehensive and accurate information to investors.

#### • 媒體溝通

本公司積極重視媒體關係，並通過不定時主動向媒體發出新聞稿以加強相互交流。尤其是在大股東自願要約期間，主動發放新聞稿，積極與媒體溝通，做到及時向投資者傳遞全面準確的信息。

#### Investor Relations Contacts

For inquiries, please contact:

Investor Relations Department  
Huabao International Holdings Limited  
Suite 3008  
30th Floor, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

Telephone: (852) 2877 8999

Fax: (852) 2511 8229

E-mail: ir@huabao.com.hk

#### 投資者關係聯絡

如有查詢，請聯繫：

香港  
灣仔  
港灣道18號  
中環廣場  
3008室  
華寶國際控股有限公司  
投資者關係部

電話：(852) 2877 8999

傳真：(852) 2511 8229

電郵：ir@huabao.com.hk

#### Information for investors (as at 31 March 2017)

Board Lot Size	1000 shares
Number of shares issued	3,107,962,876 shares
Market capitalization (based on the closing price of HKD4.54 on 31 March 2017)	HKD14.11 billion

#### 投資者資料 (截止二零一七年三月三十一日)

每手買賣單位股數	1,000股
已發行股份數目	3,107,962,876股
市值 (以二零一七年三月三十一日收市價港幣4.54元計算)	約港幣141.1億元

## Investor Relations Report

### 投資者關係報告

#### Stock Code

The Stock Exchange of Hong Kong  
Limited stock code 00336

Reuters ticker 336.HK

Bloomberg ticker 336HK

#### Financial Calendar

Closing date for transfer of shares  
for Annual General Meeting From 27 July 2017 (Thursday)  
to 2 August 2017 (Wednesday)  
(both days inclusive)

Closing date for transfer of shares  
for payment of final dividend From 7 August 2017 (Monday)  
to 9 August 2017 (Wednesday)  
(both days inclusive)

Annual General Meeting 1 August 2017 (Tuesday)

Date of payment of 2016-17  
proposed final dividend on or about 18 August 2017  
(Friday)

Financial year-end date 31 March

#### 股份代號

香港聯合交易所 00336  
有限公司股份代號

路透社股份代號 336.HK

彭博股份代號 336HK

#### 財務日誌

股份截止過戶日期 二零一七年七月二十七日  
股東週年大會 (星期四) 至八月二日  
(星期三) (包括首尾兩日)

股份截止過戶日期 二零一七年八月七日  
派發期末股息 (星期一) 至九日星期三  
(包括首尾兩日)

股東週年大會 二零一七年八月一日  
(星期二)

派發建議宣派 二零一七年八月十八日  
二零一六至一七年度 (星期五) 或前後  
期末股息日期

財政年度結算日 三月三十一日

## Directors' Report

### 董事會報告

The Board is pleased to present its annual report together with the audited consolidated financial statements for the year ended 31 March 2017.

#### MERGERS & ACQUISITIONS

In May 2016, the Group acquired 20% equity interests in Beijing Yunjiwuyu Technology Co., Ltd. ("Yunjiwuyu") at a consideration of RMB30,000,000. Yunjiwuyu is a high-tech enterprise specialized in the Internet of Things technology and data intelligence solutions.

In September 2016, the Group's indirect wholly-owned subsidiary Huabao Flavours entered into a capital increase agreement with the investors, at a total consideration of RMB846,924,000, to issue an aggregate of 54,290,000 new shares, accounting for approximately 9.79% of the enlarged capital of Huabao Flavours. After completion of the capital increase in September 2016, the Group's shareholding in Huabao Flavours decreased from 100% to 90.21%.

#### VOLUNTARY CONDITIONAL CASH OFFER

On 24 November 2016, Raise Sino Investments Limited, Resourceful Link International Limited (the said companies are wholly-owned by Ms. CHU Lam Yiu, collectively the "Joint Offerors") and the Company jointly announced that a voluntary conditional cash offer to acquire all of the issued shares in the share capital of the Company ("Share Offer") was made by the Joint Offerors and the Joint Offerors extended appropriate offers to all holders of Share Options to cancel all outstanding Options in exchange for cash ("Option Offer") (collectively the "Offers"). On 26 January 2017, the final closing date of the Offers, the Joint Offerors received: (1) valid acceptance in respect of 1,008,316,485 Offer Shares under the Share Offer, representing approximately 55.14% of the Offer Shares and approximately 32.44% of the issued share capital and voting rights of the Company on that date; and (2) valid acceptances in respect of 3,550,000 Share Options under the Option Offer, representing 55.04% of the total number of outstanding Share Options on that date. Immediately after the close of the Offers, Ms. CHU Lam Yiu's shareholding interests (through the companies controlled by her) in the Company increased from 41.16% to 73.60%. Details of which are set out in the composite offer and response document dated 22 December 2016 and announcements in relation to the Offers published during 24 November 2016 to 26 January 2017.

董事會欣然提呈其年報及截至二零一七年三月三十一日止年度之經審核綜合財務報表。

#### 收購合併

於二零一六年五月，本集團以人民幣3,000萬元收購北京雲基物宇科技股份有限公司（「雲基物宇」）20%之股權。雲基物宇是一家專業從事物聯網技術與數據智能解決方案的高科技企業。

於二零一六年九月，本集團間接擁有的全資附屬公司華寶香精與投資者訂立增資協議，以人民幣846,924,000元向投資者增發合共5,429萬股新股，約佔華寶香精擴大後股本的9.79%。該增資於二零一六年九月完成後，本集團於華寶香精的股權由100%降至約90.21%。

#### 自願有條件現金要約

於二零一六年十一月二十四日，Raise Sino Investments Limited及Resourceful Link International Limited（上述兩間公司由朱林瑤女士全資擁有，統稱「聯合要約人」）與本公司聯合宣佈，由聯合要約人提出自願有條件現金要約，以收購本公司股本中的所有已發行股份（「股份要約」），及向全體購股權持有人提出適當要約以註銷所有尚未行使購股權以換取現金（「購股權要約」）（統稱「該等要約」）。於二零一七年一月二十六日該等要約的最後截止日期，聯合要約人已接獲(1)股份要約下就1,008,316,485股要約股份的有效接納，佔要約股份約55.14%及本公司當日已發行股本及投票權總數的約32.44%；及(2)購股權要約下就3,550,000份購股權的有效接納，佔當日尚未行使購股權總數的55.04%。有關詳情，請參閱本公司日期為二零一六年十二月二十二之綜合要約及回應文件，以及二零一六年十一月二十四日至二零一七年一月二十六日期間刊登的有關該等要約的公告。緊接該等要約結束後，朱林瑤女士所持本公司之股權（透過受其控制的公司持有）由41.16%增加至73.60%。

## Directors' Report

### 董事會報告

#### BUSINESS REVIEW

The principal activity of the Company is investment holding and the Group is principally engaged in the R&D, production and sales of flavours and fragrances, tobacco raw materials, aroma raw materials and innovative tobacco products. The activities of the Company's principal subsidiaries are set out in Note 33 to the consolidated financial statements. Further discussion and analysis of the operating activities of the Group during the financial year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Hong Kong Companies Ordinance, can be found in the sections headed "Chairwoman's Statement" and "Management Discussion and Analysis" as set out on pages 9 to 10 and pages 11 to 39 of this annual report respectively. Such discussion forms part of this directors' report.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the following are the key risks and uncertainties identified by the Group as at the date of this report.

##### The impact of control policies on tobacco industry

Following the promulgation and implementation of the new Advertising Law of China in 2015, the restrictions on cigarette marketing have in turn become more rigid, and consequently the marketing space of the tobacco market is becoming narrower. On the other hand, the tax-induced price hike policy which has raised the consumption tax and wholesale price and subsequently escalated the consumption cost of cigarettes, which to a certain extent have suppressed the demand for cigarette consumption. With the tightening of tobacco control policies by the international health organizations and local governments, and the increased awareness of the public on health and tobacco control, it is possible that the production and sales volumes of cigarette will further decline in the future, which in turn will cause the reduction of sales income and operating profit of the tobacco-related products of the Company. In this regard, the Company will continuously attach importance to the impacts of industry and policy changes on the business, and adjust our business and development strategy in due course.

#### 業務回顧

本公司之主要業務為投資控股，而本集團主要從事香精、煙用原料、香原料及新型煙草製品的研發、生產和銷售。本公司之主要附屬公司的業務載於綜合財務報表附註33。按香港公司條例附表5要求，本集團於本財政年度經營活動的進一步討論及分析，以及對本集團業務可能未來發展的指標，分別載於本年報第9至10頁及第11至39頁的「主席報告」和「管理層討論及分析」。該等討論構成本董事會報告的一部份。

#### 主要風險及不明朗因素

本集團之財務狀況、經營業績和業務前景可能由許多風險和不明朗因素直接或間接地影響本集團業務。就董事經所知及所信，認為本集團截至本報告日期的主要風險和不明朗因素如下。

##### 煙草行業管控政策的影響

繼二零一五年中國新《廣告法》的頒佈和實施，對煙草行銷的限制更加嚴厲，煙草市場行銷的空間正變得越來越窄。另一方面，提稅順價政策提高了捲煙的消費稅和批發價，均在一定程度上抑制了捲煙消費需求的增長。隨著國際衛生組織和各地區政府部門加強控煙政策，以及民眾對健康控煙意識的不斷增強，不排除未來捲煙的產銷量進一步下滑，從而導致本公司煙草相關產品銷售收入及營業利潤下降。本公司會持續關注行業及政策變化對業務的影響，適時調整業務及發展策略。

## Directors' Report

### 董事會報告

#### The impact of changes in consumption trends

With the continuous progress of society and the improvement of people's living standards, consumers have increased their awareness of health and environment protection. On the other hand, the age structure and level of consumers continue to evolve. New consumption trend as well as consumption concept and consumption behaviour keeps changing. The demand for the Company's downstream tobacco, food, daily chemical industry continues to change, thus affecting the Company's flavours and fragrances and food ingredients related products and we may face the risk of market share shrinking. The Company will continuously attach importance to and enhance the insight into consumer behaviour and further optimize the product structure in order to meet the requirements of a new generation of consumers.

#### The impact of food safety policy

In October 2015, the Chinese government officially implemented new "Food Safety Law", which is more stringent than before with higher production standards, more specific sales regulations and more severe penalties. To a certain extent, the new law will increase the operating costs of enterprises. If the above policies and standards changed, it will have a direct impact on the Company's future development. The Company will make corresponding adjustment, investment and improvement in product structure, production technology and product performance and other aspects to ensure our products and operation complies with food safety standards.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group plays an important role in protecting our environment and is committed to minimizing our impact on the environment and natural resources. We educate and train our employees on environmental issues and proper handling of hazardous substances and require adherence to corporate guidelines on environmental protection measures. Our plants have basically installed equipment and procedures designs to comply with business operation.

In addition, the Group installed video conference and telephone conference facilities for convening board meetings, committee meetings and management meetings. It enhances the efficiency of business travelling and convening meetings for the management so as to reduce the energy consumption.

#### 消費趨勢變化的影響

隨著社會的不斷進步和人民生活水準的提升，消費者的健康、環保意識有所提高，另一方面，消費者年齡結構和層次不斷演變，新的消費趨勢不停變換、新的消費理念不斷產生，消費者的消費行為亦隨之變化，對公司下游煙草、食品、日化行業的需求不斷變化，進而影響公司的香精及食品配料產品的市場需求，可能面臨市場份額縮減的風險。本公司會持續關注及提升對消費者行為的洞察力，進而進一步優化產品結構滿足新一代消費者的需求。

#### 食品安全政策的影響

中國於二零一五年十月起正式實施的《食品安全法》較以往更加嚴格，生產標準更高，銷售監管更細以及違法懲處更嚴，將在一定程度上增加公司的營運成本，若上述政策及標準發生進一步變化，則將對公司的未來發展產生直接影響。本公司會持續針對上述變化及時在產品結構、生產技術及產品性能等方面做出相應調整、投入及完善，以確保產品及營運符合食品安全標準。

#### 環境政策及表現

本集團在保護環境方面，致力將集團對環境和天然資源造成的影響減至最低。我們為員工提供有關環境問題及妥善處理危險物品的教育和培訓，並要求遵從有關環境保護措施的公司指引。我們的廠房基本上已安裝設備和設有流程，旨在符合業務經營要求。

另外，本集團已安裝視頻會議和電話會議設施以召開董事會會議、委員會會議和管理層會議，此舉有助提升管理層開會出差的效率，從而減少耗能。

## Directors' Report

### 董事會報告

The Group promotes awareness towards environmental protection to the employees. It implements green office practices such as utilizing emails for internal and external communication, adopting e-filing in server, minimizes documents printing and copying and reduces energy consumption by switching off lightings and electrical appliances when not in use.

We have completed our first Environmental, Social and Governance (“ESG”) Report which contains our ESG information in 2016/2017 and the requirements under the Environmental, Social and Governance Reporting Guidelines of the Listing Rules. The ESG report of the Company for 2016 will be published no later than 3 months after the publication of this Annual Report on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.huabao.com.hk](http://www.huabao.com.hk)).

#### KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognizes that employees, customers, suppliers and business partners are the keys to the sustainable development of the Group.

Regarding employee salary and incentive system, the Group has implemented a remuneration system referenced to the market to attract and retains key personnel and talents with appropriate skills, experience and competence which would complement and meet the corporate and business objectives of the Group. The Group ensures all employees are reasonably remunerated and the remuneration packages of employees are reviewed regularly and necessary adjustments are made to the remuneration packages to align with the market standards. Further details on the Group's staff are set out in the “Human Resources and Corporate Culture Construction” section of this report.

The Group adheres to its core value of “client first” for years to maximise client values, maintains good relationship with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions. Besides, the Group has entered into related agreements to promote probity and environmental protection with respective suppliers and conducts an appraisal of its suppliers, with a view to maintaining business relationships with suppliers and customers based on principle of mutual benefit.

#### COMPLIANCE WITH LAWS AND REGULATIONS

The Company complies with the requirements under the Companies Act 1981 of Bermuda (as amended), the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance.

本集團亦推動僱員提升環保意識，實施各項綠色辦公室措施，例如利用電郵作內部和外部溝通、在伺服器採用電子存檔、減少打印和複印文件，以及關掉不使用的照明和電器以減少耗能。

本集團已完成首份環境、社會及管治（「環境、社會及企業管治」）報告，當中載列我們於二零一六／二零一七年度在環境、社會及管治方面的資料，並已遵照上市規則有關環境、社會及管治指引的要求。《環境、社會及管治報告》將不遲於刊發本年報後的三個月內登載於香港聯交所網站([www.hkexnews.hk](http://www.hkexnews.hk))及本公司網站([www.huabao.com.hk](http://www.huabao.com.hk))以供閱覽。

#### 與僱員、客戶及供應商的關鍵關係

董事認同，僱員、客戶、供應商及業務合作夥伴為本集團可持續發展的關鍵。

在員工薪酬及激勵機制方面，本集團根據市場化的原則擬定了一套薪酬制度，吸引及挽留關鍵人員及擁有適合技能、經驗及能力的人才，以補充及滿足本集團的企業及業務目標。本集團確保所有僱員有合理報酬及定期審閱僱員薪酬，於必要時調整薪酬待遇以與市場標準保持一致。本集團員工相關的資訊詳見本報告「人力資源及企業文化建設」章節。

本集團多年來堅持「客戶至上」的核心價值觀，以為客戶創造最大價值為己任，與客戶及供應商保持良好關係，並具有各種渠道，如電話、電郵及實體會議與客戶及供應商持續溝通，以取得其反饋及建議。另外，本集團與個別供應商訂有促進廉潔及環保的相關協定，並對供應商進行評估，以期與客戶及供應商保持互惠互利的業務合作關係。

#### 遵守法律和法規

本公司已遵守百慕達1981年公司法（經修訂）、上市規則和證券及期貨條例，（其中包括）資料披露和企業管治。

## Directors' Report

### 董事會報告

#### SEGMENT INFORMATION

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

#### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated income statement on page 100 of the annual report.

The Board proposes to declare a final dividend of HK22 cents per Share (2016: Nil) in cash (amounting to RMB607 million in aggregate) for the year ended 31 March 2017, which are expected to be paid on or about 18 August 2017, to Shareholders whose names appear on the register of members of the Company on 9 August 2017. The payment of the final dividend is subject to Shareholders' approval at the AGM which is scheduled to be held on 1 August 2017.

#### CLOSE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

In order to determine the entitlement of Shareholders to attend and vote at the AGM of the Company which is scheduled to be held on 1 August 2017, the register of members of the Company will be closed from 27 July 2017 to 1 August 2017, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 26 July 2017. Shareholders whose names are recorded in the register of members of the Company on 1 August 2017 are entitled to attend and vote at the 2017 AGM.

#### 分部資料

於本財政年度，本集團按業務分部劃分之表現分析載於綜合財務報表附註5。

#### 業績及分派

本集團截至二零一七年三月三十一日止年度之業績載於年報第100頁之綜合收益表。

董事會建議向於二零一七年八月九日名列本公司股東名冊之股東宣派截至二零一七年三月三十一日止年度之現金期末股息每股港幣22仙（二零一六年：無）共約人民幣6.07億元，並預期於二零一七年八月十八日或前後派發，但有待訂於二零一七年八月一日舉行的股東週年大會上獲股東批准派發該期末股息。

#### 暫停辦理股份過戶登記手續－股東週年大會

為確定股東有權出席本公司訂於二零一七年八月一日舉行之股東週年大會並在會上投票，本公司將由二零一七年七月二十七日至二零一七年八月一日止（首尾兩日包括在內）暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一七年七月二十六日下午四時三十分前送達本公司之香港股份過戶登記分處卓佳登捷時有限公司，地址為香港皇后大道東183號合和中心22樓。於二零一七年八月一日記錄於本公司股東名冊的股東均有權出席二零一七年股東週年大會及於會上投票。

## Directors' Report

### 董事會報告

#### CLOSE OF REGISTER OF MEMBERS FOR THE FINAL DIVIDEND

In order to determine Shareholders who qualify for the proposed final dividend, the register of members of the Company will be closed from 7 August 2017 to 9 August 2017, both days inclusive, during which no transfer of shares will be effected. All properly complete transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 August 2017. Shareholders whose names are recorded in the register of members of the Company on 9 August 2017 are entitled to receive the final dividend in cash for the year ended 31 March 2017.

#### RESERVES

Movements in the reserves of the Group and the Company during the financial year are set out in the consolidated statement of changes in equity on page 102 and in Note 18 to the consolidated financial statements.

#### DISTRIBUTABLE RESERVES

As at 31 March 2017, the distributable reserves of the Company amounted to RMB2,805,489,000 (2016: RMB2,760,951,000).

#### DONATIONS

Charitable and other donations made by the Group during the financial year amounted to approximately RMB180,000 (2016: RMB321,000).

#### PROPERTY, PLANT AND EQUIPMENT

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

#### SHARE CAPITAL

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

#### PRE-EMPTIVE RIGHTS

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

#### 暫停辦理股份過戶登記手續 — 派發期末股息

為確保股東有資格獲派建議之期末股息，本公司將由二零一七年八月七日至二零一七年八月九日止（首尾兩日包括在內）暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一七年八月四日下午四時三十分前送達本公司的股份過戶登記分處卓佳登捷時有限公司，地址為香港皇后大道東183號合和中心22樓。於二零一七年八月九日記錄於本公司股東名冊的股東均有權收取截至二零一七年三月三十一日止年度之現金期末股息。

#### 儲備

本集團及本公司於財政年度內之儲備變動載於年報第102頁之綜合權益變動表及綜合財務報表附註18。

#### 可供分派之儲備

於二零一七年三月三十一日，本公司之可供分派儲備為人民幣2,805,489,000元（二零一六年：人民幣2,760,951,000元）。

#### 捐款

本集團在本財政年度內作出慈善及其它捐款合共約人民幣180,000元（二零一六年：人民幣321,000元）。

#### 物業、機器及設備

本集團物業、機器及設備之變動詳情載於綜合財務報表附註6。

#### 股本

本公司之股本變動詳情載於綜合財務報表附註16。

#### 優先購買權

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



## Directors' Report

### 董事會報告

#### FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 209.

#### SHARE OPTION SCHEME

As per an ordinary resolution passed at the Company's annual general meeting held on 9 August 2016, the Company terminated the share option scheme adopted on 22 September 2006 ("2006 Share Option Scheme") and adopted a new share option scheme ("New Share Option Scheme"), the terms of the New Share Option Scheme are substantially the same as those of the 2006 Share Option Scheme. As at 31 March 2017, no share options had been granted under the New Share Option Scheme. The following is a summary of the New Share Option Scheme:

**(a) Purpose**

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

**(b) Participants**

The Directors may, in accordance with the provisions of the New Share Option Scheme and the Listing Rules, invite person(s) who or which is/are eligible to participate as grantee(s) and receive options under the New Share Option Scheme, to take up share options to subscribe for Shares.

**(c) Maximum number of shares available for subscription**

The total number of share options to be granted under the New Share Option Scheme shall not exceed 10% of the issued Shares of the Company as at 9 August 2016. Upon approval by the Shareholders, the Company may renew the Scheme Mandate Limit, provided that each renewal shall not exceed 10% of the issued Shares as at the date of approval by the Shareholders, and a circular regarding the proposed renewal of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules. The aggregate maximum number of Shares which may be issued upon exercise of share options granted under the New Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

#### 五年財務摘要

本集團過去五個財政年度之業績及資產與負債概要載於年報第209頁。

#### 購股權計劃

根據本公司於二零一六年八月九日舉行的股東週年大會上通過之普通決議案，本公司終止於二零零六年九月二十二日採納之購股權計劃（「二零零六年購股權計劃」），並採納一項新購股權計劃（「新購股權計劃」），其條款與二零零六年購股權計劃大致相若。截至二零一七年三月三十一日，本公司並無根據新購股權計劃授出購股權。新購股權計劃的摘要載列如下：

**(a) 目的**

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

**(b) 參與者**

董事可根據新購股權計劃之條文及上市規則邀請合資格以承授人身份參與新購股權計劃及據此獲得購股權之人士接納購股權以認購股份。

**(c) 可供認購之最多股份數目**

根據新購股權計劃批授的購股權總數，不得超過二零一六年八月九日本公司已發行股份的10%。在獲得股東批准後，本公司可更新計劃授權限額，惟每一次更新的計劃授權限額，均不得超過股東批准更新限額該日已發行股份之10%；及須遵照上市規則第17章有關條文規定之方式將建議更新計劃授權限額之通函寄發予股東，該通函其中載有上述條文所規定之資料。因按照新購股權計劃及本公司任何其他購股權計劃授出之購股權獲行使及將獲行使，而將予發行之最多股份數目不可超過不時已發行股份總數之30%。

## Directors' Report

### 董事會報告

#### (d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options under the New Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Any excess over 1% shall be subject to the approval of the Shareholders at general meeting with such participant and his/her close associates abstaining from voting, and the Company shall issue a circular pursuant to relevant provisions of Chapter 17 of the Listing Rules.

#### (e) Time of acceptance and exercise of a share option

The grantee may accept the offer of the share option within 30 business days from the date of the offer letter issued by the Company. The grantee shall pay HKD1 as consideration for accepting the offer of the share option granted.

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

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

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

#### (g) Basis for determining the exercise price

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

#### (d) 各參與者可獲授權益上限

各參與者於任何12個月期間內因行使其獲授購股權（包括根據新購股權計劃已行使及尚未行使之購股權）而已發行及將發行之股份總數，不得超過本公司已發行股本之1%。如授出之數目超逾1%，則須於股東大會上取得股東批准，而有關參與者及其緊密聯繫人士須放棄投票，而本公司亦須按照上市規則第17章有關條文之規定發出通函。

#### (e) 接納及行使購股權之期限

承授人可於本公司發出的要約函件當日起計30個營業日內接納購股權要約，而接納批授購股權要約時，須支付港幣1元的代價。

承授人可於董事會釐定之期間內認購股份（該期間無論如何最遲於董事會根據新購股權計劃正式批准有關購股權要約當日後十年期間之最後一日屆滿（可提前終止））。

#### (f) 購股權可予行使前須持有之最短期間

除非董事另行決定並於向承授人授出之購股權要約中表明，否則新購股權計劃並無條文規定購股權可予行使前須持有之最短期間。

#### (g) 釐定行使價的基準

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

## Directors' Report

### 董事會報告

#### (h) The life of the New Share Option Scheme

The New Share Option Scheme will remain in force for 10 years starting from 9 August 2016 (can be terminated before expiration).

The outstanding options granted under the 2006 Share Option Scheme prior to its termination shall continue to be valid and subject to the provisions of the 2006 Share Option Scheme. As at 31 March 2017, the number of share options ("Share Options") granted by the Company pursuant to the 2006 Share Option Scheme which are valid and outstanding amounted to 2,600,000, representing approximately 0.08% of the issued share capital of the Company upon full exercise of the Share Options. Details of Share Options granted, exercised, cancelled and lapsed during the financial year under the 2006 Share Option Scheme are set out as follows:

#### (h) 新購股權計劃的有效期

新購股權計劃於二零一六年八月九日起計十年內有效(可提前終止)。

根據二零零六年購股權計劃終止前已授出之尚未行使的購股權將繼續有效，並受二零零六年購股權計劃之條文所規限。於二零一七年三月三十一日，本公司根據二零零六年購股權計劃所授出而仍然有效及尚未行使的購股權(「購股權」)數目合共2,600,000股，購股權尚獲悉數行使將佔本公司已發行股本約0.08%。於財政年度內，根據二零零六年購股權計劃批授、行使、註銷及失效的購股權詳情如下：

Grantee 承授人	Grant Date 授出日期	Exercise Price 行使價	Exercisable Period 可行使日期	Number of Share Options 購股權數目					Balance as at 31 March 2017 於二零一七年 三月三十一日 結餘	
				Balance as at 1 April 2016 於二零一六年 四月一日結餘	Granted during the financial year 財政年度 內批授	Exercised during the financial year 財政年度 內行使	Cancelled during the financial year 財政年度 內註銷	Lapsed during the financial year 財政年度 內失效		
<b>Independent Non-Executive Directors</b> <b>獨立非執行董事</b>										
Mr. LEE Luk Shiu 李祿兆先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	100,000	-	-	-	(100,000)	-	
Ms. MA Yun Yan 麻雲燕女士	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	800,000	-	-	-	(800,000)	-	
<b>Other Participants</b> <b>其他參與者</b>										
	10 October 2006 二零零六年十月十日	3.09	10/10/2006-9/10/2016	6,100,000	-	-	-	(6,100,000)	-	
	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	8,250,000	-	-	(3,550,000) <small>(Note 附註1)</small>	(2,100,000)	2,600,000	
	30 December 2015 二零一五年十二月三十日	2.75	1/12/2016-31/12/2016	4,349,717	-	(1,304,915)	(3,044,802)	-	-	
Total 合計				19,599,717	-	(1,304,915)	(6,594,802)	(9,100,000)	2,600,000	

Note:

附註：

1. 3,550,000 Share Options were cancelled in accordance with the Option Offer (as defined in the composite offer and response document dated 22 December 2016).

1. 3,550,000份購股權根據購股權要約(定義見日期為二零一六年十二月二十二日之綜合要約及回應文件)作註銷。

## Directors' Report

### 董事會報告

#### DIRECTORS

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

##### Executive Directors:

Ms. CHU Lam Yiu (*Chairwoman and CEO*)  
 Mr. XIA Li Qun (*Vice Chairman*) <sup>(Note 1)</sup>  
 Mr. POON Chiu Kwok (*Company Secretary*)  
 Mr. XIONG Qing (*CFO*) <sup>(Note 2)</sup>  
 Mr. LAM Ka Yu

##### Independent Non-executive Directors:

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

##### Notes:

1. Ceased to act as CFO with effect from 17 March 2017
2. Appointed as Executive Director and CFO with effect from 17 March 2017

In accordance with Bye-law 86(2) of the Company's bye-laws, Mr. XIONG Qing will retire at the forthcoming AGM and, being eligible, offer himself for re-election. In accordance with Bye-law 87(1) and (2) of the Company's bye-laws, Ms. MA Yun Yan, Messrs. XIA Li Qun and POON Chiu Kwok shall retire by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

#### DIRECTORS' SERVICE CONTRACTS

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

#### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

#### 董事

於本財政年度內及截至本報告日期本公司之董事如下：

##### 執行董事：

朱林瑤女士 (*主席兼首席執行官*)  
 夏利群先生 (*副主席*) <sup>(附註1)</sup>  
 潘昭國先生 (*公司秘書*)  
 熊卿先生 (*首席財務官*) <sup>(附註2)</sup>  
 林嘉宇先生

##### 獨立非執行董事：

李祿兆先生  
 麻雲燕女士  
 丁寧寧博士  
 胡志強先生

##### 附註：

1. 於二零一七年三月十七日不再擔任首席財務官
2. 於二零一七年三月十七日獲委任為執行董事兼首席財務官

根據本公司之公司細則第86(2)條，熊卿先生將於應屆股東週年大會上退任，惟彼符合資格，並願膺選連任。根據本公司之公司細則第87(1)及(2)條，麻雲燕女士、夏利群先生和潘昭國先生將於應屆股東週年大會上輪值告退，惟彼等符合資格，並願膺選連任。

#### 董事服務合約

擬於應屆股東週年大會上膺選連任之董事，概無與本公司訂立任何本公司不可於一年內毋須賠償（法定賠償除外）而予以終止之服務合約。

#### 董事於重大合約之權益

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

## Directors' Report

### 董事會報告

#### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors and their respective close associates (as defined in the Listing Rules) is considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

#### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management as at 31 March 2017 are set out on pages 40 to 48 of the annual report.

#### REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the remuneration of the directors and the five highest paid individuals during the financial year are set out in Note 24 to the consolidated financial statements.

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

At 31 March 2017, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

##### (a) Long position in ordinary shares of the Company

Name of Directors 董事姓名	Capacity 身份
CHU Lam Yiu 朱林瑤	Held through controlled corporations <sup>(Note 1)</sup> 透過受控制公司持有 <sup>(附註1)</sup>
XIONG Qing 熊卿	Beneficial Owner 權益擁有人

Note:

- 2,287,578,900 ordinary shares of the Company were held by Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited and Real Elite Investments Limited, respectively. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid six companies.

#### 董事於競爭業務之權益

概無董事及其各自之緊密聯繫人(按上市規則定義)擁有與本集團業務直接或間接構成競爭或可能構成競爭的任何業務之權益。

#### 董事及高級管理層履歷

於二零一七年三月三十一日,董事及高級管理層的履歷載於年報第40頁至48頁。

#### 董事及五名最高薪酬人士之酬金

於本財政年度內,董事及五名最高薪酬人士之酬金詳情刊載於綜合財務報表附註24。

#### 董事於股份、相關股份及債券之權益

於二零一七年三月三十一日,董事及最高行政人員於本公司及其相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有本公司根據證券及期貨條例第352條規定所存置之登記冊所記錄之權益及淡倉;或擁有根據標準守則規定而須知會本公司及香港聯交所之權益及淡倉如下:

##### (a) 本公司之普通股好倉

	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
CHU Lam Yiu 朱林瑤	2,287,578,900	73.60%
XIONG Qing 熊卿	3,720,000	0.12%

附註:

- 本公司之2,287,578,900股乃分別由 Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited和Real Elite Investments Limited持有。朱林瑤女士為上述六間公司的唯一實益擁有人。

## Directors' Report

### 董事會報告

#### (b) Interests in share options of the Company

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

Save as disclosed above, as at 31 March 2017, none of the Directors nor their close associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries or associated companies as defined in the SFO.

#### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

#### MANAGEMENT CONTRACTS

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

#### DIRECTORS' INDEMNITIES

Pursuant to the Bye-laws of the Company and subject to the relevant provisions therein, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur in or sustain by the execution of his/her duty as a director of the Company or otherwise in relation thereto. The Company has arranged appropriate insurance cover for the Directors and senior management of the Company in respect of legal action against them in the course of execution of their duties in good faith.

#### EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" above and Note 16 to the financial statements, no equity-linked agreement was entered into by the Company for the year ended 31 March 2017.

#### (b) 本公司購股權之權益

董事於本公司之購股權權益已詳列於以上「購股權計劃」一節內。

除上文所披露者外，於二零一七年三月三十一日，概無任何董事或彼等之緊密聯繫人於本公司或其任何附屬公司或相聯法團（定義見證券及期貨條例）之任何股份、相關股份或債券中擁有任何權益或淡倉。

#### 董事認購股份或債券之權利

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

#### 管理合約

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

#### 董事的彌償保證

根據本公司的公司細則並受當中相關條文所規限，每名董事就執行其作為本公司董事之職務或與之相關的其他事宜而承擔或蒙受的所有訴訟、費用、收費、損失、賠償及開支均可獲得本公司以其資產及溢利作出彌償及保證免受損害。本公司已就董事及高級管理層，在真誠善意地執行職責時可能招致任何法律訴訟，為彼等安排適當保險保障。

#### 股票掛鈎協議

除上文「購股權計劃」一節及財務報表附註16所披露外，本公司於截至二零一七年三月三十一日止年度並無訂立股票掛鈎協議。

## Directors' Report

### 董事會報告

#### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2017, other than the interests disclosed in the section headed "Directors' interests in shares, underlying shares and debentures", the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following person(s)/corporation(s) held interests or short positions in 5% or more of the issued share capital of the Company.

#### Long position in ordinary shares of the Company

Name of Substantial Shareholders 主要股東名稱	Capacity 身份
Fosun International Limited 復星國際有限公司	Held through controlled corporations (Note 1) 透過受控制公司持有 (附註1)

Note:

- Fosun International Limited was owned as to 71.66% by Fosun Holdings Limited, which in turn was a wholly-owned subsidiary of Fosun International Holdings Ltd. Mr. Guo Guangchang held 64.45% of the issued share capital of Fosun International Holdings Ltd. The interests that Fosun International Limited, Fosun International Holdings Ltd. and Mr. Guo Guangchang held in the 218,933,000 Shares, as set out in the above table, were from the same block of shares.

#### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2017, the percentage of revenue from sales of goods or rendering services attributable to the Group's five largest customers combined accounted for approximately 44.13% and the largest customer contributed approximately 14.93% to the revenue from sales of goods or rendering services of the Group (Yunnan Tobacco Materials (Group) Company Limited being the largest customer), and the percentage of purchases attributable to the Group's five largest suppliers combined accounted for approximately 13.21% and the largest supplier contributed approximately 4.4% to the purchases of the Group.

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

#### 主要股東之權益

於二零一七年三月三十一日，除於「董事於股份、相關股份及債券之權益」一節所披露之權益外，本公司根據證券及期貨條例第336條存置之主要股東登記冊顯示，下列人士／法團持有本公司已發行股本5%或以上權益或淡倉。

#### 本公司之普通股好倉

	Number of issued Shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
Fosun International Limited 復星國際有限公司	218,933,000	7.04%

附註：

- 復星國際有限公司的71.66%已發行股本由復星控股有限公司擁有，而復星控股有限公司乃Fosun International Holdings Ltd.的全資附屬公司。郭廣昌先生則持有Fosun International Holdings Ltd. 64.45%的已發行股本。復星國際有限公司、Fosun International Holdings Ltd.及郭廣昌先生所擁有的本公司之218,933,000股權益，乃是關於同一筆股份。

#### 主要客戶及供貨商

截至二零一七年三月三十一日止年度內，本集團五位最大客戶合計所佔本集團銷售貨品或提供服務的收入之百分比約為44.13%，而最大客戶則佔約為14.93%（雲南中煙物資（集團）有限責任公司為最大客戶）；本集團五位最大供應商合計所佔本集團採購額之百分比約為13.21%，而最大供應商則佔約為4.4%。

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

## Directors' Report

### 董事會報告

#### CONTINUING CONNECTED TRANSACTIONS

##### Continuing connected transactions with Hongta Tobacco Group

The Group through its wholly owned subsidiary entered into a framework agreement with Yunnan Hongta Group Co., Ltd. (the company was dissolved in May 2016 and the transfer of its 40% equity interest in Yunnan Tianhong to Yunnan Hehe Group Co., Ltd. ("Yunnan Hehe") completed in July 2016) on 31 March 2015, pursuant to which the Group shall continuously provide tobacco flavours and fragrances products, RTL, stem powder, auxiliary materials and related services to Hongta Tobacco Group for a period from 1 April 2015 to 31 March 2018 ("2015 Hongta Framework Agreement").

##### Note:

Since the Group has undergone an internal restructuring in 2016, in order to enable the Group's business segments to operate independently and enhance relevant internal control measures, on 26 May 2017, Huabao Flavours entered into the Hongta HB Flavours Framework Agreement ("Hongta HB Flavours Framework Agreement") with Yunnan Hehe, which is to govern the sale of tobacco flavours products and related services by Huabao Flavours and its subsidiaries and related companies ("Huabao Flavours Company") to Hongta Tobacco Group; and Guangdong Jinye entered into the Hongta JY Framework Agreement ("Hongta JY Framework Agreement") with Yunnan Hehe, which is to govern the sale of RTL, stem powder, auxiliary materials and related services by Guangdong Jinye Group (except for Huabao Flavours Company) to Hongta Tobacco Group. Each of Hongta HB Flavours Framework Agreement and Hongta JY Framework Agreement is for a term of three years commencing on 1 April 2017 and expiring on 31 March 2020 (both days inclusive). The 2015 Hongta Framework Agreement was terminated on 26 May 2017.

#### 持續關連交易

##### 與紅塔煙草集團的持續關連交易

於二零一五年三月三十一日，本集團透過全資附屬公司與雲南紅塔集團有限公司（該公司於二零一六年五月註銷並於二零一六年七月完成轉讓其持有的雲南天宏之40%股權予雲南合和（集團）股份有限公司（「雲南合和」）訂立有關本集團持續向紅塔煙草集團自二零一五年四月一日至二零一八年三月三十一日止期間提供煙用香精香料、煙草薄片、梗粒、煙用輔料等產品及相關服務之框架協議（「二零一五年紅塔框架協議」）。

##### 附註：

由於本集團已於二零一六年進行內部重組，為使本集團的業務板塊獨立運作及提升相關內部控制措施，於二零一七年五月二十六日，華寶香精與雲南合和訂立紅塔華寶香精框架協議（「紅塔華寶香精框架協議」），目的為規管華寶香精及其附屬公司及關聯企業（「華寶香精公司」）向紅塔煙草集團銷售煙用香精及相關服務；以及廣東金葉則與雲南合和訂立紅塔金葉框架協議（「紅塔金葉框架協議」），目的為規管廣東金葉集團（華寶香精公司除外）向紅塔煙草集團銷售煙草薄片、梗粒及煙用輔料等產品及相關服務。紅塔華寶香精框架協議及紅塔金葉框架協議各份協議的期限由二零一七年四月一日起至二零二零年三月三十一日屆滿（包括首尾兩日），為期三年。二零一五年紅塔框架協議於二零一七年五月二十六日解除。



## Directors' Report

### 董事會報告

Yunnan Tianhong is a 60% indirect subsidiary of the Company. The remaining 40% equity interest in Yunnan Tianhong is held by Yunnan Hehe. Hongta Tobacco held 75% equity interest in Yunnan Hehe. By virtue of such 40% equity interest in Yunnan Tianhong, Hongta Tobacco Group are regarded as connected persons at the subsidiary level of the Company under the Listing Rules. Transactions between the Group and Hongta Tobacco Group constitute connected transactions of the Company, and are subject to compliance with the relevant disclosure requirements under the Listing Rules. Pursuant to the 2015 Hongta Framework Agreement, prices of the products will be by reference to the bidding price (if applicable); or the prevailing market price. Such prices and terms payable to the Group shall be no less favourable than those terms offered by independent third party customers for provision of similar products and services in its ordinary and usual course of business. Payments of the transactions will be settled in arrears by cash transfer, or such other manners as agreed by the parties in accordance with the agreed timing and manners as specified in the separate implementation agreements to be entered into between the parties from time to time.

The annual cap of the continuing connected transactions for the financial year ended 31 March 2017 contemplated under the 2015 Hongta Framework Agreement was RMB365,000,000.

#### Continuing connected transactions with Guangdong Tobacco Company

The Group through its wholly owned subsidiary entered into a framework agreement ("Previous GD Framework Agreement") with Guangdong Tobacco on 31 March 2016, pursuant to which the Group shall continuously provide related products and services to Guangdong Tobacco Company for a period from 1 April 2016 to 31 December 2016. In order to continue the transactions, on 1 March 2017, Huabao Flavours entered into the HB Flavours Framework Agreement ("HB Flavours Framework Agreement") with Guangdong Tobacco, which is to govern the sale of tobacco flavours products and related services by Huabao Flavours Company to Guangdong Tobacco Company; Guangdong Jinye entered into the JY Framework Agreement ("JY Framework Agreement") with Guangdong Tobacco, which is to govern the sale of RTL products and related services by Guangdong Jinye Group (except for Huabao Flavours Company) to Guangdong Tobacco Company, whereas Guangdong Jinke entered into the JK Framework Agreement ("JK Framework Agreement") with Guangdong Tobacco, which is to govern the sale of auxiliary materials and related services by Guangdong Jinye Group (except for Huabao Flavours Company) to Guangdong Tobacco Company. Each of HB Flavours Framework Agreement, JY Framework Agreement and JK Framework Agreement (collectively, the "New GD Framework Agreements") is for a term of 36 months commencing on 1 January 2017 and expiring on 31 December 2019 (both days inclusive).

雲南天宏為本公司間接擁有60%權益的附屬公司，雲南天宏餘下40%股權由雲南合和持有，紅塔煙草擁有雲南合和75%權益，憑藉在雲南天宏的40%權益，根據上市規則紅塔煙草集團被視為本公司附屬公司層面的關連人士。本集團與紅塔煙草集團之間的交易構成本公司的關連交易，僅須遵守上市規則項下之相關披露要求。根據二零一五年紅塔框架協議，貨品價格乃按招標價格或當時的市場價格釐定，即應付予本集團的價格及條款應不遜於由獨立第三方客戶在正常商業交易情況下就該類產品及相關服務提供的條款，而交易的款項將於事後以現金結清，或根據雙方同意的並以不時簽訂的單獨執行協議內載明的時間及方式支付。

二零一五年紅塔框架協議項下進行的持續關連交易於截至二零一七年三月三十一日止財政年度的年度上限為人民幣365,000,000元。

#### 與廣東中煙公司的持續關連交易

於二零一六年三月三十一日，本集團透過全資附屬公司與廣東中煙訂立有關本集團持續向廣東中煙公司自二零一六年四月一日至二零一六年十二月三十一日止期間提供有關產品及相關服務之框架協議（「前廣東框架協議」）。為確保交易得以繼續進行，於二零一七年三月一日，華寶香精與廣東中煙訂立華寶香精框架協議（「華寶香精框架協議」），目的為規管華寶香精公司向廣東中煙公司銷售煙用香精及相關服務；廣東金葉與廣東中煙訂立金葉框架協議（「金葉框架協議」），目的為規管廣東金葉集團（華寶香精公司除外）向廣東中煙公司銷售煙草薄片產品及相關服務；以及廣東金科則與廣東中煙訂立金科框架協議（「金科框架協議」），目的為規管廣東金葉集團（華寶香精公司除外）向廣東中煙公司銷售煙用輔料及相關服務。華寶香精框架協議、金葉框架協議及金科框架協議（統稱「該等新廣東框架協議」）各份協議的期限由二零一七年一月一日起至二零一九年十二月三十一日屆滿（包括首尾兩日），為期三十六個月。

## Directors' Report

### 董事會報告

Guangdong Jinye is an indirect wholly owned subsidiary of the Company. Guangdong Jinke is a non-wholly owned subsidiary of Guangdong Jinye. Guangdong Tobacco holds more than 10% equity interest in Guangdong Jinke. Guangdong Tobacco Company are regarded as connected persons at the subsidiary level of the Company under the Listing Rules. Transactions between the Group and Guangdong Tobacco Company constitute connected transactions of the Company, and are subject to compliance with the relevant disclosure requirements under the Listing Rules. Pursuant to the Previous GD Framework Agreement and the New GD Framework Agreements, prices of the products will be by reference to the bidding price; or the prevailing market price. Such prices and terms payable to the Group shall be no less favourable than those terms offered by independent third party customers for provision of similar products and services in its ordinary and usual course of business. Payments of the transactions will be settled in arrears by cash transfer, or such other manners as agreed by the parties in accordance with the agreed timing and manners as specified in the separate implementation agreements to be entered into between the parties from time to time.

The transaction cap of the continuing connected transactions for the nine months ended 31 December 2016 contemplated under the Previous GD Framework Agreement was RMB310,000,000. The transaction caps of the continuing connected transactions for the three months ended 31 March 2017 contemplated under each of the HB Flavours Framework Agreement, JY Framework Agreement and JK Framework Agreement were RMB30,000,000, RMB20,500,000 and RMB8,500,000 respectively.

廣東金葉為本公司間接擁有的全資附屬公司，廣東金科為廣東金葉的非全資附屬公司。廣東中煙持有廣東金科逾10%股權，根據上市規則，廣東中煙公司被視為本公司附屬公司層面的關連人士。本集團與廣東中煙公司之間的交易構成本公司的關連交易，僅須遵守上市規則項下之相關披露要求。根據前廣東框架協議及該等新廣東框架協議，貨品價格乃按招標價格或當時的市場價格釐定，即應付予本集團的價格及條款應不遜於由獨立第三方客戶在正常商業交易情況下就該類產品及相關服務提供的條款，而交易的款項將於事後以現金結清，或根據雙方同意的並以不時簽訂的單獨執行協議內載明的時間及方式支付。

前廣東框架協議項下進行的持續關連交易於截至二零一六年十二月三十一日止九個月之財政年度的交易上限為人民幣310,000,000元。華寶香精框架協議、金葉框架協議及金科框架協議項下進行的持續關連交易於截至二零一七年三月三十一日止三個月之交易上限分別為人民幣30,000,000元、人民幣20,500,000元及人民幣8,500,000元。

## Directors' Report

### 董事會報告

#### Annual review of continuing connected transactions

For the financial year ended 31 March 2017, the transactions between the Group and Hongta Tobacco Group under the 2015 Hongta Framework Agreement amounted to approximately RMB122,270,000.

For the nine months ended 31 December 2016, the transactions between the Group and Guangdong Tobacco Company under Previous GD Framework Agreement amounted to approximately RMB182,993,000. For the three months ended 31 March 2017, the transactions between the Group and Guangdong Tobacco Company under each of the HB Flavours Framework Agreement, JY Framework Agreement and JK Framework Agreement amounted to approximately RMB14,900,000, RMB5,592,000 and RMB4,933,000 respectively.

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

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company has engaged the independent auditor, PricewaterhouseCoopers to report on the Group's above-mentioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers have issued their unqualified letter containing their findings and conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided to the Hong Kong Stock Exchange by the Company.

#### 持續關連交易的年度審核

截至二零一七年三月三十一日止財政年度，本集團與紅塔煙草集團二零一五年按紅塔框架協議進行的交易約為人民幣122,270,000元。

截至二零一六年十二月三十一日止九個月，本集團與廣東中煙公司按前廣東框架協議進行的交易的金額約為人民幣182,993,000元。截至二零一七年三月三十一日止三個月，本集團與廣東中煙公司按華寶香精框架協議、金葉框架協議及金科框架協議進行的交易的金額分別約為人民幣14,900,000元、人民幣5,592,000元及人民幣4,933,000元。

上述持續關連交易已由本公司的獨立非執行董事審核。獨立非執行董事確認上述關連交易乃：

- (i) 屬本集團的一般及日常業務；
- (ii) 是按照一般商務條款或更佳條款進行；及
- (iii) 是根據有關交易的協議進行，條款公平合理，並且符合本公司股東的整體利益。

根據香港會計師公會發佈的香港鑒證業務準則3000號「歷史財務資料審核或審閱以外的鑒證工作」並參考實務說明740號「香港上市規則規定的持續關連交易的核數師函件」，本公司之獨立核數師羅兵咸永道會計師事務所已受聘對本集團上述之持續關連交易作出報告，並已根據上市規則第14A.56條規定發出無保留意見函件，當中載有其發現和結論。本公司已將核數師函件副本提交予香港聯交所。

## Directors' Report

### 董事會報告

#### RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2017 are set out in Note 32 to the consolidated financial statements. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules, except for the transactions described in this paragraph headed "Continuing Connected Transactions", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

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

During the year ended 31 March 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

#### CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 49 to 69 of the annual report.

#### LEGAL PROCEEDINGS

As at 31 March 2017, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

#### PUBLIC FLOAT

Based on the information that was publicly available and to the best belief and knowledge of the Directors, the Company had maintained the prescribed public float throughout the year ended 31 March 2017 and up to the date of this report as required under the Listing Rules.

#### 關聯人士交易

本集團於截至二零一七年三月三十一日止年度訂立之重大關聯人士交易詳情載於綜合財務報表附註32。除於「持續關連交易」一節所述的交易（而此等交易已遵守上市規則第14A章的披露規定）外，該等關聯人士交易概無構成須予披露的關連交易（定義見上市規則）。

#### 購買、出售或贖回本公司之上市證券

於截至二零一七年三月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

#### 企業管治

本集團企業管治常規之詳情載於本年報第49頁至69頁之企業管治報告。

#### 法律訴訟

截至二零一七年三月三十一日，本集團成員公司概無涉及任何重大訴訟或仲裁事項，亦無面臨任何待決的重大訴訟或索償。

#### 公眾持股量

根據可供公眾查閱之資料以及據董事所知和所信，於截至二零一七年三月三十一日止年度內及截至本報告日，本公司已維持上市規則所規定之公眾持股量。

## Directors' Report

### 董事會報告

#### AUDITORS

The consolidated financial statements for the year ended 31 March 2017 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM of the Company.

By Order of the Board

**CHU Lam Yiu**

*Chairwoman and CEO*

Hong Kong, 16 June 2017

#### 核數師

截至二零一七年三月三十一日止年度之綜合財務報表已經由羅兵咸永道會計師事務所審核，該核數師將任滿告退，惟彼符合資格並願於本公司應屆股東週年大會上應聘連任。

承董事會命

**朱林瑤**

*主席兼首席執行官*

香港，二零一七年六月十六日

# Independent Auditor's Report

## 獨立核數師報告



羅兵咸永道

### TO THE SHAREHOLDERS OF HUABAO INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

致華寶國際控股有限公司股東

(於百慕達註冊成立的有限公司)

### Opinion

#### *What we have audited*

The consolidated financial statements of Huabao International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 99 to 208, which comprise:

- the consolidated statement of financial position as at 31 March 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

#### *Our opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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### 意見

#### *我們已審計的內容*

華寶國際控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第99至208頁的綜合財務報表,包括:

- 於二零一七年三月三十一日的綜合及公司財務狀況表;
- 截至該日止年度的綜合收益表;
- 截至該日止年度的綜合全面收益表;
- 截至該日止年度的綜合權益變動表;
- 截至該日止年度的綜合現金流量表;及
- 綜合財務報表附註,包括主要會計政策概要。

#### *我們的意見*

我們認為,該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一七年三月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港《公司條例》的披露規定妥為擬備。

## Independent Auditor's Report

### 獨立核數師報告

#### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) issued by the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

#### 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

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審計意見提供基礎。

#### *獨立性*

根據香港會計師公會頒佈的《專業會計師道德守則》（以下簡稱「守則」），我們獨立於貴集團，並已履行守則中的其他專業道德責任。

#### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些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。我們不會對這些事項提供單獨的意見。

## Independent Auditor's Report

### 獨立核數師報告

Impairment of goodwill is identified as a key audit matter in our audit, and is summarised as follows:

商譽減值為我們在審計中識別的關鍵審計事項，其概述如下：

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Impairment of goodwill</b></p> <p>Refer to Note 4 (Critical accounting estimates and judgments) and Note 8 (Intangible assets) to the consolidated financial statements, as at 31 March 2017, the Group had material goodwill balance amounting to RMB2,276,413,000 arose from acquisitions in previous years, which was allocated to the Group's cash-generating units ("CGUs"). Impairment charge amounting to RMB22,710,000 was recognised in current year for the CGUs of VMR Products LLC and its subsidiaries ("VMR").</p> <p>Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amount of CGUs has been determined based on value-in-use calculation.</p> <p>Management concluded that, based on their assessment, other than the impairment charge amounting to RMB22,710,000 which was considered necessary to be recognised for CGUs of VMR, no impairment loss was considered necessary for other CGUs.</p> <p>We focused on these balances because the determination of whether or not an impairment charge was necessary involved significant judgements about the future results of the business. In particular, we focused on the estimated value-in-use calculations of VMR (amounting to RMB48,199,000) and the CGU in fragrances segment (amounting to RMB44,076,000) for which there are limited headroom as a result of the industry environment continuing to be difficult. Management's impairment assessment involves significant estimation, and budgeted gross margin, estimated pre-tax discount rate and forecast and terminal growth rates are considered to be the key assumptions.</p>	<p>Our procedures in relation to management's impairment assessment of goodwill included:</p> <ul style="list-style-type: none"> <li>We used our in-house experts to assist us in evaluating the appropriateness of value-in-use calculation methodology adopted by management.</li> <li>We tested the mathematical accuracy of the underlying value-in-use calculation.</li> <li>We also evaluated the historical accuracy of the plan and forecast by, for example, comparing the forecast used in the prior year model to the actual performance of the business in the current year.</li> <li>We discussed with management and evaluated the underlying key assumptions of budgeted gross margin and forecast and terminal growth rates used in the cash flow forecast taking into account market developments.</li> <li>We evaluated and recalculated the pre-tax discount rate used in the calculation by comparing with the industry or market data.</li> </ul> <p>As a result of performing our work we found the management's estimates and judgements used in the impairment assessment to be supported by the available evidence.</p>

關鍵審計事項	我們的審計如何處理關鍵審計事項
<p><b>商譽減值</b></p> <p>如綜合財務報表附註4 (關鍵會計估計及判斷) 和附註8 (無形資產) 所述，貴集團於二零一七年三月三十一日，於以前年度收購產生的商譽的帳面值為人民幣2,276,413,000元，被分配至貴集團的現金產生單位。於本年度VMR Products LLC及其附屬公司(「VMR」) 現金產生單位的商譽計提減值約人民幣22,710,000元。</p> <p>貴集團根據附註2.9所述的會計政策每年測試商譽是否遭致任何減值。現金產生單位的可回收金額已根據使用價值計算釐定。</p> <p>貴集團根據評估的結果，認為除VMR現金產生單位需計提減值約人民幣22,710,000元外，其他現金產生單位無需計提減值。</p> <p>我們關注這些餘額是因為商譽是否需要計提減值的釐定涉及對未來經營情況的重大判斷。尤其是，我們關注VMR現金產生單位(帳面值約為人民幣48,199,000元) 以及日化分部現金產生單位(帳面值約為人民幣44,076,000元) 使用價值的計算，因為受行業環境持續困難的影響，其減值空間有限。管理層的商譽減值評估涉及重大判斷，其中預測毛利率、稅前貼現率、預測銷售增長率及永續年增長率被視為關鍵假設。</p>	<p>我們就管理層商譽減值評估進行的程序包括：</p> <ul style="list-style-type: none"> <li>我們使用內部專家協助我們評估管理層採用的計算方法的適當性；</li> <li>我們測試了使用價值計算過程中的數值準確性；</li> <li>我們亦評估了計劃和預測的歷史準確性，例如，比較前一年模型的預測與本年度業務的實際表現；</li> <li>我們與管理層在考慮市場發展的情況下，討論並評估了現金流量預測所使用的預測毛利率，預測銷售增長率及永續年增長率的基本關鍵假設；</li> <li>我們通過比較行業或市場數據，評估及重新計算於計算時所用的稅前貼現率。</li> </ul> <p>經過上述工作，我們發現管理層對減值評估的判斷及估計可獲得證據支援。</p>



## Independent Auditor's Report

### 獨立核數師報告

#### Other Information

The directors of the Company are responsible for the other information. The other information comprises all of 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 Directors and Audit Committee 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 HKFRSs issued by the HKICPA 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

#### 其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

#### 董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備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。

在擬備綜合財務報表時，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。

審核委員會須負責監督貴集團的財務報告過程。

## Independent Auditor's Report

### 獨立核數師報告

#### 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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 judgment 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.
- 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.

#### 核數師就審計綜合財務報表承擔的責任

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。我們僅按照百慕達《一九八一年公司法》第90條向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。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。
- 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。

## Independent Auditor's Report

### 獨立核數師報告

- 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.
- 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。

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.

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 Ho Kwok Fai.

除其他事項外，我們與審核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。

我們還向審核委員會提交聲明，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。

從與審核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是何國輝。

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 16 June 2017

**羅兵咸永道會計師事務所**  
執業會計師

香港，二零一七年六月十六日

## Consolidated Statement of Financial Position

### 綜合財務狀況表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		As at 31 March 於三月三十一日			
		Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)	2015 二零一五年 (Restated) (經重列)
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>非流動資產</b>			
Property, plant and equipment	物業、機器及設備	6	995,622	1,089,740	1,113,279
Land use rights	土地使用權	7	150,713	154,724	153,713
Intangible assets	無形資產	8	2,657,656	2,717,758	2,294,976
Investments in associates	於聯營公司之投資	9	379,106	281,319	180,434
Investments in a jointly controlled entity	於共同控制實體之投資		-	-	5,534
Available-for-sale financial assets	可供出售金融資產	10	115,938	185,388	178,392
Deferred income tax assets	遞延所得稅資產	11	66,744	66,483	51,639
			<b>4,365,779</b>	4,495,412	3,977,967
<b>Current assets</b>		<b>流動資產</b>			
Inventories	存貨	12	693,490	694,951	648,272
Trade and other receivables	貿易及其他應收款項	13	1,425,527	1,200,455	1,037,395
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入損益的金融資產	14	-	190,938	98,643
Available-for-sale financial assets	可供出售金融資產	10	111,000	138,000	-
Restricted bank deposit	受限制現金	15	-	97,599	-
Short-term time deposits	短期定期存款	15	724,148	183,754	753,913
Cash and cash equivalents	現金及現金等價物	15	4,177,807	2,653,110	2,118,278
			<b>7,131,972</b>	5,158,807	4,656,501
<b>Total assets</b>	<b>總資產</b>		<b>11,497,751</b>	9,654,219	8,634,468
<b>EQUITY</b>		<b>權益</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>		<b>本公司權益持有人應佔股本及儲備</b>			
Share capital	股本	16	318,647	318,534	318,344
Reserves	儲備	18	979,764	381,113	290,710
Retained earnings	保留盈利	19	8,528,166	7,788,871	6,653,656
			<b>9,826,577</b>	8,488,518	7,262,710
<b>Non-controlling interests</b>	<b>非控制性權益</b>		<b>780,335</b>	285,953	185,979
<b>Total equity</b>	<b>總權益</b>		<b>10,606,912</b>	8,774,471	7,448,689
<b>LIABILITIES</b>		<b>負債</b>			
<b>Non-current liabilities</b>		<b>非流動負債</b>			
Deferred income tax liabilities	遞延所得稅負債	11	56,307	71,100	57,512
Trade and other payables	貿易及其他應付款項	21	16,721	32,031	-
			<b>73,028</b>	103,131	57,512
<b>Current liabilities</b>		<b>流動負債</b>			
Borrowings	貸款	20	75,500	15,000	594,288
Trade and other payables	貿易及其他應付款項	21	561,604	662,166	445,178
Current income tax liabilities	當期所得稅負債		180,707	99,451	88,801
			<b>817,811</b>	776,617	1,128,267
<b>Total liabilities</b>	<b>總負債</b>		<b>890,839</b>	879,748	1,185,779
<b>Total equity and liabilities</b>	<b>總權益及負債</b>		<b>11,497,751</b>	9,654,219	8,634,468

The notes on pages 104 to 208 are an integral part of these consolidated financial statements.

第104至208頁的附註為本綜合財務報表的整體部份。

On behalf of the Board

代表董事會

**Ms. CHU Lam Yiu**  
朱林瑤女士  
Chairwoman  
主席

**Mr. Xiong Qing**  
熊卿先生  
Director  
董事

## Consolidated Income Statement

## 綜合收益表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Sales	營業額	5	<b>3,482,894</b>	3,200,436
Cost of goods sold	銷售成本	23	<b>(1,212,071)</b>	(996,448)
<b>Gross profit</b>	<b>毛利</b>		<b>2,270,823</b>	2,203,988
Other income and other gains – net	其他收入及其他收益 – 淨額	22	<b>239,526</b>	160,850
Selling and marketing expenses	銷售及市場推廣開支	23	<b>(255,589)</b>	(206,409)
Administrative expenses	行政費用	23	<b>(915,238)</b>	(734,197)
<b>Operating profit</b>	<b>營運盈利</b>		<b>1,339,522</b>	1,424,232
Finance income	財務收入		<b>57,140</b>	70,045
Finance costs	融資成本		<b>(4,793)</b>	(10,232)
Finance income – net	財務收入 – 淨額	25	<b>52,347</b>	59,813
Share of profit of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之盈利	9	<b>17,243</b>	9,286
<b>Profit before income tax</b>	<b>除稅前盈利</b>		<b>1,409,112</b>	1,493,331
Income tax expense	所得稅	26	<b>(294,573)</b>	(297,686)
<b>Profit for the year</b>	<b>本年度盈利</b>		<b>1,114,539</b>	1,195,645
<b>Attributable to:</b>	<b>應佔：</b>			
Equity holders of the Company	本公司權益持有人		<b>1,065,424</b>	1,181,562
Non-controlling interests	非控制性權益		<b>49,115</b>	14,083
			<b>1,114,539</b>	1,195,645
<b>Earnings per share for profit attributable to the Company's equity holders for the year</b>	<b>年內本公司權益持有人應佔的每股盈利</b>			
– Basic (RMB cents)	– 基本 (人民幣分)	27(a)	<b>34.29</b>	38.04
– Diluted (RMB cents)	– 攤薄 (人民幣分)	27(b)	<b>34.29</b>	38.01

The notes on pages 104 to 208 are an integral part of these consolidated financial statements.

第104至208頁的附註為本綜合財務報表的整體部份。

## Consolidated Statement of Comprehensive Income

### 綜合全面收益表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
<b>Profit for the year</b>	本年度盈利	<b>1,114,539</b>	1,195,645
<b>Other comprehensive income:</b>	其他全面收益：		
<i>Items that may be reclassified to profit or loss</i>	可重新分類至損益的項目		
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允值變動	<b>(34,435)</b>	(7,875)
Transfer of reserves to income statement upon disposal of available-for-sale financial assets, net of tax	就處置可供出售金融資產而由儲備轉回收益表之除稅後金額	<b>(34,189)</b>	(6,993)
Currency translation differences on foreign operations	海外業務之貨幣換算差額	<b>122,004</b>	19,914
<b>Other comprehensive income for the year, net of tax</b>	本年度除稅後其他全面收益	<b>53,380</b>	5,046
<b>Total comprehensive income for the year, net of tax</b>	本年度除稅後全面收益總額	<b>1,167,919</b>	1,200,691
<b>Total comprehensive income attributable to:</b>	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	<b>1,121,296</b>	1,186,786
Non-controlling interests	非控制性權益	<b>46,623</b>	13,905
		<b>1,167,919</b>	1,200,691

The notes on pages 104 to 208 are an integral part of these consolidated financial statements.

第104至208頁的附註為本綜合財務報表的整體部份。

## Consolidated Statement of Changes in Equity

## 綜合權益變動表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Attributable to equity holders of the Company 本公司權益持有人應佔					
	Note 附註	Share capital 股本	Reserves 儲備	Retained earnings 保留盈利	Total 總計	Non- controlling interests 非控制性權益	Total equity 總權益
<b>Balance at 1 April 2015 (Restated)</b>		318,344	290,710	6,653,656	7,262,710	185,979	7,448,689
Fair value changes on available-for-sale financial assets, net of tax		-	(7,875)	-	(7,875)	-	(7,875)
Reversal of reserves upon disposal of available-for-sale financial assets, net of tax		-	(6,993)	-	(6,993)	-	(6,993)
Currency translation differences		-	20,092	-	20,092	(178)	19,914
Profit for the year		-	-	1,181,562	1,181,562	14,083	1,195,645
<b>Total comprehensive income for the year ended 31 March 2016 (Restated)</b>		-	5,224	1,181,562	1,186,786	13,905	1,200,691
<b>Transactions with owners in their capacity as owners:</b>							
Appropriations from net profit	18, 19	-	46,424	(46,424)	-	-	-
Dividends payable to non-controlling interests		-	-	-	-	(7,455)	(7,455)
Dividends paid to non-controlling interests		-	-	-	-	(40,605)	(40,605)
Acquisition of equity interest in Yancheng City Chunzhu Aroma Co., Ltd ("Yancheng Chunzhu")		-	-	-	-	70,916	70,916
Acquisition of equity interest in VMR Products LLC and its subsidiaries ("VMR")		-	-	-	-	99,598	99,598
Acquisition of additional equity interest in Yancheng Chunzhu from non-controlling interest	18	-	33,133	-	33,133	(33,133)	-
Repurchase of shares of VMR from non-controlling interests	18	-	(4,225)	-	(4,225)	(5,952)	(10,177)
Non-controlling interest from newly-incorporated subsidiaries		-	-	-	-	2,700	2,700
Employee share option scheme							
- Issue of shares upon exercise of share options	18	190	7,847	-	8,037	-	8,037
Share-based payment							
- Value of consultancy service	18	-	2,000	-	2,000	-	2,000
Unclaimed dividend for forfeited shares		-	-	77	77	-	77
<b>Total transactions with owners</b>		190	85,179	(46,347)	39,022	86,069	125,091
<b>Balance at 31 March 2016 (Restated)</b>		318,534	381,113	7,788,871	8,488,518	285,953	8,774,471
<b>Balance at 1 April 2016 (Restated)</b>		318,534	381,113	7,788,871	8,488,518	285,953	8,774,471
Fair value changes on available-for-sale financial assets, net of tax		-	(34,435)	-	(34,435)	-	(34,435)
Reversal of reserves upon disposal of available-for-sale financial assets, net of tax		-	(29,893)	-	(29,893)	(4,296)	(34,189)
Currency translation differences		-	120,200	-	120,200	1,804	122,004
Profit for the year		-	-	1,065,424	1,065,424	49,115	1,114,539
<b>Total comprehensive income for the year ended 31 March 2017</b>		-	55,872	1,065,424	1,121,296	46,623	1,167,919
<b>Transactions with owners in their capacity as owners:</b>							
Appropriations from net profit	18, 19	-	326,129	(326,129)	-	-	-
Dividends payable to non-controlling interests		-	-	-	-	(2,251)	(2,251)
Dividends paid to non-controlling interests		-	-	-	-	(179,431)	(179,431)
Additional investment in a non-wholly owned subsidiary	18, 29(a)	-	(8,068)	-	(8,068)	8,068	-
Issuance of new shares to non-controlling interests	18, 29(b)	-	225,871	-	225,871	621,053	846,924
Acquisition of additional equity interest in Yongzhou Shan Xiang Flavour Co., Limited ("Yongzhou Shan Xiang") from non-controlling interest	18, 29(c)	-	(2,040)	-	(2,040)	(3,210)	(5,250)
Non-controlling interest from newly-incorporated subsidiaries		-	-	-	-	3,530	3,530
Share-based payment							
- Value of consultancy service	18	-	1,000	-	1,000	-	1,000
- Issue of shares upon exercise of share award	18	113	(113)	-	-	-	-
<b>Total transactions with owners</b>		113	542,779	(326,129)	216,763	447,759	664,522
<b>Balance at 31 March 2017</b>		318,647	979,764	8,528,166	9,826,577	780,335	10,606,912

The notes on pages 104 to 208 are an integral part of these consolidated financial statements.

第104至208頁的附註為本綜合財務報表的整體部份。

## Consolidated Statement of Cash Flows

### 綜合現金流量表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
<b>Cash flows from operating activities</b>				
Cash generated from operations	營運活動之現金流量			
Income tax paid	營運產生之現金	30	1,517,407	1,492,086
	已付所得稅		(213,698)	(303,090)
<b>Net cash generated from operating activities</b>	<b>營運活動產生之現金淨額</b>		<b>1,303,709</b>	1,188,996
<b>Cash flows from investing activities</b>				
Acquisitions of subsidiaries	投資活動的現金流量			
Purchases of available-for-sale financial assets	收購附屬公司		-	(243,626)
Proceeds from disposal of available-for-sale financial assets	購入可供出售金融資產	10(a)	(1,055,204)	(190,675)
Deposit paid for acquisition of available-for-sale financial assets	出售可供出售金融資產所得款項		1,064,305	31,984
Deposit paid for additional investment in an associate	購入可供出售金融資產支付的預付款		-	(36,000)
Acquisition of associates	增資聯營公司支付的預付款		(14,560)	-
Proceeds from disposal of a jointly controlled entity	收購聯營公司		(127,328)	(4,329)
Purchases of property, plant and equipment, land use rights and intangible assets	出售共同控制實體所得款項		-	5,281
Proceeds from disposal of property, plant and equipment	購入物業、機器及設備，土地使用權及無形資產		(56,011)	(114,373)
Short-term time deposits (placed)/released	出售物業、機器及設備所得款項	30	429	252
Release/(increase) in restricted bank deposits	(新增)/提取短期定期存款		(540,394)	570,159
Dividend received	提取/(新增)受限制現金		97,599	(97,599)
Interest received	已收股息		9,096	17,077
	已收利息		59,288	73,482
<b>Net cash (used in)/generated from investing activities</b>	<b>投資活動(所用)/產生之現金淨額</b>		<b>(562,780)</b>	11,633
<b>Cash flows from financing activities</b>				
Dividends paid to non-controlling interests	融資活動的現金流量			
Acquisition of additional interests in a subsidiary from non-controlling interests	向非控制性權益支付股息		(186,886)	(40,605)
Capital contributions from non-controlling interests	向非控制性權益收購附屬公司額外權益		(5,250)	-
Proceeds from issue of shares in connection with exercise of share options	非控制性權益持有人注資之所得款項		850,454	2,700
New short-term bank borrowings	行使購股權而發行的新股所得款項		-	8,037
Repayment of short-term bank borrowings	新增短期銀行貸款		81,500	-
Interest paid	償還短期銀行貸款		(21,000)	(630,478)
Repurchase of shares from non-controlling interests	已付利息		(4,653)	(11,594)
	向非控制性權益回購股份		-	(212)
<b>Net cash generated from/(used in) financing activities</b>	<b>融資活動產生/(所用)之現金淨額</b>		<b>714,165</b>	(672,152)
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加淨額</b>		<b>1,455,094</b>	528,477
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物		2,653,110	2,118,278
Effects of currency translation on cash and cash equivalents	貨幣換算對現金及現金等價物的影響		69,603	6,355
<b>Cash and cash equivalents at 31 March</b>	<b>於三月三十一日之現金及現金等價物</b>	15	<b>4,177,807</b>	2,653,110

The notes on pages 104 to 208 are an integral part of these consolidated financial statements.

第104至208頁的附註為本綜合財務報表的整體部份。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

#### 1. GENERAL INFORMATION

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

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are mainly engaged in the research and development, production, distribution and sale of flavours and fragrances, tobacco raw materials, aroma raw materials and innovative tobacco products in the People’s Republic of China (the “PRC”). Ms. Chu Lam Yiu, who is the Chairwoman of the Board of Directors, holds approximately 74% beneficial equity interest in the Company as at 31 March 2017.

These consolidated financial statements are presented in thousands of units of RMB (“RMB’000”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 16 June 2017.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by remeasurement of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

(除另有指明者外，所有金額均以人民幣千元列示)

#### 1. 一般資料

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

本公司的股份主要於香港聯合交易所有限公司上市。

本公司為投資控股公司。本公司及其附屬公司（「本集團」）之業務主要在中華人民共和國（「中國」）研究及發展、生產、分銷及銷售香精、煙用原料、香原料及新型煙草製品。朱林瑤女士乃本公司之董事局主席，於二零一七年三月三十一日，朱女士持有本公司約74%之權益。

本綜合財務報表除另有說明者外，均以人民幣千元（「人民幣千元」）列示。本綜合財務報表已於二零一七年六月十六日獲董事會批准刊發。

#### 2. 主要會計政策摘要

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

##### 2.1 編製基準

本公司綜合財務報表乃根據香港會計師公會頒佈所有適用的香港財務報告準則（「香港財務報告準則」），並按歷史成本法編製，且就重新計量之可供出售金融資產及以公允價值計量且其變動計入損益的金融資產而作出修訂。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.1 Basis of preparation (Continued)

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

### 2.1 編製基準 (續)

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

#### (a) *Change of presentation currency by the Group*

Having considered that most of the Group's revenue and business activities are conducted in mainland China and the functional currency of those subsidiaries in the mainland China is RMB, the Group has decided to adopt and use RMB as the presentation currency in presenting the financial performance and the financial position of the Group effective from 1 October 2016, so as to better reflect the underlying performance of the Group and for better alignment with the underlying business operations of the Group. As a result, the Group changed its presentation currency from HKD to RMB for the preparation of its financial statements.

#### (a) *呈報貨幣的變動*

經考慮本集團大部份收益及業務均於中國內地進行，且於中國內地的該等子公司的功能貨幣均以人民幣計值，本集團已決定採納及使用人民幣作為呈報本集團財務表現及財務狀況的呈報貨幣，自二零一六年十月一日起生效，從而更好地反映本集團的實際表現及與本集團的實際業務營運更好地協同一致。因此，本集團已將其呈報貨幣由港元變更為人民幣，以編製其財務報表。

The change in presentation currency has been applied retrospectively. The comparative figures in this consolidated financial statements were then translated from HKD to RMB using the applicable closing rates for assets and liabilities in the consolidated statement of financial position and applicable average rates that approximated to actual rates for items in the consolidated income statement. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

呈報貨幣的變動已追溯應用。本綜合財務報表的比較數字已由港元換算為人民幣，所使用的適用兌換率為綜合財務狀況表中資產及負債所採用的年終匯率以及綜合收益表項目所採用的實際匯率相若之適用平均匯率。股本、股份溢價及儲備均按於釐定各金額當日的兌換率（即歷史兌換率）換算。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.1 Basis of preparation (Continued)

### 2.1 編製基準 (續)

#### (b) New and amended standards adopted by the Group

#### (b) 本集團已採納的新訂和已修改的準則

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2016:

本集團已於二零一六年四月一日或之後開始的財政年度首次採納下列修改：

- *Disclosure initiative – amendments to HKAS 1*
- *Accounting for acquisitions of interests in joint operations – Amendments to HKFRS 11*
- *Clarification of acceptable methods of depreciation and amortisation – Amendments to HKAS 16 and HKAS 38, and*
- Annual improvements to HKFRSs 2012-2014 cycle

- 香港會計準則第1號(修訂)「披露計劃」
- 香港財務報告準則第11號(修訂)「收購共同經營權益的會計法」
- 香港會計準則第16號及香港會計準則第38號(修訂)「澄清折舊及攤銷之可接受方法」，及
- 年度改善包括二零一二年至二零一四年週期的年度改善項目

The adoption of these amendments did not have significant impact on the operating results and financial position for the year ended 31 March 2017 or any prior period.

採納以上修訂並無對本集團截至二零一七年三月三十一日止年度或以前年度的經營業績及財務狀況造成任何重大影響。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.1 Basis of preparation (Continued)

### 2.1 編製基準 (續)

(c) *New standards and interpretations not yet adopted*  
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016 and have not been early adopted by the Group in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

(c) *尚未採納的新訂準則及詮釋*

多項新訂準則、準則修訂及詮釋於二零一六年四月一日後開始之年度期間生效，且本集團並無於編製該等綜合財務資料時提早採納。預期該等新訂準則、準則修訂及詮釋不會對集團的綜合財務報表有重大影響，唯下列者除外：

#### HKFRS 9, 'Financial instruments' (effective for the financial year beginning on or after 1 January 2018)

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

#### 香港財務報告準則第9號「金融工具」(於二零一八年一月一日或之後開始的財政年度起生效)

新訂準則闡述金融資產及金融負債的分類、計量及終止確認，並介紹套期會計的新規定和金融資產的新減值模型。

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, financial instruments currently classified as available-for-sale ("AFS") financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.

儘管本集團尚未對金融資產的分類及計量進行詳細評估，但目前歸類為可供出售(「可供出售」)金融資產的金融工具似乎符合歸類為按公允價值計入其他全面收益(「按公允價值計入其他全面收益」)的條件，因此該等資產的會計處理將無變動。

The other financial assets held by the Group include:

本集團持有的其他金融資產包括：

- *equity investment currently classified as AFS for which a FVOCI election is available*
- *equity instruments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under HKFRS 9*

- *目前歸類為可供出售且可選擇按公允價值計入其他全面收益的股本投資*
- *目前以按公允價值計入損益(「按公允價值計入損益」)計量且可能繼續根據香港財務報告準則第9號以相同基準計量的股本工具*

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

因此，本集團預期新指引不會對其金融資產的分類及計量有重大影響。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.1 Basis of preparation (Continued)

### 2.1 編製基準 (續)

- (c) *New standards and interpretations not yet adopted (Continued)*

- (c) *尚未採納的新訂準則及詮釋 (續)*

**HKFRS 9, 'Financial instruments' (effective for the financial year beginning on or after 1 January 2018) (Continued)**

**香港財務報告準則第9號「金融工具」(於二零一八年一月一日或之後開始的財政年度起生效) (續)**

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

由於新規定僅影響按公允價值計入損益的金融負債，而本集團並不持有該等負債，因此，本集團金融負債的會計處理將不會受影響。終止確認的規則已由香港會計準則第39號金融工具：確認及計量轉移且並無變動。

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS39. The management is currently assessing how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

新減值模型要求以預期信用虧損，而非香港會計準則第39號下僅以已產生信用虧損確認減值撥備。本集團現正就新模型可能對其減值撥備造成的影響進行詳細評估，惟其可能導致提前確認信用虧損。

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

新準則亦引入延伸的披露要求及呈列方式變動。該等變動預期將更改本集團有關其金融工具披露的性質及程度，尤其是於採納新準則的年度。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.1 Basis of preparation (Continued)

### 2.1 編製基準 (續)

(c) *New standards and interpretations not yet adopted (continued)*

(c) *尚未採納的新訂準則及詮釋 (續)*

**HKFRS 15, 'Revenue from contracts with customers' (effective for the financial year beginning on or after 1 January 2018)**

**香港財務報告準則第15號「與客戶之合約收入」(於二零一八年一月一日或之後開始的財政年度起生效)**

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 and HKAS 11 and related interpretation and provides a comprehensive revenue recognition method which uses a five-step analysis of transaction to determine how much and when revenue is recognised. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

香港會計師公會已頒佈收入確認之新訂準則。此將取替香港會計準則第18號、香港會計準則第11號及它們的相關解釋，提供一個綜合收入確認的方法，利用五步法分析去量度以確定何時確認收入以及應當確認多少收入。新訂準則乃基於當貨品或服務控制權轉移至客戶時確認收入的原則。該準則允許在採納方面採用全面追溯法或修改追溯法。

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

本集團於現階段無法估計新規則對集團財務報表的影響。本集團將在未來十二個月對影響進行更詳細評估。

**HKFRS 16, 'Leases' (effective for the financial year beginning on or after 1 January 2019)**

**香港財務報告準則第16號「租賃」(於二零一九年一月一日或之後開始的年度期間起生效)**

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

香港財務報告準則第16號將引致絕大部分租賃於資產負債表確認，乃因經營與融資租賃之間的區分被刪除。根據新訂準則，資產(使用租賃項目的權利)及支付租金之金融義務被確認。唯一的例外情況是短期及低價值租賃。

The accounting for lessors will not significantly change. The standard will affect primarily the accounting for group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB151,692,000 (Note 31). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

出租人入賬將無重大變化。該準則將主要影響集團經營租賃之入賬。於報告日期，集團的不可撤銷經營租賃承擔為人民幣151,692,000元(附註31)。然而，本集團尚未釐定該等承擔到何種程度會引致確認未來支付之資產及負債以及此將如何影響集團溢利及現金流量分類。

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

部分承擔可能因短期及低價值租賃而屬例外情況，及部分承擔可能與不符合租賃條件(按香港財務報告準則第16號)的安排有關。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.2 Consolidation

### 2.2 綜合賬目

#### (a) Subsidiaries

#### (a) 附屬公司

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

附屬公司指本集團對其有控制權的所有實體(包括結構性實體)。當本集團乃由於參與該實體而承擔可變回報的風險或享有可變回報的權益，並有能力透過其對該實體的權力影響此等回報時，本集團即控制該實體。附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

會計法收購法乃用作本集團收購附屬公司的入賬方法。收購附屬公司的轉讓代價為本集團所轉讓資產、所產生負債及所發行的股權的公允價值。所轉讓代價包括或有代價安排所產生的任何資產或負債的公允價值。於業務合併時所收購可識別的資產以及所承擔的負債及或然負債，初步按收購日的公允價值計量。

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

就逐項收購基準，本集團可按公允價值或按非控制性權益應佔被收購方淨資產的比例，計量被收購方的非控制性權益。非控制性權益的所有其他組成部份按收購日期的公允價值計量，除非香港財務報告準則規定必須以其他計量基準計算。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.2 Consolidation (Continued)

### 2.2 綜合賬目 (續)

#### (a) Subsidiaries (Continued)

#### (a) 附屬公司 (續)

##### (i) Business combinations

##### (i) 業務合併

Acquisition-related costs are expensed as incurred.

收購的相關成本在產生時支銷。

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

所轉讓對價、被收購方的任何非控制性權益數額，及在被收購方之前任何權益在收購日的公允價值，超過所購入可辨識淨資產的數額記錄為商譽。如所轉讓對價、確認的任何非控制性權益及之前持有的權益計量，低於購入附屬公司淨資產的公允價值，則將該數額直接在收益中確認。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.2 Consolidation (Continued)

### 2.2 綜合賬目 (續)

#### (a) Subsidiaries (Continued)

#### (a) 附屬公司 (續)

##### (i) Business combinations (Continued)

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

##### (i) 業務合併 (續)

集團內公司之間的交易、結餘及交易的未變現利得予以對銷。未變現損失亦予以對銷，除非交易提供所轉撥資產的減值證據。子公司報告的數額已按需要作出改變，以確保與本集團採用的政策符合一致。

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

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

##### (ii) 不導致失去控制權的附屬公司權益變動

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

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.2 Consolidation (Continued)

### 2.2 綜合賬目 (續)

#### (a) Subsidiaries (Continued)

#### (a) 附屬公司 (續)

##### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS.

##### (iii) 出售附屬公司

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

#### (b) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

#### (b) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。於聯營公司之投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值被增加或減少以確認投資者享有被投資者在收購日期後的損益份額。本集團於聯營公司之投資包括收購時已識辨之商譽。在購買聯營企業的投資時，購買成本與本集團享有的對聯營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.2 Consolidation (Continued)

### 2.2 綜合賬目 (續)

#### (b) Associates (Continued)

#### (b) 聯營公司 (續)

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

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

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

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

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

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

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

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

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

在聯營公司的攤薄盈虧於綜合收益表內確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.2 Consolidation (Continued)

### 2.2 綜合賬目 (續)

#### (c) *Jointly controlled entity*

#### (c) *共同控制實體*

The Group has applied HKFRS 11 “Joint arrangements” to all joint arrangements. According to HKFRS 11, Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

本集團已對所有合營安排應用香港財務報告準則第11號。根據香港財務報告準則第11號，在合營安排的投資必須分類為共同經營或合營企業，視乎每個投資者的合同權益和義務而定。本公司已評估其合營安排的性質並釐定為合營企業。合營企業按權益法入賬。

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

根據權益法，合營企業權益初始以成本確認，其後經調整以確認本集團應佔收購後的盈利或虧損及在其他全面收益變動。當本集團享有某一合營企業的虧損超過或相等於在該合營企業的權益（包括任何實質上構成本集團在該合營淨投資的長期權益），則本集團不會進一步確認虧損，除非本集團已產生義務或已代合營企業付款。

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed to ensure consistency with the policies adopted by the Group.

本集團與其合營企業之間的未變現交易盈利乃按本集團在該等合營企業的權益予以對銷。未變現虧損也予以對銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策已按需要作出改變，以確保與本集團所採納的政策符合一致。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.3 Separate financial statements

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

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

### 2.4 Segment reporting

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

### 2.5 Foreign currency translation

#### (a) Functional and presentation currency

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

### 2.3 獨立財務報表

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

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

### 2.4 分部報告

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

### 2.5 外幣換算

#### (a) 功能和列賬貨幣

本集團每個主體的財務報表所列項目均以該主體經營所在的主要經濟環境的貨幣計量（「功能貨幣」）。本公司的功能貨幣為港幣而本綜合財務報表按本集團之列報貨幣人民幣列報。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.5 Foreign currency translation (Continued)

### 2.5 外幣換算 (續)

#### (b) Transactions and balances

#### (b) 交易及結餘

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

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

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

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

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

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

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

非貨幣性金融資產（例如以公允價值計量且其變動計入損益的權益）的換算差額列報為公允價值利得和損失的一部份。非貨幣性金融資產（例如分類為可供出售的權益）的換算差額包括在其他全面收益中。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.5 Foreign currency translation (Continued)

### 2.5 外幣換算 (續)

#### (c) Group companies

#### (c) 集團公司

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

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

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

- (i) 每份呈報的財務狀況表所呈列之資產及負債乃按其資產負債表日之收市匯率換算；

- (ii) 每份收益表內的收入和費用乃按平均匯率換算（除非該平均匯率並不代表交易當日匯率的累計影響的合理約數；在此情況下，收支則按交易當日的匯率換算）；及

- (iii) 所有因此而產生的匯兌差額在其他全面收益中確認。

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

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

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.5 Foreign currency translation (Continued)

### 2.5 外幣換算 (續)

#### (d) Disposal of foreign operation and partial disposal

#### (d) 處置和部份處置海外業務

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

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

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

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

### 2.6 Property, plant and equipment

### 2.6 物業、機器及設備

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

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

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

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



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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

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

### 2.6 物業、機器及設備 (續)

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

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

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

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

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

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income and other gains – net", in the consolidated income statement.

出售盈虧乃比較所得款項與賬面值而釐定，在綜合收益表內的「其他收入及其他收益－淨額」中確認。

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(All amounts in RMB thousands unless otherwise stated)

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.7 Land use rights

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

### 2.7 土地使用權

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

### 2.8 Intangible assets

#### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

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

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

### 2.8 無形資產

#### (a) 商譽

商譽產生自收購附屬公司並相當於所轉讓對價、被收購方的任何非控制性權益數額，及在被收購方之前任何權益在收購日期的公允價值，超過購入可辨識淨資產公允價值之數額。

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

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

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.8 Intangible assets (Continued)

### 2.8 無形資產 (續)

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

Customer relationships and non-competition agreement acquired as part of a business combination are capitalised separately from goodwill and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 5 to 10 years.

(b) *客戶關係及非同業競爭協議*

客戶關係及非同業競爭協議為業務合併的一部份，並已資本化與商譽分開，按成本減累計攤銷及累計減值虧損列賬。攤銷以直線法將無形資產的成本按其估計可使用年期5至10年計算。

(c) *Trademarks and licenses*

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

(c) *商標及許可證*

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

(d) *Computer software*

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

(d) *電腦軟件*

購入的電腦軟件牌照按購入及使用該特定軟件達到可使用時所產生的成本作資本化處理。此等成本按估計可使用年期(3至5年)攤銷。

(e) *Patents*

Patents include purchased technology and skills acquired from third parties. They have a finite useful life and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the technology and skills over their estimated useful life of 3 to 10 years.

(e) *專利*

專利乃購自第三方的技術並具有有限可使用期，按成本減累計攤銷及及累計減值虧損列賬。攤銷以直線法將專利及技術的成本按其估計可使用年期3至10年計算。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.8 Intangible assets (Continued)

### 2.8 無形資產 (續)

#### (f) Other intangible assets

#### (f) 其他無形資產

Other intangible assets mainly include product design and domain name. They are initially recognised and measured at cost or estimated fair value of intangible assets acquired through business combinations. They have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 5 years.

其他無形資產主要為產品設計及網上平台，它們按按歷史成本列賬或於業務合併時按購買日的公允價值列賬，它們具有有限可使用年期，按成本減累計攤銷和累計減值準備列賬。攤銷以直線法將商標的成本按其估計可使用年期5年計算。

### 2.9 Impairment of non-financial assets

### 2.9 非金融資產的減值

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

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

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.10 Financial assets

### 2.10 金融資產

#### 2.10.1 Classification

#### 2.10.1 分類

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

本集團將其金融資產分為以下類別：以公允價值計量且其變動計入損益，貸款及應收款項及可供出售。分類視乎購入財務資產之目的。管理層在初始確認時確定財務資產的分類。

#### (a) Financial assets at fair value through profit or loss

#### (a) 以公允價值計量且其變動計入損益的金融資產

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

以公允價值計量且其變動計入損益的金融資產指交易性金融資產。金融資產若在購入時主要用作在短期內出售，則分類為此類別。衍生工具除非被指定為套期，否則亦分類為持作交易性。在此類別的資產假若預期在12個月內結算，分類為流動資產；否則分類為非流動資產。

#### (b) Loans and receivables

#### (b) 貸款及應收款項

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

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

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.10 Financial assets (Continued)

### 2.10 金融資產 (續)

#### 2.10.1 Classification (Continued)

#### 2.10.1 分類 (續)

##### (c) Available-for-sale financial assets

##### (c) 可供出售金融資產

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

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

#### 2.10.2 Recognition and measurement

#### 2.10.2 確認和計量

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

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

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “other income and other gains – net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group’s right to receive payments is established.

「以公允價值計量且其變動計入損益的金融資產」類別的公允價值變動所產生的利得或損失，於其產生的期間呈列在利潤表的「其他收入及其他收益—淨額」內。以公允價值計量且其變動計入損益的金融資產的股利收入，當集團收取款項的權利確定時列為其他收入的一部份。

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

分類為可供出售的貨幣性及非貨幣性證券的公允價值變動在其他全面收益中確認。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.10 Financial assets (Continued)

### 2.10 金融資產 (續)

#### 2.10.2 Recognition and measurement (Continued)

#### 2.10.2 確認和計量 (續)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as “other income and other gains – net”.

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

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

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

### 2.11 Offsetting financial instruments

### 2.11 抵銷金融工具

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

當有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

### 2.12 Impairment of financial assets

### 2.12 金融資產減值

#### (a) Assets carried at amortised cost

#### (a) 以攤銷成本列賬的資產

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

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

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.12 Impairment of financial assets (Continued)

### 2.12 金融資產減值 (續)

#### (a) Assets carried at amortised cost (Continued)

#### (a) 以攤銷成本列賬的資產 (續)

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

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

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

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

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

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



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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.12 Impairment of financial assets (Continued)

### 2.12 金融資產減值 (續)

#### (b) Assets classified as available-for-sale

#### (b) 可供出售資產

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

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

### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.13 存貨

存貨按成本及可變現淨值兩者中的較低者列賬。成本按加權平均法釐定。製成品及在製品的成本主要包括原材料、直接勞工、其他直接成本及相關的生產開支（根據正常營運能力）。這不包括貸款成本。可變現淨值乃按正常業務過程中的估計售價，減去適用的變動銷售開支計算。

### 2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

### 2.14 貿易及其他應收款項

貿易應收賬款為在日常經營活動中就商品銷售或服務執行而應收客戶的款項。如貿易應收賬款及其他應收款的收回預期在一年或以內（如仍在正常經營週期中，則可較長時間），其被分類為流動資產；否則分類為非流動資產。

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

貿易及其他應收款項最初以公允價值確認，其後以實際利息法按攤銷成本扣除減值撥備計量。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### 2.15 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款及其他短期高流動性投資，其到期日為三個月或以下。

### 2.16 Share capital

Ordinary shares are classified as equity.

### 2.16 股本

普通股列為權益。

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

直接歸屬於發行新股或購股權的新增成本在權益中列為所得款的減少（扣除稅項）。

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to owners of the Company.

如任何集團公司購入本公司的權益股本（庫存股份），所支付的對價，包括任何直接所佔的新增成本（扣除所得稅），自歸屬於本公司權益持有人的權益中扣除，直至股份被註銷或重新發行為止。如股份其後被重新發行，任何已收取的對價（扣除任何直接所佔的新增交易費用及相關受影響的所得稅）包括在歸屬於本公司權益持有人的權益。

### 2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

### 2.17 貸款

貸款按公允價值並扣除產生的交易費用為初始確認。貸款其後按攤銷成本列賬；所得款（扣除交易成本）與贖回價值的任何差額利用實際利率法於貸款期間內在收益表確認。

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

設立貸款融資時支付的費用倘部份或全部融資將會很可能提取，該費用確認為貸款的交易費用。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部份或全部融資將會很可能被提取，則該費用資本化作為流動資金服務的預付款，並按有關的融資期間攤銷。

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則貸款分類為流動負債。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.18 Borrowing costs

General and specific borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

Borrowing costs include interest expense and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

### 2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

### 2.18 貸款成本

直接歸屬於收購、興建或生產合資格資產（指必須經一段長時間籌備以作其預定用途或銷售的資產）的一般及特定貸款成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。

就特定貸款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的貸款成本中扣除。

所有其他的貸款成本都在發生時計入發生年度的綜合收益表。

借款費用包括利息費用和被視為對利息費用的調整的外幣借款匯兌差額。作為利息費用的調整項目的匯兌利得和損失包括主體以功能貨幣借入資金本應發生的借款費用與外幣借款實際發生的借款費用之間的利率差額。該等金額根據主體功能貨幣的類似借款利率估計。

### 2.19 貿易應付款

貿易應付賬款為在日常經營活動中購買商品或服務而應支付的債務。如應付款的支付日期在一年或以內（如仍在正常經營週期中，則可較長時間），其被分類為流動負債；否則分類為非流動負債。

貿易應付款初步以公允價值確認，其後利用實際利息法按攤銷成本計量。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

### 2.20 當期及遞延所得稅

本期間的稅項支出包括當期和遞延稅項。稅項在綜合收益表中確認，但與其他全面收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他全面收益或直接在權益中確認。

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries, associates and jointly controlled entity operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (a) 當期所得稅

當期所得稅支出根據本公司、其附屬公司、聯營公司及共同控制實體營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

#### (b) Deferred income tax

##### Inside basis difference

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

#### (b) 遞延所得稅

##### 內在差異

遞延所得稅以負債法就資產與負債的稅基與資產和負債在綜合財務報表的賬面值之差額產生的暫時差異。然而，若遞延所得稅來自商譽的初始確認，以及若遞延所得稅來自在交易（不包括企業合併）中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延稅項採用在結算日前已頒佈或實質上頒佈，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期會將適用之稅率（及法例）而釐定。

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

遞延所得稅資產於有可能出現未來應課稅溢利抵銷暫時差額時方會確認。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.20 Current and deferred income tax (Continued)

### 2.20 當期及遞延所得稅 (續)

#### (b) *Deferred income tax (Continued)*

#### (b) *遞延所得稅 (續)*

##### **Outside basis differences**

##### **外在差異**

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

就子公司、聯營和合營投資產生的應課稅暫時性差異確認遞延所得稅負債，但不包括本集團可以控制暫時性差異的轉回時間以及暫時性差異在可預見將來很可能不會轉回的遞延所得稅負債。一般而言，本集團無法控制聯營的暫時性差異的撥回。只有當有協議賦予本集團有能力控制暫時性差異的撥回時才不予確認。

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

就子公司、聯營和合營投資產生的可扣減暫時性差異確認遞延所得稅資產，但只限於暫時性差異很可能在將來轉回，並有充足的應課稅利潤抵銷可用的暫時性差異。

#### (c) *Offsetting*

#### (c) *抵銷*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

當有法定可執行權利將當期稅項資產與當期稅項負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅實體或不同課稅實體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

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(All amounts in RMB thousands unless otherwise stated)

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.21 Employee benefits

#### *Pension obligations*

The Group operates the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong which is generally funded through payments to insurance companies under defined contribution plan. It pays contributions to administered pension insurance plans on a mandatory, contractual or voluntary basis. Moreover, all the employees of the Group's entities incorporated in Mainland China of the PRC (the "Mainland China") participate in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the local governments. The Group also makes defined contribution to retirement schemes managed by the insurance company in accordance with German regulation and rules for the employees of the subsidiary located in Germany. In the United States of America ("USA"), the Group makes defined contributions at certain percentage of monthly salary to retirement and medical schemes managed by the federal government of USA in accordance with US rules and regulations. It is the federal government's responsibility to pay the retirement benefits to those staff who retire. The Group has no further payment obligations once these contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. No pension obligation is required under the Botswana laws and regulation.

### 2.21 僱員福利

#### *退休金責任*

本集團於香港設有強制性公積金計劃(「強積金計劃」)，該計劃一般透過根據定額供款向保險公司付款而注資。本集團向管理退休保險計劃作出強制、合約或自願性質供款。此外，所有身為本集團於中華人民共和國(「中國內地」)註冊成立實體之僱員，均已參與由地方政府組織及管理之僱員社會保障計劃，涵蓋退休金、醫療、房屋及其他社會福利。本集團根據德國相關法律和法規為設立於德國的附屬公司之合資格僱員根據定額供款退休計劃向有關保險公司作出供款。根據美國的相關法律和法規向合資格員工按月薪的若干百分比向美國聯邦政府所管理的退休金及醫療保險計劃作出供款。美國聯邦政府有責任向該等退休僱員支付退休金。本集團一經繳付供款後再無進一步付款責任。供款於應付時確認為僱員福利開支，並可由歸屬前離開計劃的僱員所放棄的全數供款撇減。預付供款按照現金退款或未來款項減少而確認為資產。根據博茨瓦納的法律及法規，並無退休金責任的要求。

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(除另有指明者外，所有金額均以人民幣千元列示)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.22 Share-based payment

### 2.22 以股份支付之酬金

#### (a) Share option scheme

#### (a) 購股權計劃

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

本公司設有一項按權益償付，以股份支付酬金的計劃。根據該計劃，主體收取僱員的服務作為本集團期權工具（購股權）的對價。僱員為換取獲授予購股權而提供服務的公允價值確認為費用。作為費用的總金額，乃參照已授出的購股權之公允價值釐定：

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

- 包括任何市場條件（例如實體的股價）；
- 不包括任何非市場歸屬條件（例如盈利，銷售增長目標及僱員在某特定時期內留任實體的影響）；及
- 包括任何非歸屬條件（例如規定僱員儲蓄）的影響。

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

非市場表現和服務條件包括在有關於預期可予行使購股權數目的假設中。費用的總金額在歸屬期間內確認，歸屬期間指將符合所有特定可行權條件的期間。此外，在某些情況下，僱員可能在授出日期之前提供服務，因此授出日期的公允價值就確認服務開始期與授出日期之間期間內的開支作出估計。在每個報告期末，集團依據非市場表現和服務條件修訂其對預期可行權的購股權數目的估計。主體在收益表確認對原估算修訂（如有）的影響，並對權益作出相應調整。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.22 Share-based payment (Continued)

### 2.22 以股份支付之酬金 (續)

#### (a) Share option scheme (Continued)

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

#### (a) 購股權計劃 (續)

在購股權行使時，本公司發行新股份。當購股權獲行使時，已收取所得款項（扣除任何直接應佔交易成本）均列入股本（面值）及股份溢價中。

#### (b) Share award scheme

The Group operates an equity-settled plan, under which the entity receives services as consideration for equity instruments (share award) of the Group. For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of the services received in exchange for the grant of the options is charged to the income statement when the services are received.

#### (b) 股份獎勵計劃

本集團設有一項以權益償付的報酬計劃，根據該等計劃，主體收取服務以作為本集團權益工具（獎勵性股份）的對價。就按權益償付之以股份為基礎的支付，集團直接以收取之貨物及服務的公允價值去釐定收取之貨物及服務之費用及相對權益增加之金額。如集團無法可靠地估計貨物及服務之公允價值，集團應參考授出之權益工具之公允價值去釐定貨物及服務的公允價值及相對權益增加之金額。為換取獲授予期權而提供服務的公允價值會於收到服務後確認為費用。

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

在每個報告期末，集團依據服務條件修訂其對預期可行權的期權數目的估計。主體在收益表確認對原估算修訂（如有）的影響，並對權益作出相應調整。



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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value-added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### 2.23 收入確認

收入按已收或應收對價的公允價值計量，並相當於供應貨品的應收款項，扣除折扣、退貨和增值稅後列賬。當收入的金額能夠可靠計量、未來經濟利益很有可能流入有關實體，及當本集團每項活動均符合具體條件時（如下文所述），本集團便會將收入確認。本集團會根據其往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

#### (a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assumed.

#### (a) 貨品銷售

銷售貨品於本集團實體送交貨品予客戶，客戶接受該產品，銷售額能夠可靠計量以及有關應收款的收回可合理確保時確認入賬。

Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

當產品已付運予至指定地點，過時和損失風險已轉讓予客戶，而客戶已根據銷售合同接收產品、或所有接收條款已作廢，或本集團有客觀證據顯示所有接收條款已經履行後，貨品交付才算產生。

#### (b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

#### (b) 利息收入

利息收入採用實際利息法按時間比例基準確認入賬。倘應收款項出現減值時，本集團會將賬面值撇減至可收回款額，即估計的未來現金流量按該工具之原有效利率貼現值，並繼續將貼現計算並確認為利息收入。已減值應收款的利息收益利用有效利率確認。

#### (c) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (c) 股息收入

股息收入在收取款項的權利確定時確認。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.24 Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) the management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development assets are tested for impairment annually.

### 2.24 研發成本

研究費用於產生時確認為支出。倘開發中項目(有關設計及測試全新或經改良產品)所產生之費用，符合下列條件的確認為無形資產：

- (a) 產品技術上可行並可完成該無形資產並能出售或使用；
- (b) 管理層有意完成該無形資產並出售或使用；
- (c) 有能力使用或出售該無形資產；
- (d) 可證明該無形資產如何為將來產生經濟效益；
- (e) 足夠的技術、財務及其他資源可完成開發及使用或出售該無形資產；及
- (f) 於開發該無形資產時的成本能可靠計量。

資本化的研發費用計入無形資產並在資產達到可使用狀態時採用直線法在使用壽命內開始攤銷，使用年限不會超過5年。

其他研發費用於產生時如不符合上述條件的均會確認為費用。過往確認為費用之開發成本在其後期間並不確認為資產。

研發資產每年進行減值測試。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## 2. 主要會計政策摘要 (續)

### 2.25 Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

### 2.25 經營租賃

凡資產擁有權的大部份風險及回報仍歸出租人所有的租賃，均列作經營租賃。根據經營租賃的付款（扣除出租人給予的任何優惠）在租期內以直線法於損益表支銷。

### 2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

### 2.26 政府補貼

當能夠合理地保證本集團符合所有附帶條件而將收取政府補貼時，政府提供的補貼按公允價值確認入賬。

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

與成本有關之政府補貼遞延入賬，按擬補償成本之相應期間在綜合收益表確認。

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

與購買物業、機器及設備有關之政府補貼列入非流動負債作為遞延收入，按有關資產之預計年期以直線法在綜合收益表確認。

### 2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the final dividends are approved by the Company's shareholders and interim dividends are approved by the Company's Board of Directors.

### 2.27 股息分派

向本公司股東分派的期末股息在股息獲本公司股東批准的期間內，中期股息在獲本公司董事會批准的期間內，於本集團及本公司的財務報表內列為負債。

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### 3. FINANCIAL RISK MANAGEMENT

### 3. 財務風險管理

#### 3.1 Financial risk factors

#### 3.1 財務風險因素

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk, and fair value interest rate risk), credit risk and liquidity risk. The Group does not have any significant price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

本集團的活動面對多項財務風險：市場風險（包括外匯風險、現金流量之利率風險及公允價值之利率風險）、信貸風險及流動性風險。本集團無重大的價格風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求儘量減低對本集團財務表現的潛在不利影響。

Risk management is carried out under the policies approved by the Board of Directors. The Group identifies and evaluates financial risks in close co-operations with its operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing of excess liquidity.

風險管理按照董事會批准的政策執行、確定和評估財務風險。集團經營單位緊密合作以確定和評估財務風險。董事會為整體風險管理訂定指引，亦為若干特定範疇提供政策，例如外匯風險、利率風險、信貸風險，以及投資剩餘的流動資金。

#### (a) Market risk

#### (a) 市場風險

##### (i) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk primarily through financial instruments that are denominated in a currency other than the functional currency in which they are measured. The functional currency of the PRC subsidiaries is RMB, and the functional currency of the HK subsidiaries is HKD. The foreign exchange risk of the Group primarily arises from dividend receivables which are denominated in RMB. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The majority of the subsidiaries of the Group operate in the PRC and most of their transactions are denominated in RMB. The Group did not have other significant exposure to foreign exchange risk.

##### (i) 外匯風險

本集團主要於香港及中國內地經營，主要外匯風險乃源自計量除功能貨幣以外的一種貨幣的金融工具。於中國境內之附屬公司的功能貨幣為人民幣，而於香港的附屬公司之功能貨幣則為港幣。本集團的外匯風險主要來自以人民幣為單位的應收股利。人民幣兌港幣之匯率以及從中國內地匯出之款項須遵守中國政府頒佈之外匯管制條例及規例。本集團之主要附屬公司乃於國內經營及其大部份的交易以人民幣計算，故本集團並無重大外匯風險。

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## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

## 3. 財務風險管理(續)

## 3.1 Financial risk factors (Continued)

## 3.1 財務風險因素(續)

## (a) Market risk (Continued)

## (a) 市場風險(續)

## (i) Foreign exchange risk (Continued)

## (i) 外匯風險(續)

If HKD had strengthened/weakened by 5% against RMB during the year ended 31 March 2017, with all other factors remaining unchanged, the profit after income tax for the year and equity as at year end date would have been affected as follows:

截至二零一七年三月三十一日止年度內，假若港幣兌人民幣升值／貶值5%，而所有其他因素維持不變，則對本年度除稅後盈利及於年末權益的影響如下：

		Change of profit after income tax for the year increase/(decrease)		Change of equity as at 31 March increase/(decrease)	
		2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年
<b>Group</b>	<b>本集團</b>				
- Strengthened by 5%	- 升值5%	<b>18,047</b>	18,410	<b>87,646</b>	78,745
- Weakened by 5%	- 貶值5%	<b>(18,047)</b>	(18,410)	<b>(87,646)</b>	(78,745)

## (ii) Cash flow and fair value interest rate risk

## (ii) 現金流量及公允值之利率風險

Other than deposits held in banks, the Group does not have significant interest-bearing assets. Fluctuation of market rates does not have a significant impact to the Group's performance.

除存放於銀行的存款以外，本集團並無重大計息資產。市場利率的變動對本集團的表現無重大影響。

The Group's exposure to changes in interest rates is mainly attributable to its borrowings which are at floating rates, and expose the Group to cash flow interest-rate risk.

集團面臨的利率變動風險主要來自按浮動利率發行的貸款，令本集團承受現金流量利率風險。

At 31 March 2017 and 2016, if interest rates on borrowings had been 1 percentage points higher/lower, with all other variables held constant, there would have been no material impact to the profit after income tax for the year.

於二零一七年及二零一六年三月三十一日，在其他因素不變的情況下，若貸款利率上升／下降一個百分點，對本年盈利並無重大影響。

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3. 財務風險管理 (續)

#### 3.1 Financial risk factors (Continued)

#### 3.1 財務風險因素 (續)

##### (b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, credit exposure to customers and related parties arising from outstanding receivables.

##### (b) 信貸風險

信貸風險是按照組合方式管理。信貸風險主要來自存放於銀行及其他財務機構的存款及現金及現金等價物、信貸予客戶及關聯人士之未償付的應收款項。

As at the reporting dates, all the Group's cash and cash equivalents, restricted bank deposits and short-term time deposits are placed in high quality financial institutions without significant exposure to credit risk.

於結算日，本集團所有的現金及現金等價物，受限制現金及短期定期存款均存放於優質及無重大信貸風險的財務機構。

The Group currently sells substantially all its products namely flavours and fragrances, tobacco raw materials, aroma raw materials, and innovative tobacco products in the PRC domestic market. Credit is granted for a period up to 6 months to the major customers. The credit period is determined according to an assessment made on the financial conditions and past payment history of these customers with the approval obtained from senior management. As at 31 March 2017, the 5 largest debtors accounted for approximately 49% (2016: 40%) of total trade receivables balance of the Group.

本集團現時主要於中國本地市場銷售其香精產品、煙用原料、香原料及新型煙草製品。授予主要客戶的信貸期為6個月。信貸期的確定乃根據該客戶的財務條件及過往付款紀錄評估得出並獲得高級管理層的核准。於二零一七年三月三十一日，五大客戶佔本集團總貿易應收款項結餘約49% (二零一六年：40%)。

The Directors are of the view that most customers with outstanding balances as at 31 March 2017 are either existing customers with a long business relationship with the Group and/or reputable companies in the industry. The risk of credit default is considered to be low and accordingly, the provision for doubtful debts as at 31 March 2017 amounting to approximately RMB14,558,000 (2016: RMB11,468,000) is considered adequate to cover any significant potential credit risk.

董事認為於二零一七年三月三十一日大多數的存在未償還結餘的客戶多數為與本集團具有長期業務關係的現有客戶及／或於其行業具有良好信譽的客戶，故信貸風險相對較低，於二零一七年三月三十一日約人民幣14,558,000元 (二零一六年：人民幣11,468,000元) 的減值撥備足夠覆蓋任何重大潛在的信貸風險。

As at 31 March 2017, the Company had certain balances due from subsidiaries. The Directors do not consider that there is significant credit risk arising from these balances in light of the past repayment history and operations of these subsidiaries.

於二零一七年三月三十一日，就本公司應收附屬公司款項，在考慮其以往還款情況及業務狀況後，管理層亦不預期其存在重大信貸風險。

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

## 3. 財務風險管理(續)

## 3.1 Financial risk factors (Continued)

## 3.1 財務風險因素(續)

## (c) Liquidity risk

## (c) 流動性風險

Cash flow forecast is performed in the operating entities of the Group. The Directors monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and that the Group does not breach borrowing covenants on its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and if applicable, external regulatory or legal requirements – for example, currency restrictions.

現金流量預測是在集團的經營主體執行。董事監控集團的流動資金需求的滾動預測，確保有足夠資金應付經營需要，但同時確保集團不違反其貸款條款。此等預測考慮了集團債務融資計劃、條款遵從、符合內部財務狀況比率目標，及外部的監管或法例規定 – 例如貨幣限制(如適用)。

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

下表顯示本集團的金融負債按照相關的到期組別，根據由資產負債表日至合同到期日的剩餘期間進行分析。在表內披露的金額為未經貼現的合同現金流量。金額在一年內到期乃相等於其賬面值是由於貼現的影響不重大。

		Between Less than 1 year 一年以下	Between 1 and 2 years 一年至兩年	Between 2 and 3 years 兩年至三年	Between 3 and 4 years 三年至四年
<b>Group</b>	<b>集團</b>				
<b>At 31 March 2017</b>	<b>於二零一七年三月三十一日</b>				
Borrowings (including interest)	貸款(包括應計利息)	76,332	-	-	-
Trade and other payables excluding statutory liabilities and advances from customers	貿易及其他應付款項 (不包括法定債項及 預付款)	406,065	12,989	2,598	-
At 31 March 2016	於二零一六年三月三十一日				
Borrowings (including interest)	貸款(包括應計利息)	15,229	-	-	-
Trade and other payables excluding statutory liabilities and advances from customers	貿易及其他應付款項 (不包括法定債項及 預付款)	553,503	14,437	11,397	2,660

As at 31 March 2017, the Group's net current assets is RMB6,314,161,000 (2016: RMB4,382,190,000).

於二零一七年三月三十一日，本集團之流動資產淨值為人民幣6,314,161,000元(二零一六年：人民幣4,382,190,000元)。

## Notes to the Consolidated Financial Statements

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### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3. 財務風險管理 (續)

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The operating cash inflows of the Group are sufficient for investing activities including acquisition of new businesses.

The Group monitors its capital risk based on the debt-to-equity ratio. This ratio is calculated by dividing the net debt by the total owners' equity. The Group's net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Since the Group's cash and bank balance was larger than borrowing amount, the Group's debt-to-equity ratio is zero as at 31 March 2017 and 2016.

#### 3.3 Fair value estimation

The following categorises financial instruments carried at fair value based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

- Quoted price (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

#### 3.2 資本風險管理

本集團的資本管理政策目的是保障其能繼續營運，以為股東提供回報和為其他權益持有人提供利益，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本返還、發行新股或出售資產以減低債務。

本集團經營活動產生的現金流可足夠用於投資活動包括收購新業務。

本集團以資本負債比率監察其資本風險。此比率乃按照債務淨額除以總資本計算。本集團的債務淨額為總貸款（包括流動及非流動貸款）減去現金及現金等價物。由於本集團的現金及現金等價物金額大於貸款金額，本集團於二零一七年及二零一六年三月三十一日的資本負債比率為零。

#### 3.3 公允價值估計

以下對以公允價值計量的金融工具進行分類，乃根據在公允價值層級中輸入估值技巧的級別釐定。不同層級的定義如下：

- 相同資產或負債在活躍市場的報價（未經調整）（第一層）；
- 除了第1層所包括的報價外，該資產和負債的可觀察的其他輸入，可直接（即例如價格）或間接（即源自價格）（第二層）；
- 資產和負債並非依據可觀察市場數據的輸入（即不可觀察輸入）（第三層）。



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### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 3. 財務風險管理 (續)

#### 3.3 Fair value estimation (Continued)

The financial assets of level 3 within the fair value hierarchy as at 31 March 2017 and 2016 were the available-for-sale financial assets, of which the changes for the years ended 31 March 2017 and 2016 are presented in Note 10. There were no transfers into or out of level 3.

Other than available-for-sale financial assets and financial assets at fair value through profit or loss, there are no financial instruments that were measured at fair value as at 31 March 2017 and 2016.

Market approach is adopted in valuation of available-for-sale financial assets. There were no changes in valuation techniques during the year.

#### 3.4 Group's valuation processes

The Group's finance department includes a team that performs the valuation of financial assets required for financial reporting purposes with the assistance of an independent valuer when necessary, including level 3 fair values. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every six months, in line with the Group's reporting dates.

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

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

#### 3.3 公允價值估計 (續)

於二零一七年三月三十一日，第三類公允價值架構內之金融資產包括可供出售金融資產。其中在二零一七年及二零一六年三月三十一日止年度的變動於附註10內呈列。概無任何金融資產於第三層架構類別轉入或轉出。

於二零一七年及二零一六年三月三十一日，除可供出售金融資產及以公允價值計量且其變動計入損益的金融資產外，並無其他金融工具乃按公允價值計量。

可供出售金融資產的估值乃採用市場法。本年度之估值方法並無改變。

#### 3.4 本集團的估值過程

本集團之財務部設有一個小組，負責就財務報告事宜執行，並在需要時由一個獨立評估機構的協助下對金融資產的估值，包括有關第3層公允價值。此小組直接向財務總監（「財務總監」）匯報。財務總監及評估小組乃按本集團之報告日期即每6個月舉行一次討論估值流程與其結果。

#### 3.5 按攤銷成本計量的金融資產及負債之公允價值

按攤銷成本計量的金融資產和負債的公允價值乃與其賬面值相若。

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#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### 4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

###### (a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

If the budgeted gross margin, estimated pre-tax discount rate or forecast growth rate used in the value-in-use calculation for the CGUs of flavours subgroup under flavours and fragrances segment had been 43.7 percentage points lower, 42.5 percentage points higher or 45 percentage points lower than management's estimates at 31 March 2017 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill.

If the budgeted gross margin, estimated pre-tax discount rate or forecast growth rate used in the value-in-use calculation for the CGUs of tobacco raw materials segment had been 9.5 percentage points lower or 4.1 percentage points higher or 10.3 percentage points lower than management's estimates at 31 March 2017 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill.

#### 4. 關鍵會計估計及判斷

估算和判斷會被持續評估，並基於過往經驗及其他因素，包括在有關情況下相信對未來事件的合理預測。

##### 4.1 關鍵會計估計及假設

本集團為未來作出估算及假設。所得之會計估計如其定義，很少與相關的實際結果相符。涉及導致資產及負債之賬面值可能於下一個財政年度內須作出重大調整之估計及假設如下：

###### (a) 商譽減值之估計

根據附註2.9所述的會計政策，本集團每年測試商譽是否出現減值。現金產生單位的可收回金額按照使用價值計算而釐定。此等計算均需利用估算（附註8）。

如果香精業務中食用香精的現金產生單位的使用價值計算中所使用的預計毛利率、估計稅前貼現率或預測期增長率較管理層在二零一七年三月三十一日估計的分別下降43.7個百分點、增加42.5個百分點，或下降45個百分點，其他假設保持不變，本集團無需對商譽確認減值。

如果煙用原料業務的現金產生單位的使用價值計算中所使用的預計毛利率、估計稅前貼現率或預測期增長率較管理層在二零一七年三月三十一日估計的分別下降9.5個百分點或增加4.1個百分點或下降10.3個百分點，其他假設保持不變，本集團無需對商譽確認減值。

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#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### 4. 關鍵會計估計及判斷 (續)

##### 4.1 Critical accounting estimates and assumptions (Continued)

##### 4.1 關鍵會計估計及假設 (續)

###### (a) Impairment of goodwill (Continued)

If the budgeted gross margin, estimated pre-tax discount rate or forecast and terminal growth rate used in the value-in-use calculation for the CGUs of Yancheng Chunzhu under aroma raw materials segment had been 3.9 percentage points lower or 2.8 percentage points higher or 9.9 percentage points lower than management's estimates at 31 March 2017 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill.

If the budgeted gross margin, estimated pre-tax discount rate or forecast and terminal growth rate used in the value-in-use calculation for the CGUs of fragrances subgroup under flavours and fragrances segment had been 1.9 percentage points lower or 1.1 percentage points higher or 2 percentage points lower than management's estimates at 31 March 2017 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill.

###### (b) PRC enterprise income tax and deferred taxation

The Group's subsidiaries that operate in the PRC is subject to enterprise income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it's probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

###### (a) 商譽減值之估計 (續)

如果香原料業務的現金產生單位鹽城春竹的使用價值計算中所使用的預計毛利率、估計稅前貼現率或預測期增長率及永續年增長率較管理層在二零一七年三月三十一日估計的分別下降3.9個百分點或增加2.8個百分點或下降9.9個百分點，其他假設保持不變，本集團無需確認商譽減值。

如果香精業務中日用香精的現金產生單位的使用價值計算中所使用的預計毛利率、估計稅前貼現率或預測期增長率及永續年增長率較管理層在二零一七年三月三十一日估計的分別下降1.9個百分點或增加1.1個百分點或下降2個百分點，其他假設保持不變，本集團無需確認商譽減值。

###### (b) 中國企業所得稅及遞延稅項

本集團於中國經營的附屬公司須繳納中國企業所得稅。於釐定所得稅撥備時需要作出重要的判斷。在日常業務過程中，許多交易及計算均無法最終釐定。當該等事宜的最終稅款與最初記賬金額不同時，有關差額將影響作出有關釐定期間的所得稅和遞延稅項撥備。

當管理層認為日後可能有應課稅溢利可供動用以抵銷暫時差額或稅項虧損時，有關若干暫時差額及稅項虧損的遞延稅項資產會予以確認。其實際利用結果可能不同。

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#### 5. TURNOVER AND SEGMENT INFORMATION

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

- (1) Flavours and fragrances;
- (2) Tobacco raw materials;
- (3) Aroma raw materials; and
- (4) Innovative tobacco products.

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

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

#### 5. 營業額及分部資料

本集團的經營分為四項主要營運分部：

- (1) 香精；
- (2) 煙用原料；
- (3) 香原料；及
- (4) 新型煙草製品。

主要經營決策者明確為執行董事（「執行董事」），執行董事審閱本集團的內部報告以評估表現及分配資源。管理層按照此報告以決定營運分部。

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

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

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

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

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

#### 5. 營業額及分部資料 (續)

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

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

執行董事從經營活動角度考慮業務，並根據營運盈利的計量評估營運分部的表現。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

#### 5. 營業額及分部資料 (續)

The segment information for the year ended 31 March 2017 is presented below:

截至二零一七年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2017 截至二零一七年三月三十一日止年度					
		Flavours and fragrances  香精	Tobacco raw materials  煙用原料	Aroma raw materials  香原料	Innovative tobacco products  新型 煙草製品	Others  其他	Total  總計
Total turnover	總營業額	2,105,715	712,010	445,184	271,039	1,717	3,535,665
Inter-segment sales	分部間銷售	(40,981)	(6,029)	(5,734)	(27)	-	(52,771)
Segment turnover – net	分部營業額 – 淨額	2,064,734	705,981	439,450	271,012	1,717	3,482,894
<b>Segment result</b>	<b>分部業績</b>	<b>1,205,063</b>	<b>256,053</b>	<b>70,870</b>	<b>(110,984)</b>	<b>(81,480)</b>	<b>1,339,522</b>
Finance income	財務收入						57,140
Finance costs	融資成本						(4,793)
Finance income – net	財務收入 – 淨額						52,347
Share of profit of associates	應佔聯營公司之盈利						17,243
Profit before income tax	除稅前盈利						1,409,112
Income tax expense	所得稅						(294,573)
<b>Profit for the year</b>	<b>本年度盈利</b>						<b>1,114,539</b>
Depreciation	折舊	38,873	79,518	11,269	5,666	288	135,614
Amortisation	攤銷	23,848	7,568	17,019	31,555	576	80,566
		As at 31 March 2017 於二零一七年三月三十一日					
		Flavours and fragrances  香精	Tobacco raw materials  煙用原料	Aroma raw materials  香原料	Innovative tobacco products  新型 煙草製品	Others  其他	Total  總計
Segment assets	分部資產	5,580,878	1,956,731	589,854	310,422	3,059,866	11,497,751

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

## 5. 營業額及分部資料(續)

The segment information for the year ended 31 March 2016 is presented below:

截至二零一六年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2016 (Restated) 截至二零一六年三月三十一日止年度(經重列)					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型 煙草製品	Others 其他	Total 總計
Total turnover	總營業額	2,275,430	631,044	286,445	73,309	12,671	3,278,899
Inter-segment sales	分部間銷售	(73,060)	(1,258)	(3,273)	-	(872)	(78,463)
Segment turnover – net	分部營業額 – 淨額	2,202,370	629,786	283,172	73,309	11,799	3,200,436
<b>Segment result</b>	<b>分部業績</b>	1,345,381	218,766	48,229	(88,232)	(99,912)	1,424,232
Finance income	財務收入						70,045
Finance costs	融資成本						(10,232)
Finance income – net	財務收入 – 淨額						59,813
Share of profit of associates and a jointly controlled entity	應佔聯營公司及共同控制 實體之盈利						9,286
Profit before income tax	除稅前盈利						1,493,331
Income tax expense	所得稅						(297,686)
<b>Profit for the year</b>	<b>本年度盈利</b>						<b>1,195,645</b>
Depreciation	折舊	37,717	82,679	8,027	1,541	272	130,236
Amortisation	攤銷	25,392	6,357	7,299	10,336	295	49,679
		As at 31 March 2016 (Restated) 於二零一六年三月三十一日(經重列)					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型 煙草製品	Others 其他	Total 總計
Segment assets	分部資產	4,373,706	2,069,909	677,892	375,651	2,157,061	9,654,219

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

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

Non-current assets other than financial instruments and deferred tax assets of the Group as at 31 March 2017 and 31 March 2016 are mainly located in the PRC.

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

Revenue derived from sales made to the single largest external customer for the year ended 31 March 2017 amounted to 15% (2016: 18%) of the Group's total revenue. These revenues are attributable to flavours and fragrances segment.

#### 5. 營業額及分部資料 (續)

分部業績是代表各分部之盈利，當中並沒有包括未分類支出、融資成本、財務收入及應佔聯營公司及共同控制實體之業績。此分部業績主要是為分配資源和評估各分部之表現而向主要經營決策者呈列的方式。

除金融工具和遞延所得稅資產以外，於二零一七年及二零一六年三月三十一日本集團的非流動資產總額主要位於國內。

來自外部客戶的收入主要來自銷售香精、煙用原料及香原料予國內客戶，以及銷售新型煙草製品予美國客戶。

截至二零一七年三月三十一日止年度，來源於最大外部客戶的收入佔集團總收入15%（二零一六年：18%）。這些收入是由香精分部產生的。



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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 6. PROPERTY, PLANT AND EQUIPMENT

## 6. 物業、機器及設備

	Note	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Leasehold improvements	Construction in progress	Others	Total
	附註	樓宇	機器及設備	汽車	傢俬、裝置及設備	租賃裝修	在建工程	其他	總計
<b>At 1 April 2015 (Restated)</b>	於二零一五年四月一日 (經重列)								
Cost	成本	628,212	695,480	71,844	161,956	21,774	111,622	-	1,690,888
Accumulated depreciation	累計折舊	(175,775)	(256,788)	(46,076)	(87,505)	(11,465)	-	-	(577,609)
Net book amount	賬面淨值	452,437	438,692	25,768	74,451	10,309	111,622	-	1,113,279
<b>Year ended 31 March 2016 (Restated)</b>	截至二零一六年三月三十一日止年度 (經重列)								
Net book amount at 1 April	於四月一日賬面淨值	452,437	438,692	25,768	74,451	10,309	111,622	-	1,113,279
Additions	添置	4,876	6,076	3,531	10,257	8,550	46,770	2,954	83,014
Transfers	轉移	44,266	51,229	13	2,629	29,048	(127,185)	-	-
Acquisition of equity interest in Yancheng Chunzhu	收購鹽城春竹之股權	9,592	14,844	473	1,422	-	3,113	-	29,444
Acquisition of equity interest in VMR	收購VMR之股權	-	-	90	2,621	3,928	-	-	6,639
Disposals	出售	30	(1,697)	(227)	(379)	-	(364)	-	(2,667)
Provisions for impairment	減值撥備	23	(12,268)	-	-	-	-	-	(12,268)
Depreciation	折舊	23	(67,896)	(7,933)	(16,263)	(5,717)	-	(123)	(130,236)
Currency translation differences	貨幣換算差額	165	169	19	56	(21)	2,148	(1)	2,535
Net book amount at 31 March	於三月三十一日賬面淨值	479,032	429,149	21,734	74,794	46,097	36,104	2,830	1,089,740
<b>At 31 March 2016 (Restated)</b>	於二零一六年三月三十一日 (經重列)								
Cost	成本	690,958	761,766	76,003	182,427	67,397	36,104	2,953	1,817,608
Accumulated depreciation	累計折舊	(211,926)	(332,617)	(54,269)	(107,633)	(21,300)	-	(123)	(727,868)
Net book amount	賬面淨值	479,032	429,149	21,734	74,794	46,097	36,104	2,830	1,089,740
<b>Year ended 31 March 2017</b>	截至二零一七年三月三十一日止年度								
Net book amount at 1 April	於四月一日賬面淨值	479,032	429,149	21,734	74,794	46,097	36,104	2,830	1,089,740
Additions	添置	5,246	505	4,899	12,291	6,073	16,231	-	45,245
Transfers	轉移	14,849	15,564	-	3,420	189	(34,972)	-	(950)
Disposals	出售	30	(2,106)	(551)	(1,498)	(65)	-	-	(4,776)
Provisions for impairment	減值撥備	23	(956)	-	(1,812)	-	-	-	(2,768)
Depreciation	折舊	23	(65,867)	(7,300)	(17,779)	(10,685)	-	(295)	(135,614)
Currency translation differences	貨幣換算差額	356	3,873	11	262	215	28	-	4,745
Net book amount at 31 March	於三月三十一日賬面淨值	465,239	380,162	18,793	69,678	41,824	17,391	2,535	995,622
<b>At 31 March 2017</b>	於二零一七年三月三十一日								
Cost	成本	709,793	778,879	77,442	190,703	74,307	17,391	2,953	1,851,468
Accumulated depreciation	累計折舊	(244,554)	(398,717)	(58,649)	(121,025)	(32,483)	-	(418)	(855,846)
Net book amount	賬面淨值	465,239	380,162	18,793	69,678	41,824	17,391	2,535	995,622

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) 6. 物業、機器及設備 (續)

Depreciation was recorded in the following categories:

折舊按以下分類支銷：

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
		Note 附註	
Manufacturing overheads	製造費用	<b>71,381</b>	65,705
Selling and marketing expenses	銷售及推廣開支	<b>1,947</b>	1,967
Administrative expenses	行政費用	<b>62,286</b>	62,564
Total depreciation	折舊總額	23 <b>135,614</b>	130,236

#### 7. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

#### 7. 土地使用權

本集團於土地使用權的權益為預付經營租金，其賬面淨值分析如下：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Outside Hong Kong, held on: Leases between 10 and 50 years	在香港境外按以下年期持有： 10至50年的租約	<b>150,713</b>	154,724

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
		Note 附註	
At 1 April	於四月一日	<b>154,724</b>	153,713
Additions	添置	<b>420</b>	633
Acquisition of equity interest in Yancheng Chunzhu	收購鹽城春竹之股權	-	4,767
Amortisation	攤銷	23 <b>(5,538)</b>	(5,171)
Currency translation differences	貨幣換算差額	<b>1,107</b>	782
At 31 March	於三月三十一日	<b>150,713</b>	154,724

## Notes to the Consolidated Financial Statements

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 8. INTANGIBLE ASSETS

## 8. 無形資產

	Note	Goodwill	Trademarks and licenses	Customer relationships	Non-competition agreement	Computer software	Patents	Product design	Domain name	Total
	附註	(a)	(b)	客戶關係	非競爭協議	電腦軟件	專利	產品設計	網上平台	總計
<b>At 1 April 2015 (Restated)</b>	於二零一五年四月一日 (經重列)									
Cost	成本	2,166,737	108,021	219,569	3,880	3,078	18,457	-	-	2,519,742
Accumulated amortisation	累計攤銷	-	(33,410)	(169,942)	(2,994)	(2,275)	(16,145)	-	-	(224,766)
Net book amount	賬面淨值	2,166,737	74,611	49,627	886	803	2,312	-	-	2,294,976
<b>Year ended 31 March 2016 (Restated)</b>	截至二零一六年三月三十一日止年度 (經重列)									
Net book amount at 1 April	於四月一日賬面淨值	2,166,737	74,611	49,627	886	803	2,312	-	-	2,294,976
Additions	添置	-	-	-	-	934	5,083	-	-	6,017
Acquisition of equity interest in Yancheng Chunzhu	收購鹽城春竹之股權	66,730	70,000	27,000	-	-	24,500	-	-	188,230
Acquisition of equity interest in VMR	收購VMR之股權	45,365	100,650	-	-	1,982	-	71,430	42,208	261,635
Amortisation	攤銷	23	(9,296)	(24,326)	(220)	(1,110)	(2,007)	(4,762)	(2,787)	(44,508)
Currency translation differences	貨幣換算差額	7,169	2,393	1,861	1	(10)	1	(1)	(6)	11,408
Net book amount at 31 March	於三月三十一日賬面淨值	2,286,001	238,358	54,162	667	2,599	29,889	66,667	39,415	2,717,758
<b>At 31 March 2016 (Restated)</b>	於二零一六年三月三十一日 (經重列)									
Cost	成本	2,286,001	278,672	248,429	3,880	9,177	48,042	71,429	43,634	2,989,264
Accumulated amortisation	累計攤銷	-	(40,314)	(194,267)	(3,213)	(6,578)	(18,153)	(4,762)	(4,219)	(271,506)
Net book amount	賬面淨值	2,286,001	238,358	54,162	667	2,599	29,889	66,667	39,415	2,717,758
<b>Year ended 31 March 2017</b>	截至二零一七年三月三十一日止年度									
Net book amount at 1 April	於四月一日賬面淨值	2,286,001	238,358	54,162	667	2,599	29,889	66,667	39,415	2,717,758
Additions	添置	-	-	-	-	2,946	1,415	-	212	4,573
Transfers	轉移	-	-	-	-	950	-	-	-	950
Amortisation	攤銷	23	(15,559)	(27,327)	(221)	(2,410)	(6,111)	(14,286)	(9,114)	(75,028)
Provision for impairment	減值撥備	23	(22,710)	-	-	-	-	-	-	(22,710)
Disposal	處置減少	-	-	-	-	-	(54)	-	-	(54)
Currency translation differences	貨幣換算差額	13,122	5,712	2,691	(1)	110	2	6,646	3,885	32,167
Net book amount at 31 March	於三月三十一日賬面淨值	2,276,413	228,511	29,526	445	4,195	25,141	59,027	34,398	2,657,656
<b>At 31 March 2017</b>	於二零一七年三月三十一日									
Cost	成本	2,276,413	287,166	256,261	3,876	13,430	49,405	75,892	46,424	3,008,867
Accumulated amortisation	累計攤銷	-	(58,655)	(226,735)	(3,431)	(9,235)	(24,264)	(16,865)	(12,026)	(351,211)
Net book amount	賬面淨值	2,276,413	228,511	29,526	445	4,195	25,141	59,027	34,398	2,657,656

Amortisation is included in administrative expenses in the consolidated income statement.

攤銷包括在綜合收益表的行政費用內。

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 8. INTANGIBLE ASSETS (CONTINUED)

- (a) Goodwill is mainly attributable to the anticipated profitability of operations, the anticipated future operating synergies and enlarged market share. Goodwill arising from prior year is allocated to the Group's CGUs identified within the operating segment.

The goodwill is allocated in operating segments as follows:

#### 8. 無形資產(續)

- (a) 商譽主要由經營活動的預期盈利狀況、預期的未來經營協同效應和擴大的市場份額決定。本集團之商譽主要根據其業務分部分配至多個現金產生單位。

商譽根據經營分部分配的摘要呈列如下：

		2017 二零一七年				As at 31 March 於三月三十一日					
		Flavours and fragrances	Tobacco raw materials	Aroma raw materials	Innovative tobacco products 新型 煙草製品	Total	Flavours and fragrances	Tobacco raw materials	Aroma raw materials	Innovative tobacco products 新型 煙草製品	Total
		香精	煙用原料	香原料	煙草製品	總計	香精	煙用原料	香原料	煙草製品	總計
Goodwill	商譽	1,241,561	942,633	66,730	25,489	2,276,413	1,231,273	942,633	66,730	45,365	2,286,001

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates below. The terminal growth rate does not exceed the long-term average growth rate for the businesses in which the CGU operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments or entities as below. Management determined budgeted gross margin based on past performance and their expectations for the market development.

每個現金產生單位的可收回金額乃以使用價值計算。上述採用計算基於管理層已批准的五年期財務預算而預計之稅前貼現現金流量計算。超逾五年期的現金流量使用的預計永續年增長率列示如下。該永續年增長率不會超過現金產生單位之業務分部營運的長期平均增長率。所用之毛利率為稅前毛利率並反映下列各營運分部之特定風險。管理層根據過往的業績及其對市場發展的預期確定預計毛利率。

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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 8. INTANGIBLE ASSETS (CONTINUED)

## 8. 無形資產(續)

## (a) (Continued)

## (a) (續)

The key assumptions used for value-in-use calculations are as follows:

使用價值計算的主要假設如下：

	As at 31 March 於三月三十一日				2016 (Restated) 二零一六年(經重列)			
	2017 二零一七年		Innovative tobacco products 新型 煙草製品		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型 煙草製品
Terminal Growth rate 永續年增長率	0%~3%	3%~5%	3%	3%	3%~5%	3%	3%	3%
Discount rate 貼現率	14.6%~20.2%	16.2%~17.3%	15.1%~20.3%	17.5%	15%~16.4%	17.1%	20.5%	17.5%

These assumptions have been used for the analysis of each CGU within the operating segment.

此假設已沿用於營運分部中的每個現金產生單位的分析內。

Based on the assessment of the cash flow projections of the various CGUs, the Directors recognised impairment charge of goodwill amounting to RMB22,710,000 for the CGU of VMR for the year ended 31 March 2017 (2016: nil).

在評價多個現金產生單位的現金流預測後，截至二零一七年三月三十一日止年度，本集團之董事確認了新型煙草製品業務中之VMR現金產生單位的商譽減值為人民幣22,710,000元(二零一六年：無)。

- (b) Trademarks represent Peacock, Xinghu, Samshiang, Chunzhu, V2, V2PRO and Vapour2 trademarks.

- (b) 商標乃指孔雀、星湖、湘農山香、春竹、V2、V2PRO、Vapour2牌商標。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 9. INVESTMENTS IN ASSOCIATES

The Group has interests in five and two individually immaterial associates as at 31 March 2017 and 2016 respectively. The following table analyses, in aggregate, the movements of the carrying amount of the Group's investments in these associates, and its share of results of these associates.

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

#### 9. 於聯營公司之投資

於二零一七年及二零一六年三月三十一日，本集團分別於五個及兩個並非個別重大的聯營公司擁有權益。下表為本集團於該等聯營公司的投資及其於該等聯營公司應佔業績的合計賬面值變動的分析。

於聯營公司的權益投資變動分析如下：

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
		Note 附註	
At 1 April	於四月一日		180,434
Share of profit of associates	應佔聯營公司盈利		9,339
Acquisition of Yunnan Hongta Blue Eagle Paper Co. Ltd ("Hongta Blue Eagle")	收購雲南紅塔藍鷹紙業有限公司(「紅塔藍鷹」)		101,658
Transfer	轉移	10	-
Dividends received or receivable	宣派股息		(8,801)
Acquisition of Yancheng Chunzhu	收購鹽城春竹之股權		84,000
Acquisition of Beijing Yunji Wuyu Technology Co., LTD ("Yunji Wuyu")	收購北京雲基物宇科技股份有限公司(「雲基物宇」)	(b)	-
Transfer to investments in subsidiaries upon gaining control over Yancheng Chunzhu	於獲取控制權後鹽城春竹由聯營公司轉為附屬公司		(85,311)
At 31 March	於三月三十一日		281,319

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 9. INVESTMENTS IN ASSOCIATES (CONTINUED)

## 9. 於聯營公司之投資(續)

- (a) As at 31 March 2017, the Group had interests in the following associates:

- (a) 於二零一七年三月三十一日，本集團於以下聯營公司擁有權益：

Name 名稱	Country of incorporation 註冊成立國家	% of ownership Interests 所持權益百分比	Principal activities 主要業務
Guizhou Huangguoshu Golden Leaf Technology Co., Ltd. (“Huangguoshu Golden Leaf”) 貴州黃果樹金葉科技有限公司(「黃果樹金葉」)	PRC 中國	40%	Pre-operating 籌備開業中
Hongta Blue Eagle 紅塔藍鷹	PRC 中國	25.1%	Manufacture and sales of cigarette paper and auxiliary products 生產和銷售捲煙用紙及輔助用品
Yunji Wuyu 雲基物宇	PRC 中國	20%	Provide software development service and sale of self-developed software and electronic products 提供軟件開發服務及銷售自行開發之軟件及電子產品
Hunan Golden Leaf Reconstituted Tobacco Leaves Co., Ltd 湖南金葉煙草薄片有限責任公司	PRC 中國	10%	Produce and sell reconstituted tobacco leaves 生產和銷售煙草薄片
Yunnan Ruisheng Tobacco Technology Group Co., Ltd. 雲南瑞升煙草技術(集團)有限公司	PRC 中國	6.72%	Research, develop, produce and sell flavours and additives 研發、生產和銷售香精香料及添加劑

- (b) In May 2016, the Group purchased 20% of the equity interest in Yunji Wuyu for a consideration of RMB30,000,000.

- (b) 集團於二零一六年五月以人民幣30,000,000元收購雲基物宇20%之股權。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**10. AVAILABLE-FOR-SALE FINANCIAL ASSETS****10. 可供出售金融資產**

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
		Note 附註	
At 1 April	於四月一日		178,392
Additions for the year	本年度增加	(a)	190,675
Disposal for the year	本年度減少		(36,929)
Transfer	轉移	9	-
Fair value change	公允價值變動	18(a)	(10,394)
Currency translation differences	貨幣換算差額		1,644
<b>At 31 March</b>			<b>323,388</b>

Available-for-sale financial assets include:

可供出售金融資產包括：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
		Note 附註	
<b>Non-current assets:</b>			
非流動資產：			
Unlisted equity investments in the PRC: at fair value	於中國的非上市權益投資： 公允值	(b)	99,438
Unlisted equity investments in Israel: at fair value	於以色列的非上市權益投資： 公允值	(b)	85,950
			<b>115,938</b>
<b>Current assets:</b>			
流動資產：			
Wealth management products	財富管理產品	(a)	138,000
<b>Total</b>	<b>總計</b>		<b>323,388</b>



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

- (a) Additions for the year represents investments in technology innovation sector amounting to RMB24,204,000; and investment in wealth management products amounting to RMB1,031,000,000. The additions included the reinvestment of the wealth management product after its maturity. There was no single transaction of investment in wealth management product excess the amount of RMB500 million.

Wealth management products represent financial products issued by commercial banks in PRC. These products are principal protected and with non-guaranteed return, the terms ranging from one day to three months.

The carrying amount approximated the fair value. The fair values are based on cash flow discounted using the expected return based on management judgment and are of level 3 within the fair value hierarchy.

#### 10. 可供出售金融資產 (續)

- (a) 本年度新增高科技創新基金投資共人民幣24,204,000元；以及投資銀行理財產品共人民幣1,031,000,000元。新增包括銀行理財產品在其到期後之再投資。就銀行理財產品投資沒有單一的交易超過人民幣5億元。

銀行理財產品為由中國內地銀行發出之財富管理產品，這些產品為保本浮動收益產品，只保障理財資本金，不保證理財收益。理財計劃開放期為一天至三個月。

銀行理財產品的公允價值與賬面值相若。公允價值根據管理層之判斷以預期回報之折現現金流計算，並屬於公允價值層級之第三層。

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

#### 10. 可供出售金融資產(續)

(b) The fair value of unlisted equity investments are based on market comparable companies with the following unobservable inputs used.

(b) 非上市權益投資之公允值乃根據市場上可比較之公司的不可觀察輸入值所釐定。

Unlisted equity interest 非上市權益	Fair value as at 31 March 於三月三十一日之公允值		Valuation techniques 評估方法	Unobservable inputs 不可觀察輸入值	Average 平均值	
	2017 二零一七年	2016 二零一六年			2017 二零一七年	2016 二零一六年
Tobacco, flavours and fragrances industry 煙草及香精行業	-	89,438	Market comparable companies 市場上可比較之公司	Price to sales ratio 股價營收比	n/a 不適用	2.9
				Discount for lack of marketability 缺乏流通性折讓	n/a 不適用	20%
				Price to book ratio 市賬率	n/a 不適用	2.9
Private equity fund investment 私募基金	<b>115,938</b>	95,950	Net asset value 資產淨值	n/a 不適用	n/a 不適用	n/a 不適用

Available-for-sale financial assets are denominated in the following currencies:

可供出售金融資產以下列貨幣金額列示：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
RMB	人民幣	<b>124,345</b>	237,438
USD	美元	<b>102,593</b>	85,950
		<b>226,938</b>	323,388

None of these financial assets is impaired.

沒有金融資產已減值。

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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 11. DEFERRED INCOME TAX ASSETS/LIABILITIES

The movements in the deferred income tax are as follows:

## 11. 遞延所得稅資產／負債

遞延所得稅變動如下：

	Deferred income tax assets 遞延所得稅資產				Deferred income tax liabilities 遞延所得稅負債				
	Note	Unrealised profits arising from intra-group sales	Recoverable tax loss	Others	Total	Valuation surplus of assets and recognition of intangible assets	Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC	Total	
	附註	集團內公司間銷售所產生的集團內未變現盈利	可彌補虧損	其他	總計	資產評估盈餘及無形資產的確認	於中國國內的公司預期匯出的股息所產生之預提所得稅	總計	
At 1 April 2015 (Restated)	於二零一五年四月一日 (經重列)	51,639	-	-	51,639	52,180	5,332	57,512	
Acquisition of equity interest in Yancheng Chunzhu	收購鹽城春竹之股權	-	-	-	-	18,865	-	18,865	
Recognised in other comprehensive income	於其他全面收益確認	18	-	-	-	(3,157)	-	(3,157)	
Recognised in the income statement	於損益表確認	26	7,174	5,825	1,845	14,844	1,942	(5,483)	(3,541)
Currency translation differences	貨幣換算差額	-	-	-	-	1,270	151	1,421	
At 31 March 2016 (Restated)	於二零一六年三月三十一日 (經重列)	<b>58,813</b>	<b>5,825</b>	<b>1,845</b>	<b>66,483</b>	<b>71,100</b>	-	<b>71,100</b>	
Recognised in other comprehensive income	於其他全面收益確認	18	-	-	-	(16,268)	-	(16,268)	
Recognised in the income statement	於損益表確認	26	(4,659)	1,317	3,603	261	18,047	(282)	
Currency translation differences	貨幣換算差額	-	-	-	-	1,757	-	1,757	
At 31 March 2017	於二零一七年三月三十一日	<b>54,154</b>	<b>7,142</b>	<b>5,448</b>	<b>66,744</b>	<b>38,260</b>	<b>18,047</b>	<b>56,307</b>	

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

集團內公司間銷售所產生的集團內未變現盈利確認為遞延所得稅資產，其金額以負債法按結算日已生效或已實質生效的稅率計算暫時性差額確定。

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#### 11. DEFERRED INCOME TAX ASSETS/LIABILITIES (CONTINUED)

Deferred income tax liabilities arose from the valuation surplus of property, plant and equipment, land use rights, intangible assets, available-for-sale financial assets; recognition of intangible assets as a result of acquisition of subsidiaries; withholding income tax on dividends expected to be remitted abroad by group entities incorporated in the PRC.

Pursuant to the Corporate Income Tax Laws of the PRC approved by the National People's Congress on 16 March 2007, a 10% withholding tax is levied on dividends remitted from the PRC entities to overseas investors with effect from 1 January 2008. A lower withholding tax rate of 5% is applied to Hong Kong investors as there is a tax treaty between the PRC and Hong Kong. However, the 5% treaty rate is not automatically granted. The taxpayer needs to apply to the relevant tax bureau for an approval for the treaty rate. The Directors estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies and the approval for the treaty rate will be obtained. Therefore, deferred income tax liabilities had been provided based on 5% or 10% of the estimated profits to be remitted to Hong Kong. The Directors of the Company will review the funding requirements of the Group and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 31 March 2017, deferred income tax liabilities of RMB327,717,000 (2016: RMB286,196,000) have not been recognised for the withholding tax that would otherwise be payable on the undistributed profits approximately RMB6,539,449,000 (2016: RMB5,714,691,000) retained by certain PRC subsidiaries.

#### 11. 遞延所得稅資產／負債（續）

遞延所得稅負債乃由於本公司收購或合併附屬公司所導致之物業、機器及設備，土地使用權、無形資產和可供出售金融資產的評估盈餘、無形資產的確認、以公允值計量且其變動計入損益的金融資產的公允值變動而產生，及集團內於中國註冊成立的公司預期匯出境外的股息所產生之預提所得稅。

根據全國人民代表大會於二零零七年三月十六日通過的中國企業所得稅法，由二零零八年一月一日起，中國企業向外商投資企業分派股息，需按10%之稅率徵收所得稅。基於中國及香港有特別稅務協定，故中國企業向香港投資企業分派股息，可享有較優惠的稅率5%徵收。但該5%協定稅率並非自動獲得，納稅人需向有關主管稅局申請批准享有稅務協定。本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港之直接母公司。因此，遞延所得稅負債乃按預期匯出香港之盈利以5%或10%的稅率計算。本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息政策。

於二零一七年三月三十一日，本集團並未就若干中國大陸附屬公司之未分派盈利約人民幣6,539,449,000元（二零一六年：人民幣5,714,691,000元）須予支付的預提所得稅確認遞延所得稅負債人民幣327,717,000元（二零一六年：人民幣286,196,000元）。

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 11. DEFERRED INCOME TAX ASSETS/LIABILITIES (CONTINUED)

## 11. 遞延所得稅資產／負債（續）

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

遞延所得稅資產及負債的分析如下：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Deferred income tax assets:	遞延所得稅資產		
- to be recovered after more than 12 months	- 在十二個月後收回部份	7,142	5,825
- to be recovered within 12 months	- 在十二個月內收回部份	59,602	60,658
		<b>66,744</b>	66,483
Deferred income tax liabilities:	遞延所得稅負債		
- to become payable after more than 12 months	- 在超過十二個月後轉為應付部份	50,470	63,116
- to become payable within 12 months	- 在十二個月內轉為應付部份	5,837	7,984
		<b>56,307</b>	71,100

## 12. INVENTORIES

## 12. 存貨

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
At cost:	按成本：		
Raw materials	原材料	317,147	543,811
Work in progress	在製品	202,365	11,352
Finished goods	製成品	173,978	139,788
		<b>693,490</b>	694,951

For the year ended 31 March 2017, the cost of inventories recognised as expense and included in cost of goods sold and administrative expenses amounted to approximately RMB1,034,727,000 (2016: RMB796,320,000).

截至二零一七年三月三十一日止年度之存貨成本確認為費用並計入銷售成本及行政費用的金額約為人民幣1,034,727,000元（二零一六年：人民幣796,320,000元）。

The Group recognised provision for impairment of approximately RMB7,014,000 (2016: nil) in respect of the losses on obsolete inventories.

本集團就陳舊存貨減值而確認減值撥備約為人民幣7,014,000元（二零一六年：無）。

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(除另有指明者外，所有金額均以人民幣千元列示)

**13. TRADE AND OTHER RECEIVABLES****13. 貿易及其他應收款項**

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
		Note 附註	
Trade receivables	貿易應收款項	(a)	829,041
Less: Provision for impairment of receivables	減：應收款項減值撥備		(11,468)
			<b>1,049,955</b>
			<b>(14,558)</b>
			<b>1,035,397</b>
Trade receivables – net	貿易應收款項 – 淨額		817,573
Notes receivable	應收票據		160,523
Prepayments and other receivables	預付款項及其他應收款項		193,256
Advances to staff	員工墊款		12,544
Others	其他		16,559
			<b>1,425,527</b>
			1,200,455

Except for prepayment of RMB28,229,000 (2016: RMB36,686,000), trade and other receivables are financial assets categorised under “loans and receivables”. All trade and other receivables are either recoverable within one year or on demand. Accordingly, the fair values of the trade and other receivables approximate their carrying amounts.

除預付賬款人民幣28,229,000元(二零一六年：人民幣36,686,000元)外，貿易及其他應收款被分類為「貸款和應收款項」。所有貿易及其他應收款項乃於一年內或於通知時清還。故貿易及其他應收款項賬面值與公允值相若。

(a) The credit period generally granted to customers ranges from 0 to 180 days. At 31 March 2017 and 2016, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on invoice date was as follows:

(a) 授予客戶的信貸期一般為0至180日。於二零一七年及二零一六年三月三十一日，貿易應收款項(包括關聯人士的貿易應收款項)根據發票日期的賬齡分析如下：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
0 – 90 days	0至90日	<b>934,268</b>	724,288
91 – 180 days	91至180日	<b>77,758</b>	46,277
181 – 360 days	181至360日	<b>15,899</b>	34,832
Over 360 days	360日以上	<b>22,030</b>	23,644
		<b>1,049,955</b>	829,041

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**13. TRADE AND OTHER RECEIVABLES (CONTINUED)****13. 貿易及其他應收款項 (續)**

(a) (Continued)

As at 31 March 2017, unbilled trade receivables of RMB449,225,000 (2016: RMB309,796,000) was categorised in the aging of 0-90 days.

(a) (續)

於二零一七年三月三十一日，未開發票之貿易應收款為人民幣449,225,000元（二零一六年：人民幣309,796,000元）已包括在0-90日賬齡內。

After considering the credit period, trade receivables are assessed for impairment. As at 31 March 2017, trade receivables of RMB33,605,000 (2016: RMB56,780,000) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

信用期滿後，已對貿易應收款項進行減值評估。於二零一七年三月三十一日，貿易應收款項人民幣33,605,000元（二零一六年：人民幣56,780,000元）經已逾期但並無減值。此等款項涉及多個最近沒有拖欠還款記錄的獨立客戶。此等貿易應收款的逾期賬齡分析如下：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Past due up to 90 days	逾期至90日	29,880	38,725
Past due over 90 days	逾期超過90日	3,725	18,055
		<b>33,605</b>	56,780

As at 31 March 2017, trade receivables of RMB22,030,000 (2016: RMB23,644,000) were impaired with RMB14,558,000 (2016: RMB11,468,000) provision made. The individually impaired receivables mainly relate to customers which had ceased business with the Group and were not in a position to repay. These receivables are all aged over one year.

於二零一七年三月三十一日，貿易應收款人民幣22,030,000元（二零一六年：人民幣23,644,000元）中人民幣14,558,000元（二零一六年：人民幣11,468,000元）須減值及撥備。個別減值的應收款項主要來自與集團終止合作關係及無還款能力的客戶。上述應收款項賬齡均超過一年。

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**13. TRADE AND OTHER RECEIVABLES (CONTINUED)****13. 貿易及其他應收款項 (續)**

(a) (Continued)

The carrying amounts of the Group's trade receivables (including amounts due from related parties which are trade in nature) are denominated in the following currencies:

(a) (續)

本集團的貿易應收款的賬面值(包括關聯人士的貿易應收款項)以下列貨幣為單位：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
RMB	人民幣	1,027,952	797,739
USD	美元	21,604	31,224
HKD	港幣	399	78
		<b>1,049,955</b>	<b>829,041</b>

Movements of the provision for impairment of trade receivables were as follows:

貿易應收款減值撥備的變動如下：

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
At 1 April	於四月一日	11,468	5,579
Provision for impairment on trade receivables	貿易應收款減值撥備	6,514	6,445
Trade receivables written off during the year as uncollectible	於年中撇銷未收的貿易應收款	(3,424)	(556)
At 31 March	於三月三十一日	<b>14,558</b>	<b>11,468</b>

The creation and release of provision for impaired receivables have been included in "administrative expenses" in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

對已減值應收款撥備的設立和轉回已包括在綜合收益表中「行政費用」內。計入撥備賬戶中的數額一般會在預期無法收回額外現金時撇銷。

The other classes within trade and other receivables do not contain impaired assets.

貿易及其他應收款項內的其他類別沒有包含已減值資產。

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

在報告日期，信貸風險的最高風險承擔為上述每類應收款項的賬面值。本集團不持有任何作為抵押的抵押品。



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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

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

## 14. 以公允價值計量且其變動計入損益的金融資產

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Listed equity securities, PRC, at market value, denominated in RMB	上市股本證券，中國大陸，按市值以人民幣計值	-	190,938

Changes in fair values of financial assets at fair value through profit or loss and gain or loss on disposal of financial assets at fair value through profit or loss are recorded in "other income and other gains – net" in the consolidated income statement (Note 22).

按公允價值透過損益列賬之財務資產之公允價值變動乃記入綜合損益表之「其他收入及其他收益－淨額」內(附註22)。

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

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

## 15. CASH AND BANK BALANCES

## 15. 銀行及庫存現金

		As at 31 March 於三月三十一日		
Note 附註		2017 二零一七年	2016 二零一六年 (Restated) (經重列)	
	Restricted bank balance	(a)	-	97,599
	Short-term time deposits	(b)	724,148	183,754
	Cash and cash equivalents		4,177,807	2,653,110
			<b>4,901,955</b>	2,934,463

(a) As at 31 March 2016, restricted bank balance included the consideration payable for acquiring 25.1% equity interest in Hongta Blue Eagle (Note 9), which has been paid during current year.

(a) 於二零一六年三月三十一日，受限制現金包括了支付購買25.1%紅塔藍鷹股份之對價(附註9)。該筆款項已於本年內支付。

(b) The original maturity of time deposits was six month or above with average annual interest rate of 1.8% (2016: 2.1%). The fair values of the short-term time deposits approximate their carrying amounts. None of the deposits is either past due or impaired.

(b) 短期定期存款的原到期日乃六個月或以上及其平均存款年利息率為1.8厘(二零一六年：2.1厘)。短期定期存款賬面值與公允價值相若。概無存款逾期或減值。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**15. CASH AND BANK BALANCES (CONTINUED)**

Cash and bank balances are denominated in the following currencies:

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
RMB	人民幣	3,570,446	2,085,142
USD	美元	862,575	490,899
HKD	港幣	465,581	353,234
EUR and others	歐元及其他	3,353	5,188
		<b>4,901,955</b>	<b>2,934,463</b>

As at 31 March 2017, the Group's and the Company's maximum exposure to credit risk of cash and bank balances is their carrying amounts.

於二零一七年三月三十一日，本集團及本公司面對的來自銀行及庫存現金的最高信貸風險乃其賬面價值。

**16. SHARE CAPITAL****16. 股本**

		Number of shares 股份數目	Share capital 股本 RMB'000 人民幣千元
		Note 附註	
Ordinary shares, issued and fully paid:	普通股，已發行及繳足：		
At 1 April 2015 (Restated)	於二零一五年四月一日 (經重列)		318,344
Issue of shares upon exercise of share options	行使購股權而發行的新股	17	190
At 31 March 2016 and 1 April 2016 (Restated)	於二零一六年三月三十一日 及二零一六年四月一日 (經重列)		318,534
Issue of shares upon exercise of share awards	行使股份獎勵而發行的新股	17	113
At 31 March 2017	二零一七年三月三十一日		<b>318,647</b>

		Number of shares 股份數目	Share capital 股本 RMB'000 人民幣千元
			3,104,317,961
			2,340,000
			3,106,657,961
			1,304,915
			3,107,962,876

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 17. SHARE-BASED PAYMENT

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

## 17. 股份為基礎的支付

於年內，以股份為基礎的支付下未行使的股份數目之變動列示如下：

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年 Number of share options (‘000) 股份數目 (‘000)	2016 二零一六年 Number of share options (‘000) 股份數目 (‘000)
		Note 附註	
Share option	購股權		
1 April	於四月一日	(a i)	17,590
Exercised	已行使	(a ii)	(2,340)
Lapsed	已失效	(a iii)	–
Deregistered	已註銷	(a iv)	–
31 March	於三月三十一日	(a v)	2,600
Share award	股份獎勵		
1 April	於四月一日		–
Exercised	已行使	(b)	(1,305)
Deregistered	已失效	(b)	(3,045)
Grant	授出		4,350
31 March	於三月三十一日	(b)	–
Total	共計		2,600
			19,600

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 17. SHARE-BASED PAYMENT (CONTINUED)

#### 17. 股份為基礎的支付 (續)

##### (a) Share option scheme

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

- (i) The weighted average exercise prices per share were HKD5.02 and HKD4.91 as at 1 April 2016 and 2015 respectively.
- (ii) The weighted average market share price per share immediately before the share option exercise date was HKD8.20 and the weighted average exercise prices per share are HKD4.22 for the share options exercised during the year ended 31 March 2016.
- (iii) Share options lapsed was due to resignation of employees and the expiry of the ten-year share options. The weighted average exercise price per share is HKD3.91 for the share option lapsed during the year ended 31 March 2017.
- (iv) On 22 December 2016, the Company issued a voluntary conditional cash offer (for details please refer to the circulars dated 22 December 2016) and the parties who hold 3,550,000 share options has accepted the offer and agreed to cancel their outstanding share options. The weighted average exercise price per share for the deregistered share options is HKD6.65.
- (v) The weighted average exercise prices per share were HKD6.65 and HKD5.02 as at 31 March 2017 and 2016 respectively.

##### (a) 購股權

於二零零六年十月十日及二零零六年十月二十五日，本集團分別授出97,200,000及30,400,000股購股權，行使價為每股港幣3.09元及歸屬期為0至3年，予現有僱員及董事。及於二零零七年十月十七日，本集團分別授出13,900,000及3,600,000股購股權，行使價為每股港幣6.65元及歸屬期為半年至3年，予現有僱員及一名董事。合同規定購股權的期限為十年。本集團無法律義務或合同回購及以現金支付購股權。購股權的公允價值於授出日由Black-Scholes評估模型確認。

- (i) 於二零一六年及二零一五年四月一日，加權平均行使價分別為每股港幣5.02元及港幣4.91元。
- (ii) 截至二零一六年三月三十一日止年度，緊接購股權行使日期之前的加權平均收市價為每股港幣8.20元，而已行使之購股權之加權平均行使價為港幣4.22元。
- (iii) 購股權失效是由於員工離職及期限為十年之購股權已逾期。截至二零一七年三月三十一日止年度，失效的購股權之加權平均行使價為每股港幣3.91元。
- (iv) 就二零一六年十二月二十二日發出的自願有條件現金要約（詳見本公司日期為二零一六年十二月二十二日之通函），3,550,000股購股權持有人已接納要約並同意該等購股權被註銷。該等被註銷的購股權之加權平均行使價為每股港幣6.65元。
- (v) 於二零一七年及二零一六年三月三十一日，加權平均行使價分別為每股港幣6.65元及港幣5.02元。

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## 17. SHARE-BASED PAYMENT (CONTINUED)

## 17. 股份為基礎的支付(續)

## (a) Share option scheme (Continued)

Share options outstanding as at 31 March 2017 are analysed as follows:

## (a) 購股權(續)

於二零一七年三月三十一日未行使購股權之分析如下：

Grantee		Exercise price in HKD per share (行使價港幣(每股計))	Number of share options ('000) (購股權數目(股數以千計))	Expiry date (失效日期)
Employees	僱員	6.65	2,600	16 October 2017 二零一七年十月十六日

All share options outstanding as at 31 March 2017 and 2016 are currently exercisable.

於二零一七年及二零一六年三月三十一日，所有未行使的購股權於現在可予行使。

## (b) Share award

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

## (b) 股份獎勵

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

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

截至二零一六年九月三十日(服務合同的屆滿日期)，顧問根據服務合同已完成的部份服務之公允價值為人民幣3,000,000元。按所完成的服務，顧問有權獲取的獎勵性股份為1,304,915股，而顧問無權獲取的其餘的3,044,802股獎勵性股份已於二零一六年十一月三十日之前註銷。

As at 31 March 2017, all the exercisable share award had been exercised by the consultant.

顧問已於二零一七年三月三十一日前全數行使有權獲取的股份獎勵。

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(除另有指明者外，所有金額均以人民幣千元列示)

#### 17. SHARE-BASED PAYMENT (CONTINUED)

#### 17. 股份為基礎的支付 (續)

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

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

Movements in the number of shares options outstanding during the year and their related weighted average exercise prices are set out below:

##### (c) VMR之購股權計劃

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

於年內，未行使的購股權數目之變動及其相關之加權平均行使價列示如下：

		<b>Weighted average exercise price in USD per share</b> 加權平均行使 價美元 (每股計)	<b>Number of share options</b> 購股權數目
1 April 2016	於二零一六年四月一日	<b>28.33</b>	<b>66,094</b>
Lapsed	已失效 (i)	<b>27.45</b>	<b>(27,100)</b>
31 March 2017	於二零一七年三月三十一日	<b>28.93</b>	<b>38,994</b>

(i) Share option lapsed was due to resignation of employees.

(i) 購股權失效是由於員工離職。

(ii) The total amount of compensation recognised for all options issued for the year ended 31 March 2017 amounted to approximately RMB1,080,000 (2016: RMB683,000). As at 31 March 2017, the remaining unrecognised compensation cost relates to the options issued amounted to approximately RMB3,827,000 (2016: RMB4,071,000).

(ii) 截至二零一七年三月三十一日止年度，購股權支出約人民幣1,080,000元(二零一六年：人民幣683,000元)。於二零一七年三月三十一日，已授出購股權相關之未確認購股權支出約為人民幣3,827,000元(二零一六年：人民幣4,071,000元)。

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(除另有指明者外，所有金額均以人民幣千元列示)

## 17. SHARE-BASED PAYMENT (CONTINUED)

## 17. 股份為基礎的支付(續)

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

## (c) VMR之購股權計劃(續)

Share options outstanding as at 31 March 2017 are analysed as follows:

於二零一七年三月三十一日未行使購股權之分析如下：

Grantee	承授人	Exercise price in USD per share 行使價美元 (每股計)	Number of share options 購股權數目	Expiry date 失效日期
Employees	僱員	21.27	12,000	3 December 2017 二零一七年十二月三日
Employees	僱員	21.27	4,350	14 September 2018 二零一八年九月十四日
Employees	僱員	96.99	5,000	1 July 2019 二零一九年七月一日
Employees	僱員	16.75	17,644	17 December 2020 二零二零年十二月十七日
At 31 March 2017 於二零一七年三月三十一日			38,994	

Out of the total outstanding options, 25,093 share options were currently exercisable as at 31 March 2017.

於二零一七年三月三十一日，未行使的購股權當中，25,093股購股權可予以行使。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**18. RESERVES****18. 儲備**

		Contributed surplus	Merger reserve	Share premium	Capital reserve	Share-based redemption reserve	Share-based compensation reserve	Currency translation reserve	Other reserves	Total
	Note	實收盈餘	合併儲備	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	其他儲備	總計
	附註	實收盈餘	合併儲備	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	其他儲備	總計
At 1 April 2015 (Restated)	於二零一五年四月一日 (經重列)	296,853	(628,438)	417,013	2,411	4,749	41,234	(104,670)	261,558	290,710
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之 除稅後的公允值變動 (a)	-	-	-	-	-	-	-	(7,875)	(7,875)
Reversal of reserves upon disposal of available-for-sale financial assets, net of tax	就處置可供出售金融資產 而由儲備轉回收益表之 除稅後金額 (b)	-	-	-	-	-	-	-	(6,993)	(6,993)
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	-	46,424	46,424
Acquisition of additional equity interest in Yancheng Chunzhu from non-controlling interests	向非控制性權益 收購鹽城春竹額外權益	-	-	-	-	-	-	-	33,133	33,133
Repurchase of shares of VMR from non-controlling interests	向少數股東回購VMR的股份	-	-	-	-	-	-	-	(4,225)	(4,225)
Employee share option scheme	僱員購股權計劃									
- Issue of shares upon exercise of share options	一 行使購股權而發行的 新股	-	-	9,853	-	-	(2,006)	-	-	7,847
Share-based payment	股份為基礎的支付									
- Value of consultancy services	一 顧問服務價值	-	-	-	-	-	2,000	-	-	2,000
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	20,092	-	20,092
At 31 March 2016 (Restated)	於二零一六年三月三十一日 (經重列)	296,853	(628,438)	426,866	2,411	4,749	41,228	(84,578)	322,022	381,113
At 1 April 2016 (Restated)	於二零一六年四月一日 (經重列)	296,853	(628,438)	426,866	2,411	4,749	41,228	(84,578)	322,022	381,113
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之 除稅後的公允值變動 (a)	-	-	-	-	-	-	-	(34,435)	(34,435)
Reversal of reserves upon disposal of available-for-sale financial assets, net of tax	就處置可供出售金融資產而 由儲備轉回收益表之 除稅後金額 (b)	-	-	-	-	-	-	-	(29,893)	(29,893)
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	-	326,129	326,129
Additional investment in a non-wholly owned subsidiary	額外注資於 一 非全資附屬公司 (29(a))	-	-	-	-	-	-	-	(8,068)	(8,068)
Issuance of new shares to non-controlling interests	附屬公司向非控制性 權益發行新股 (29(b))	-	-	-	-	-	-	-	225,871	225,871
Acquisition of additional equity interest in Yongzhou Shan Xiang from non-controlling interests	向非控制性權益 收購永州山香額外權益 (29(c))	-	-	-	-	-	-	-	(2,040)	(2,040)
Share-based payment	股份為基礎的支付									
- Value of consultancy services	一 顧問服務價值	-	-	-	-	-	1,000	-	-	1,000
- issue of shares upon exercise of share award	一 行使股份獎勵而發行 的新股	-	-	2,995	-	-	(3,108)	-	-	(113)
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	120,200	-	120,200
At 31 March 2017	於二零一七年 三月三十一日	296,853	(628,438)	429,861	2,411	4,749	39,120	35,622	799,586	979,764



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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 18. RESERVES (CONTINUED)

- (a) For the year ended 31 March 2017, the amount of changes in fair value in available-for-sale financial assets before tax is RMB39,982,000 (2016:RMB10,394,000) (Note10), of which RMB5,547,000 (2016:RMB2,519,000) was recognised in other comprehensive income as deferred tax (Note 11).
- (b) For the year ended 31 March 2017, the amount of RMB34,189,000 (2016:RMB6,993,000) of fair value change in available-for-sale financial assets after netting off the deferred tax amounting to RMB10,721,000 (2016: RMB638,000) (Note 11) previously recognised in other comprehensive income was reversed due to disposal.

## 18. 儲備 (續)

- (a) 截至二零一七年三月三十一日止年度，可供出售金融資產之公允值變動稅前金額為人民幣39,982,000元(二零一六年：人民幣10,394,000元)(附註10)，其中人民幣5,547,000元(二零一六年：人民幣2,519,000元)已於其他全面收益確認為遞延稅項(附註11)。
- (b) 截至二零一七年三月三十一日止年度，就處置可供出售金融資產而將其以前年度之公允值變動人民幣34,189,000元(二零一六年：人民幣6,993,000元)扣除遞延稅項人民幣10,721,000元(二零一六年：人民幣638,000元)(附註11)從其他全面收益中轉出。

## 19. RETAINED EARNINGS

## 19. 保留盈利

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
At 1 April	於四月一日	7,788,871	6,653,656
Profit for the year	本年度盈利	1,065,424	1,181,562
Appropriations from net profit	自純利撥付	(326,129)	(46,424)
Unclaimed dividend forfeited	沒收未領取股息	-	77
At 31 March	於三月三十一日	8,528,166	7,788,871

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**20. BORROWINGS****20. 貸款**

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Note 附註			
Current			
	流動		
– Secured bank borrowings	– 有抵押銀行貸款	–	11,000
– Unsecured bank borrowings	– 無抵押銀行貸款	<b>75,500</b>	4,000
<b>Total borrowings</b>		<b>75,500</b>	<b>15,000</b>
	總貸款		

(a) The borrowing was fully repaid during the year.

(a) 該貸款已於年內全數償還。

(b) Unsecured bank borrowings are denominated in RMB and repayable within one year. During the year, the average interest rate was 3.97% (2016: 1.90%) per annum.

(b) 無抵押銀行貸款以人民幣為單位，並需於一年內到期償還。於年內，該貸款平均利息為每年3.97厘（二零一六年：1.90厘）。

Borrowings are financial liabilities categorised under “financial liabilities measured at amortised cost”. The fair values of the borrowings approximate their carrying amounts.

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

Interest expense on bank borrowings for the year ended 31 March 2017 amounted to approximately RMB2,473,000 (2016: RMB8,510,000). No interest expense (2016: nil) was capitalised during the year.

截至二零一七年三月三十一日止年度的銀行貸款利息開支約為人民幣2,473,000元（二零一六年：人民幣8,510,000元），於年內並無（二零一六年：無）利息費用資本化。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 21. TRADE AND OTHER PAYABLES

## 21. 貿易及其他應付款項

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Note 附註			
	Trade payables		309,355
	Dividends payable		7,455
	Wages payable		43,878
	Other taxes payable		64,164
	Accruals for expenses		62,870
	Advances from customers		5,936
	Payable for acquisition of an associate		97,329
	Payable for licence fee		36,214
	Other payables		66,996
		<b>288,422</b>	
		<b>2,251</b>	
		<b>49,619</b>	
		<b>84,345</b>	
		<b>23,860</b>	
		<b>23,773</b>	
		–	
		<b>30,481</b>	
		<b>75,574</b>	
		<b>578,325</b>	<b>694,197</b>

Except for other taxes payable of RMB84,345,000 (2016: RMB64,164,000), wages payable of RMB49,619,000 (2016: RMB43,878,000) and advances from customers of RMB23,773,000 (2016: RMB5,936,000), trade and other payables balances are financial liabilities categorised under “financial liabilities measured at amortised cost”. The fair values of trade and other payables approximate their carrying amounts.

除其他應付稅款人民幣84,345,000元(二零一六年：人民幣64,164,000元)，應付工資人民幣49,619,000元(二零一六年：人民幣43,878,000元)及客戶預付款人民幣23,773,000元(二零一六年：人民幣5,936,000元)外，貿易及其他應付款乃金融負債被分類為「按攤銷成本計量的金融負債」。貿易及其他應付款項的公允價值與其賬面值相若。

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 21. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) As at 31 March 2017 and 2016, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on invoice dates was as follows:

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
0 – 90 days	0至90日	<b>231,307</b>	241,542
91 – 180 days	91至180日	<b>33,747</b>	46,857
181 – 360 days	181至360日	<b>2,425</b>	5,454
Over 360 days	360日以上	<b>20,943</b>	15,502
		<b>288,422</b>	309,355

The carrying amounts of the Group's trade payables (including amounts due to related parties which are trade in nature) are denominated in the following currencies:

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
RMB	人民幣	<b>250,936</b>	255,815
USD	美元	<b>26,700</b>	45,772
HKD	港幣	<b>4,663</b>	1,625
EUR and other	歐元及其他	<b>6,123</b>	6,143
		<b>288,422</b>	309,355

#### 21. 貿易及其他應付款項 (續)

- (a) 於二零一七年及二零一六年三月三十一日，貿易應付款項（包括關聯人士的貿易應付款項）根據發票日期的賬齡分析如下：

本集團的貿易應付款（包括關聯人士的貿易應付款項）的賬面值以下列貨幣為單位：

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 22. OTHER INCOME AND OTHER GAINS – NET

## 22. 其他收入及其他收益 – 淨額

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Changes in fair value of financial assets at fair value through profit or loss	以公允值計量且其變動計入損益的金融資產的公允值變動	33,190	48,058
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產之收益	5,305	2,686
Transfer of reserves to income statement upon disposal of available-for-sale financial assets	處置可供出售金融資產而由儲備轉回收益表	44,910	–
Government grants	政府津貼	159,169	155,984
Foreign exchange loss – net	匯兌虧損 – 淨額	(5,365)	(33,073)
Change in fair value of previously held interests in an associate upon acquisition as a subsidiary	以前於聯營公司持有之權益於成為附屬公司時的公允值變動	–	(11,555)
Others	其他	2,317	(1,250)
		<b>239,526</b>	160,850

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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 23. EXPENSES BY NATURE

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

## 23. 按性質分類的開支

費用包括銷售成本、銷售及市場推廣開支及行政費用，並根據其性質（除附註(a)按照性質所單獨列示的「研究及發展開支」外，每項開支均已不包括有關研究及發展的金額）分析如下：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Depreciation	折舊	6	113,352	107,635
Provision for impairment on property, plant and equipment	固定資產減值撥備	6	2,768	12,268
Amortisation	攤銷	7,8	78,071	49,260
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動		225,203	24,413
Raw materials and consumables used	已用原材料及消耗品		734,866	728,640
Provision for impairment on goodwill	商譽減值撥備	8	22,710	–
Provision for impairment on inventories	存貨減值撥備	12	7,014	–
Provision for impairment on trade receivables	貿易應收款之減值撥備	13	6,514	6,445
Lease rentals	租金		47,800	32,946
Auditor's remuneration	核數師酬金		10,880	8,881
Travelling expenses	差旅開支		87,275	74,669
Employee benefit expenses	僱員及福利開支	24	345,938	291,029
Research and development expenses	研究及發展開支	(a)	241,787	195,262
Delivery expenses	運輸開支		39,603	31,947
Utilities expenses	公共設施開支		67,902	67,524
Motor vehicle expenses	汽車費用開支		16,118	15,543
Maintenance expenses	維修費		23,706	25,781
Advertising and promotion expenses	廣告及宣傳費		110,601	74,444
Office administrative and communication expenses	辦公及通訊費		19,300	18,906
Other surcharges	其他附加稅費		6,910	11,240
Others	其他		174,580	160,221
Total of cost of goods sold, selling and marketing expenses and administrative expenses	總銷售成本、銷售及市場推廣開支和行政費用		2,382,898	1,937,054

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**23. EXPENSES BY NATURE (CONTINUED)**

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

Depreciation	折舊
Amortisation	攤銷
Employee benefit expenses	僱員及福利開支

No development cost has been capitalised for the year ended 31 March 2017 (2016: Nil).

**23. 按性質分類的開支(續)**

- (a) 研究及發展開支中包括的折舊、攤銷及僱員福利開支列示如下：

Note 附註	Year ended 31 March 截至三月三十一日止年度	
	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
6	22,262	22,601
7,8	2,495	419
24	90,111	76,794

在截至二零一七年三月三十一日止年度內並無任何發展成本已資本化(二零一六年：無)。

**24. EMPLOYMENT BENEFIT EXPENSES**

Wages, salaries and bonus	工資、薪酬及花紅
Defined contribution plans and other employee insurances	定額供款計劃及其他員工保險
Other benefits	其他福利

**24. 僱員福利開支**

Year ended 31 March  
截至三月三十一日止年度

Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
	366,543	300,613
(a)	37,210	38,514
	32,296	28,696
	436,049	367,823

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 24. EMPLOYMENT BENEFIT EXPENSES (CONTINUED)

#### 24. 僱員福利開支 (續)

##### (a) Defined contribution plans and other employee insurances

The expenses mainly include contribution of pension, housing scheme and other employee insurances for employees, of which the arrangement of pension scheme is as below:

In Hong Kong, the Group operates a MPF Scheme for all eligible employees. The assets of the MPF Scheme are held separately from those of the Group.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of RMB1,500 per employee with a choice to make additional contributions. The employer's monthly contributions are calculated at 5% of each employee's monthly salaries up to a maximum of RMB1,500 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65 years old, death or total incapacity.

In Mainland China, the Group makes defined contribution to retirement schemes managed by the local governments. It is the local governments' responsibility to pay the retirement benefits to those staff who retire.

In Germany, the Group makes defined contributions at certain percentage of monthly salary to retirement schemes managed by the insurance company in accordance with German rules and regulations. It is the insurance company's responsibility to pay the retirement benefits to those staff who retire. In Botswana, no pension obligation is required under its laws and regulations.

In the United States of America ("USA"), the Group makes defined contributions at certain percentage of monthly salary to retirement and medical schemes managed by the federal government of USA in accordance with US rules and regulations. It is the federal government's responsibility to pay the retirement benefits to those staff who retire.

##### (a) 定額供款計劃及其他員工保險

此費用包括退休金供款、員工住房計劃及其他員工保險。退休金計劃之安排如下：

本集團為香港所有合資格僱員設立強積金計劃。強積金計劃之資產與本集團所持者獨立分開。

根據強積金計劃，每名僱員須按月薪5%（最高供款額為港幣1,500元）作出供款，並可選擇作出額外供款。僱主亦須按每名僱員月薪5%（最高供款額為港幣1,500元）作出供款（「強制供款」）。僱員可於六十五歲退休、身故或完全喪失工作能力時收取僱主作出之全部強制供款。

本集團在中國內地根據合資格員工的基本薪金若干百分比向中國地方政府所管理的退休金計劃作出定額供款。地方政府有責任向該等退休僱員支付退休金。

另本集團亦根據德國的相關法律和法規向合資格員工按月薪的若干百分比向有關保險公司作出供款。保險公司有責任向該等退休僱員支付退休金。博茨瓦納的相關法律和法規並無要求需向員工支付退休金的責任。

本集團亦根據美國的相關法律和法規向合資格員工按月薪的若干百分比向美國聯邦政府所管理的退休金及醫療保險計劃作出供款。美國聯邦政府有責任向該等退休僱員支付退休金。



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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**24. EMPLOYMENT BENEFIT EXPENSES (CONTINUED)****24. 僱員福利開支(續)****(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year include 2 (2016: 3) directors whose emoluments are reflected in Note 35(a). The emoluments paid and payable to the remaining 3 (2016: 2) individuals during the year are as follows:

**(b) 五名最高薪酬人士**

年內，在本集團之五名最高薪酬人士包括兩位(二零一六年：三位)為董事，而彼等之酬金詳情已載於附註35(a)。本年度支付予其餘三位人士(二零一六年：兩位)之酬金如下：

		<b>Year ended 31 March</b>	
		<b>截至三月三十一日止年度</b>	
		<b>2017</b>	2016
		<b>二零一七年</b>	二零一六年 (Restated) (經重列)
Basic salaries and allowances	基本薪金及津貼	<b>20,548</b>	10,165
Contributions to the retirement scheme	退休福利計劃供款	<b>123</b>	100
		<b>20,671</b>	10,265

The emoluments fell within the following bands:

彼等之酬金在以下範圍：

		<b>Number of employees</b>	
		<b>僱員人數</b>	
		<b>2017</b>	2016
		<b>二零一七年</b>	二零一六年 (Restated) (經重列)
Emolument bands	酬金範圍		
HKD3,500,001 – HKD4,000,000	港幣3,500,001元 – 港幣4,000,000元	–	1
HKD6,000,001 – HKD6,500,000	港幣6,000,001元 – 港幣6,500,000元	<b>1</b>	–
HKD7,500,001 – HKD8,000,000	港幣7,500,001元 – 港幣8,000,000元	<b>1</b>	–
HKD8,500,001 – HKD9,000,000	港幣8,500,001元 – 港幣9,000,000元	–	1
HKD10,000,001 – HKD10,500,000	港幣10,000,001元 – 港幣10,500,000元	<b>1</b>	–

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**25. FINANCE INCOME AND FINANCE COSTS****25. 財務收入及融資成本**

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Finance income:	財務收入		
– Interest income on bank deposits	利息收入 – 銀行存款	57,140	70,045
Finance costs:	融資成本		
– Interest expense on bank borrowings and others	利息費用 – 銀行貸款及其他	(4,793)	(10,232)
Finance income – net	財務收入 – 淨額	52,347	59,813

**26. INCOME TAX EXPENSE****26. 所得稅**

The amount of taxation charged to the consolidated income statements represents:

計入綜合收益表之稅項金額列示如下：

		Year ended 31 March 截至三月三十一日止年度	
Note 附註		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Current income tax	即期稅項		
– Hong Kong profits tax	– 香港所得稅	(a) 10,381	8,748
– PRC corporate income tax	– 中國企業所得稅	(b) 283,611	306,232
– Germany company income tax	– 德國企業所得稅	(c) 106	116
– Botswana company income tax	– 博茨瓦納企業所得稅	(d) 1,018	975
Deferred income tax	遞延所得稅	11 (543)	(18,385)
		294,573	297,686

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

(a) 香港所得稅按本年度估計應課稅盈利以稅率16.5% (二零一六年：16.5%) 撥備。

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

(b) 中國企業所得稅撥備按本集團在中國大陸企業於本年度的盈利以其適用的稅率而定。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 26. INCOME TAX EXPENSE (CONTINUED)

#### 26. 所得稅 (續)

- (b) The income tax rates enacted or substantively enacted to the major subsidiaries of the Group incorporated in the PRC are derived from various tax policies as follows:
- (i) The Corporate Income Tax Law of the PRC stipulates the applicable income tax rate at 25% for domestic enterprises in the PRC.
- (ii) Encouraged enterprises of western regions can continue to enjoy tax rate of 15% until 2022.
- (iii) The Corporate Income Tax Law also stipulated that the Corporate Income Tax shall be levied at the reduced rate of 15% for High/New Tech Enterprises that are specifically supported by the State.
- (c) Germany company income tax has been provided at the rate of 15% (2016: 15%) on the estimated assessable profit for the year.
- (d) Botswana company income tax has been provided at the rate of 15% (2016: 15%) on the estimated assessable profit for the year.
- (e) The subsidiary in U.S. is a limited partnership and does not chargeable to income tax at partnership level. The corporate owners of the partnership pay tax on its share of the partnership's taxable income at the rate of 35% for the year.
- (f) No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions during the year.
- (b) 本集團於中國大陸註冊之主要企業之所得稅適用稅率來自不同的政策如下：
- (i) 企業所得稅法規定中國國內企業的適用所得稅稅率為25%。
- (ii) 於西部區域受鼓勵的企業可繼續享有15%的稅率直至2022年。
- (iii) 企業所得稅法規定企業所得稅將對於受國家支持的高新技術企業適用15%的稅率。
- (c) 德國企業所得稅按本年度估計應課稅盈利以稅率15% (二零一六年：15%) 撥備。
- (d) 博茨瓦納企業所得稅按本年度估計應課稅盈利以稅率15% (二零一六年：15%) 撥備。
- (e) 位於美國之附屬公司為有限合夥制並無須就其盈利課稅。企業之持有者須按其所佔企業本年應課稅盈利之份額繳交35%所得稅。
- (f) 本集團於有關年度在其他司法權區並無取得應課所得稅收入，故無為其他司法權區的所得稅作出撥備。

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(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**26. INCOME TAX EXPENSE (CONTINUED)**

- (g) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the standard tax rates applicable to the respective companies of the Group as follows:

**26. 所得稅(續)**

- (g) 本集團就除所得稅前盈利的稅項，與本集團旗下相關公司所在地在免稅期前適用稅率釐定的理論稅額有所不同，載列如下：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Profit before income tax	除稅前盈利	<b>1,409,112</b>	1,493,331
Less: Share of profit of associates and a jointly controlled entity	減：應佔聯營公司及共同控制實體盈利	<b>(17,243)</b>	(9,286)
		<b>1,391,869</b>	1,484,045
Tax calculated at statutory tax rate	按適用稅率計算的稅項	<b>393,559</b>	374,288
Tax incentives	稅收優惠影響	<b>(164,088)</b>	(170,347)
Super deduction for research and development expenditure	研發費用加計扣除的影響	<b>(6,361)</b>	(9,686)
Utilisation of previously unrecognised tax losses	動用之前未確認的稅務虧損	<b>(1,078)</b>	(440)
Expenses not deductible for tax purposes	不可扣稅開支之稅務影響	<b>46,221</b>	3,723
Income not subject to tax	無須課稅收入的影響	<b>(22,668)</b>	(16,042)
Withholding tax on the earnings from subsidiaries	附屬公司匯出的股息所產生之預提所得稅	<b>22,902</b>	80,116
Tax losses for which no deferred income tax assets were recognised	並無確認遞延所得稅資產的稅務虧損	<b>26,086</b>	36,074
Income tax expense	所得稅	<b>294,573</b>	297,686

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**26. INCOME TAX EXPENSE (CONTINUED)**

As the Directors are not certain whether future taxable profit would be available in certain subsidiaries, the Group did not recognise deferred income tax assets of RMB91,755,000 (2016: RMB73,766,000) in respect of tax losses of such dormant subsidiaries amounting to RMB439,259,000 (2016: RMB363,696,000). The tax loss will expire in the following years:

**26. 所得稅 (續)**

因為董事無法確定於未來是否有足夠應課稅盈利彌補稅損，本集團並沒有確認若干附屬公司之可抵稅虧損人民幣439,259,000元（二零一六年：人民幣363,696,000元）的遞延所得稅資產約人民幣91,755,000元（二零一六年：人民幣73,766,000元）。可抵稅虧損將於下列年度到期：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Expiring on 31 March 2017	二零一七年三月三十一日到期	–	12,632
Expiring on 31 March 2018	二零一八年三月三十一日到期	14,709	18,137
Expiring on 31 March 2019	二零一九年三月三十一日到期	20,295	20,295
Expiring on 31 March 2020	二零二零年三月三十一日到期	41,939	42,028
Expiring on 31 March 2021	二零二一年三月三十一日到期	99,125	99,920
Expiring on 31 March 2022	二零二二年三月三十一日到期	41,790	–
No expiry date	沒有到期日	221,401	170,684
		<b>439,259</b>	363,696

**27. EARNINGS PER SHARE****(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

**27. 每股盈利****(a) 基本**

每股基本盈利乃根據本年度本公司權益持有人應佔盈利，除以年內已發行普通股的加權平均數目計算。

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Profit attributable to equity holders of the Company	本公司股權持有人應佔盈利	1,065,424	1,181,562
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數 (千計)	3,107,091	3,106,435
Basic earnings per share (RMB cents per share)	每股基本盈利 (每股人民幣分)	34.29	38.04

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**27. EARNINGS PER SHARE (CONTINUED)****27. 每股盈利(續)****(b) Diluted**

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding, assuming that all dilutive potential ordinary shares have been issued. For the year ended 31 March 2017, the share options and awarded shares granted by the Company have potential dilutive effect on the earnings per share.

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

**(b) 攤薄**

每股攤薄盈利假設所有可攤薄的潛在普通股被轉換後，根據已發行普通股的加權平均股數計算。在截至二零一七年三月三十一日止年度，本公司授出之購股權及獎勵性股份對每股基本盈利有攤薄效應。

假定所有具有攤薄效應的購股權均已被行使及獎勵性股份均已授出而對已發行股份的加權平均數進行調整。以假定所有已發行的具有攤薄效應的購股權及獎勵性股份行使時的股份數目，減去在行使該等購股權所取得的收益而計算股份的公允價值(釐定為本公司股份於年內的平均市價)可發行的股份數目，所得的差額加入於計算的分母。淨盈利無需調整。

		<b>Year ended 31 March</b> 截至三月三十一日止年度	
		<b>2017</b> 二零一七年	2016 二零一六年 (Restated) (經重列)
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	<b>1,065,424</b>	1,181,562
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數(千計)	<b>3,107,091</b>	3,106,435
Adjustments for: share options and share award ('000)	調整：購股權及股份獎勵(千計)	<b>290</b>	1,973
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數(千計)	<b>3,107,381</b>	3,108,408
Diluted earnings per share (RMB cents per share)	每股攤薄盈利(每股人民幣分)	<b>34.29</b>	38.01

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#### 28. DIVIDENDS

#### 28. 股息

		As at 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Proposed final dividend of HK22.00 cents (2016:nil) per share	擬派期末股息每股港幣 22.00仙 (2016年：無)	607,028	-

On 16 June 2017, the Board proposed a final dividend of HK22.00 cents (2016: nil) per share, totaling approximately RMB607,028,000 (2016: nil) for the year ended 31 March 2017. The proposed dividend in respect of the year ended 31 March 2017 is calculated based on the total number of shares in issue as at the date of this report. The proposed dividend is subject to the shareholder's approval at the Company's forthcoming Annual General Meeting. The financial statements do not reflect this dividend payable.

於二零一七年六月十六日，董事會建議派發截至二零一七年三月三十一日止年度的期末股息每股港幣22.00仙（二零一六年：無），共約人民幣607,028,000元（二零一六年：無）。截至二零一七年三月三十一日止年度的擬派股息乃按照於本報告日期已發行股份總數計算。建議派發之股息需要於本公司臨近舉行的股東週年大會上獲股東批准。財務報表未反映此應付股息。

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

#### 29. 附屬公司所有者權益的變動（不改變控制權）

##### (a) Additional investment in VMR

In June 2016, High Praise Enterprises Limited, a wholly owned subsidiary, increased its investment in VMR at a consideration of USD9,080,000 (equivalent to approximately RMB60,442,000). After completion of additional investment, the Group's shareholding in VMR increased from 51.50% to 61.30% and the Group recognised an increase in non-controlling interests of approximately RMB8,068,000.

##### (a) 額外注資於VMR

於二零一六年六月，本公司之全資附屬公司，高嘉企業有限公司以現金代價美元9,080,000（約人民幣60,442,000元）額外注資於VMR。額外注資後，本集團佔VMR之股權由51.50%增至61.30%，而VMR的非控制性權益增加了約人民幣8,068,000元。

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#### 29. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL (CONTINUED)

#### 29. 附屬公司所有者權益的變動(不改變控制權)(續)

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

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

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

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

		Amount 金額
Consideration received from non-controlling interest	從非控制性權益收到的對價	846,924
Net assets attributable to non-controlling interests	歸屬非控制性權益的淨資產值	(621,053)
Consideration received in excess of net assets value attributable to non-controlling interest recognised in equity	收到的對價高於非控制性權益所佔之淨資產值於權益中確認	225,871

The Group recognised an increase in non-controlling interests of RMB621,053,000.

集團確認非控制性權益增加人民幣621,053,000元。



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**29. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL (CONTINUED)****29. 附屬公司所有者權益的變動(不改變控制權)(續)****(c) Acquisition of equity interest in Yongzhou Shan Xiang****(c) 收購永州山香額外權益**

On 21 February 2017, Yancheng Huading Technology Co., Ltd, a non-wholly-owned subsidiary of the Group, acquired an additional 15% equity interest in Yongzhou Shan Xiang at a consideration of RMB5,250,000 from non-controlling interests. After completion of the additional investment, the effective interest held by the Group in Yongzhou Shan Xiang decreased from 79.14% to 78.69%. The effect of change in ownership interest in Yongzhou Shan Xiang on the equity attributable to owners of the Company during the year is summarised as follows:

於二零一七年二月二十一日，本集團之非全資附屬公司，鹽城華鼎科技有限公司以現金人民幣5,250,000元完成向非控制性權益收購永州山香額外的15%權益，額外注資後，本集團於永州山香之實際權益由79.14%減少至78.69%。年內就永州山香所有者權益的變動對本公司權益持有人應佔權益的影響括要如下：

		Amount 金額
Book value of additional equity acquired from non-controlling interests	購人非控制性權益的賬面值	3,210
Consideration paid to non-controlling interests	支付予非控制性權益的對價	(5,250)
Consideration paid in excess of net assets value attributable to non-controlling interest recognised in equity	支付對價超出非控制性權益的淨資產值於權益中確認	(2,040)

The Group recognised a decrease in non-controlling interests of RMB3,210,000 and a decrease in equity attributable to owners of RMB2,040,000.

本集團確認非控制性權益減少人民幣3,210,000元和本公司權益持有人應佔權益減少人民幣2,040,000元。

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 30. CASH GENERATED FROM OPERATIONS

## 30. 經營活動產生的現金

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Profit before income tax	除稅前盈利		<b>1,409,112</b>	1,493,331
Adjustments for:	調整：			
– Depreciation	– 折舊	6	<b>135,614</b>	130,236
– Provision for impairment on property, plant and equipment	– 固定資產減值撥備	6	<b>2,768</b>	12,268
– Amortisation	– 攤銷	7,8	<b>80,566</b>	49,679
– Provision for impairment on goodwill	– 商譽減值撥備	8	<b>22,710</b>	–
– Provision for impairment on inventories	– 存貨減值撥備	12	<b>7,014</b>	–
– Provision for impairment on trade receivables	– 貿易應收款項減值撥備	13	<b>6,514</b>	6,445
– Interest expense	– 利息費用	25	<b>4,793</b>	10,232
– Interest income	– 利息收入	25	<b>(57,140)</b>	(70,045)
– Share-based payment	– 股份為基礎的支付		<b>1,000</b>	2,000
– Share of profit of associates and a jointly controlled entity	– 應佔聯營公司及共同控制實體之盈利	9	<b>(17,243)</b>	(9,286)
– Loss on disposal of property, plant and equipment	– 出售物業、機器及設備虧損		<b>3,450</b>	1,572
– Gain on disposal of available-for-sale assets	– 出售可供出售金融資產之收益	22	<b>(5,305)</b>	(2,686)
– Investment income of available-for-sale assets	– 可供出售金融資產之投資收益		<b>(105)</b>	(124)
– Transfer of reserves to income statement upon disposal of available-for-sale financial assets	– 處置可供出售金融資產而由儲備轉回收益表	22	<b>(44,910)</b>	–
– Changes in fair value of financial assets at fair value through profit or loss	– 以公允價值計量且其變動計入損益的金融資產之公允值變動		–	(55,438)
– Changes in financial assets at fair value through profit or loss	– 以公允價值計量且其變動計入損益的金融資產變動		<b>190,938</b>	(36,857)
– Change in fair value of previously held interests in an associate upon acquisition as a subsidiary	– 以前於聯營公司持有之權益於成為附屬公司時的公允值變動	22	–	11,555
– Foreign exchange loss – net	– 匯兌虧損 – 淨額	22	<b>5,365</b>	33,073
Changes in working capital:	營運資金變動：			
– Inventories	– 存貨		<b>(5,553)</b>	(49,616)
– Trade and other receivables	– 貿易及其他應收款項		<b>(208,840)</b>	(116,966)
– Trade and other payables	– 貿易及其他應付款項		<b>(13,341)</b>	82,713
Net cash generated from operations	經營業務所得現金淨額		<b>1,517,407</b>	1,492,086

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**30. CASH GENERATED FROM OPERATIONS (CONTINUED)**

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

**30. 經營活動產生的現金(續)**

於綜合現金流量表內，出售物業、機器及設備之所得款包括：

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
		Note 附註	
Net book amount	賬面淨值	6	2,667
Loss on disposal of property, plant and equipment	出售物業、機器及 設備虧損		(1,572)
Currency translation differences	貨幣換算差額		(843)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備的 所得款		252

		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
		4,776	2,667
		(3,450)	(1,572)
		(897)	(843)
		429	252

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**31. COMMITMENTS****31. 承擔****(a) Capital commitments**

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

**(a) 資本承擔**

於結算日已批准但未簽約及已簽約但仍未發生的資本開支如下：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Authorised but not contracted for property, plant and equipment	已批准但未簽約：物業、機器及設備	-	9,192
Contracted for but not provided for:	已簽約但未撥備：		
– Property, plant and equipment	物業、機器及設備	14,733	30,492
– Investment in associates	於聯營公司之投資	43,420	-
– Available-for-sale financial assets	可供出售金融資產	91,176	108,422
		<b>149,329</b>	<b>148,106</b>

**(b) Operating lease commitments**

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

**(b) 營運租賃承擔**

於結算日根據不可撤銷營運租賃，未來最低租賃付款總額如下：

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Land and buildings:	土地及樓宇：		
Not later than 1 year	不超過1年	34,047	25,786
Later than 1 year and not later than 5 years	超過1年但不超過5年	73,864	47,333
Later than 5 years	超過5年	43,781	8,727
		<b>151,692</b>	<b>81,846</b>

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 32. RELATED PARTY TRANSACTIONS

## 32. 關聯人士交易

## (a) Name and relationship with related parties

## (a) 關聯人士名稱與關係

## Name

## Relationship

名稱

關係

Huangguoshu Golden Leaf

An associate indirectly held by the Company

黃果樹金葉

本公司間接持有的聯營公司

## (b) Key management compensation

## b) 主要管理人員酬金

Key management includes directors (executive, non-executive and independent non-executive) and senior management. The amounts of compensation paid and payable to directors is disclosed in Note 35(a). The amounts of compensation paid and payable to senior management for employee services is shown below:

主要管理人員包括董事(執行董事、非執行董事與獨立非執行董事)和高級管理人員。應付及已付予董事的酬金已在附註35(a)披露。向高級管理人員支付作為僱員服務的已付及應付酬金如下：

		Year ended 31 March 截至三月三十一日止年度	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Fees, salaries and bonus	工資、薪酬及花紅	19,098	18,641
Employer's contributions to retirement benefit scheme	僱主就退休計劃供款	362	389
		19,460	19,030

## (c) Balances with related parties

## (c) 關聯人士結餘

		As at 31 March 於三月三十一日	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Balances due from related parties:	應收關聯人士結餘：		
- Huangguoshu Golden Leaf	- 黃果樹金葉		
- other receivables	- 其他應收款	24	14

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### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**33. PARTICULARS OF PRINCIPAL SUBSIDIARIES****33. 主要附屬公司之詳情**

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/ registered capital 已發行普通股／註冊資本面值	Effective interests held by the Group % 本集團持有的實際權益%	Principal activities and place of operation 主要業務及經營地點
<b>Indirectly-owned</b> 間接擁有：				
Aromascape Development Centre GmbH <sup>FC1, AD1</sup>	Germany, Limited liability company 德國，有限責任公司	EUR25,000 歐元25,000	100	Research and development of flavours & fragrances in Germany 研發香精，德國
F&G (Botswana) (Pty) Limited	Republic of Botswana, Limited liability company 博茨瓦納共和國，有限責任公司	BWP100 普拉100元	100	Production and sales of natural extracts in Botswana 生產和銷售天然提取物，博茨瓦納共和國
Guangdong Golden leaf Technology Development Co., Ltd. 廣東省金葉科技開發有限公司 <sup>S11, YX1, YX2</sup>	PRC, Limited liability company 中國，有限責任公司	RMB100,000,000 人民幣100,000,000元	100	Research & development, manufacture and sale of reconstituted tobacco leaves in the PRC 研發、生產及銷售煙草薄片，中國
Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd. 廣東金科再造煙葉有限公司 <sup>XQ1, SJ1, YX1, ZH2, ZH1</sup>	PRC, Limited liability company 中國，有限責任公司	RMB40,000,000 人民幣40,000,000元	55.375	Manufacture & sale of reconstituted tobacco leaves in the PRC 生產及銷售煙草薄片，中國
Guangzhou Huabao Food Co., Ltd. 廣州華寶食品有限公司 <sup>X1</sup>	PRC, Limited liability company 中國，有限責任公司	RMB10,000,000 人民幣10,000,000元	100	Research, development, manufacturing & sales of flavours & fragrances in the PRC 研發、生產及銷售香精，中國

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## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED) 33. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/ registered capital 已發行普通股／註冊資本面值	Effective interests held by the Group % 本集團持有的實際權益%	Principal activities and place of operation 主要業務及經營地點
<b>Indirectly-owned (continued)</b> 間接擁有 (續)				
Guangzhou Hua Fang Tobacco Flavors Ltd. (formerly known as "Hua Fang Tobacco Flavors Ltd.") 廣州華芳煙用香精有限公司 (前稱「華芳煙用香料有限公司」) <sup>C1, FC1</sup>	PRC, Limited liability company 中國，有限責任公司	USD4,000,000 美元4,000,000	51	Manufacturing & sales of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Huabao Flavours & Fragrances (HK) Limited 華寶香精 (香港) 有限公司 (前稱「華寶香精香料 (香港) 有限公司」) <sup>C1, FC1</sup>	Hong Kong, Limited liability company 香港，有限責任公司	HKD3,000,000 港幣3,000,000元	100	Research, development, manufacturing & sales of flavours & fragrances in Hong Kong 研發、生產及銷售香精，香港
Huabao Flavours & Fragrances Co, Ltd. (formerly known as "Huabao Food Flavour & Fragrance (Shanghai) Co., Ltd.") 華寶香精股份有限公司 (前稱「華寶食用香精香料 (上海) 有限公司」) <sup>ZH1, SJ1, FC1, C1, YX1, X1, X2</sup>	PRC, Limited liability company 中國，股份有限公司	RMB554,290,000 人民幣554,290,000元	90.21	Manufacturing & sales of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Huabao Korea Company Limited 華寶韓國株式會社 <sup>XQ1, SJ1, SJ2</sup>	Korea, Limited liability company 韓國，有限責任公司	WON16,320,000,000 韓圓16,320,000,000	100	Manufacture and sale of filter materials in Korea 研發、生產及銷售香煙濾咀產品，韓國

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### 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED) 33. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/ registered capital 已發行普通股 / 註冊資本面值	Effective interests held by the Group % 本集團持有的實際權益%	Principal activities and place of operation 主要業務及經營地點
<b>Indirectly-owned (continued)</b> 間接擁有 (續)				
Huabao Qianqi Leasing (Shenzhen) Co., Ltd. 華寶千祺租賃(深圳)有限公司 <sup>X1, XQ1, XQ2</sup>	PRC, Limited liability company 中國·有限責任公司	RMB300,000,000 人民幣300,000,000元	100	Equipment leasing, office stationary leasing, assets management, investment management, investment and leasing consulting in the PRC 機器設備租賃、辦公用品租賃、資產管理、投資管理、投資諮詢和租賃交易諮詢·中國
Owada Flavours & Fragrances (Guangzhou) Co., Ltd., (formerly known as "Owada Flavours Technology (Guangzhou) Co., Ltd.") 澳華達香精(廣州)有限公司(前稱「澳華達香料科技(廣州)有限公司」) <sup>SJ1, XQ1, XQ2</sup>	PRC, Limited liability company 中國·有限責任公司	HKD60,000,000 港幣60,000,000元	100	Research, development, production and sale of tobacco flavours & fragrances in the PRC 研發、生產、加工及銷售各類合成香料及香精產品·中國
Qingdao Huabao Flavours & Fragrances Co., Ltd. 青島華寶香精有限公司(前稱「青島華寶香精香料有限公司」) <sup>C1, ZH1</sup>	PRC, Limited liability company 中國·有限責任公司	RMB3,898,400 人民幣3,898,400元	70	Manufacture and sale of flavors & fragrances in the PRC 生產及銷售香精·中國
Shanghai Danhua Science & Technology Co., Ltd. 上海丹華香化科技有限公司 <sup>SJ1</sup>	PRC, Limited liability company 中國·有限責任公司	RMB10,000,000 人民幣10,000,000元	72	Research, development and sale of flavours & fragrances in the PRC 研發及銷售香精·中國
Shanghai H&K Flavours & Fragrances Co., Ltd. 上海華寶孔雀香精有限公司(前稱「上海華寶孔雀香精香料有限公司」) <sup>YX1, YX2, X1, CC1</sup>	PRC, Limited liability company 中國·有限責任公司	RMB100,000,000 人民幣100,000,000元	100	Manufacturing & sales of food flavours & fragrances in the PRC 生產及銷售食品香精·中國



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## 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED) 33. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/ registered capital 已發行普通股／註冊資本面值	Effective interests held by the Group % 本集團持有的實際權益%	Principal activities and place of operation 主要業務及經營地點
<b>Indirectly-owned (continued)</b> 間接擁有 (續)				
Shanghai Huabao Biological Technology Co. Ltd 上海華寶生物科技 有限公司 <sup>ZH1, ZH2, X1</sup>	PRC, Limited liability company 中國，有限責任公司	RMB10,000,000 人民幣10,000,000元	100	Production and sale of tobacco raw material 生產及銷售煙用原料
Smart Sino International Limited 華烽國際有限公司 <sup>C1, X1</sup>	Hong Kong, Limited liability company 香港，有限責任公司	HKD10,000 港幣10,000元	100	Investment holding, trading of fine chemicals in Hong Kong 投資控股，精細化工產品貿易，香港
Standpoint Electronic Technology Development (Shanghai) Co., Ltd. 立場電子科技發展(上海) 有限公司 <sup>L1, L2, X1</sup>	PRC, Limited liability company 中國，有限責任公司	HKD10,000,000 港幣10,000,000元	100	Research, development and sales of electronic products, daily commodities, fragrances and business management services 研發及銷售電子產品、日用品、香精及企業管理諮詢
Wuxi Huahai Flavours & Fragrances Co., Ltd. (formerly known as "Wuxi Huahai Flavors Ltd.") 無錫華海香精有限公司 (前稱「無錫華海香料有限公司」) <sup>YX1</sup>	PRC, Limited liability company 中國，有限責任公司	USD650,000 美元650,000	100	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售香精，中國
Xiamen Amber Daily Chemical Technology Co., Ltd. 廈門琥珀日化科技股份 有限公司 <sup>YX1, YX2, XQ1</sup>	PRC, Limited liability company 中國，有限責任公司	RMB30,000,000 人民幣30,000,000元	51	Research, development, distribution and retail of fragrances in the PRC 研發、生產、批發及零售日用化工產品，中國
Xinjiang Huabao Natural Biological Technology Co., Ltd. 新疆華寶天然生物科技股份 有限公司 <sup>CC1, DX1</sup>	PRC, Limited liability company 中國，股份有限公司	RMB15,000,000 人民幣15,000,000元	77	Production and sale of food flavours and fragrances in the PRC 生產及銷售食用香精，中國

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### 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED) 33. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/ registered capital 已發行普通股／註冊資本面值	Effective interests held by the Group % 本集團持有的實際權益%	Principal activities and place of operation 主要業務及經營地點
<b>Indirectly-owned (continued)</b> 間接擁有 (續)				
Yancheng City Chunzhu Aroma Co., Ltd. 鹽城市春竹香料有限公司 <sup>X1</sup>	PRC, Limited liability company 中國，有限責任公司	RMB6,000,000 人民幣6,000,000元	83.59	Production and sales of aromatic raw materials in the PRC 生產及銷售香原料，中國
Yingtian Huabao Flavours & Fragrances Co., Ltd. 鷹潭華寶香精有限公司 (前稱「鷹潭華寶香精香料有限公司」) <sup>FC1, FC2, ZH1</sup>	PRC, Limited liability company 中國，有限責任公司	RMB96,500,000 人民幣96,500,000元	100	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售香精，中國
Yongzhou Shan Xiang Flavour Co., Ltd. 永州山香香料有限公司	PRC, Limited liability company 中國，有限責任公司	RMB35,000,000 人民幣35,000,000元	78.69	Production and sale of flavours 生產及銷售香料，中國
Yunnan Tianhong Flavours & Fragrances Co., Ltd. 雲南天宏香精有限公司 (前稱「雲南天宏香精香料有限公司」) <sup>C1, SJ1, SJ2</sup>	PRC, Limited liability company 中國，有限責任公司	USD2,550,000 美元2,550,000	60	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
VMR Products, LLC <sup>L1, DX1</sup>	USA, Limited partnership 美國，有限責任合夥企業	—	61.30	Design, manufacturing and sale of electronic cigarettes in USA 設計、製造及分銷電子煙，美國
Zhaoqing Perfumery Co., Ltd. (Guangdong) 廣東省肇興香料廠有限公司 <sup>ZH1</sup>	PRC, Limited liability company 中國，有限責任公司	RMB11,000,000 人民幣11,000,000元	83.59	Manufacturing & sales of food flavours & fragrances in the PRC 生產及銷售食用香精，中國

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

## 33. 主要附屬公司之詳情(續)

## (a) Material non-controlling interests

The total comprehensive income attributable to non-controlling interests for the year ended 31 March 2017 is RMB46,623,000, of which RMB71,836,000 is from Huabao Flavours and its subsidiaries ("Huabao Flavours Group") and loss of RMB33,011,000 is from VMR. The non-controlling interests in other subsidiaries are not material.

Set out below are the summarised financial information for group of subsidiaries that have non-controlling interests that are material to the Group. The comparative figures are not disclosed due to non-controlling interests of Huabao Flavours Group and VMR as at 31 March 2016 are not comparable and immaterial.

## Summarised balance sheet

## (a) 重大非控制性權益

截至二零一七年三月三十一日止年度，非控制性權益應佔全面收益總額為人民幣46,623,000元，其中人民幣71,836,000元來自華寶香精及其附屬公司（「華寶香精集團」）及人民幣33,011,000元之全面虧損來自VMR。於其他附屬公司的非控制性權益並不重大。

以下載列本集團有重大的非控制性權益的附屬公司的財務資料摘要。由於華寶香精集團及VMR於二零一六年三月三十一日之比較數據並無可比性及並不重大，故不披露去年之比較數據。

## 資產負債表概要

As at 31 March 2017

於二零一七年三月三十一日

		Huabao Flavours Group 華寶香精集團	VMR
<b>Current</b>	<b>流動</b>		
Assets	資產	3,888,613	66,601
Liabilities	負債	(384,088)	(83,535)
Total current net assets	流動資產淨額	3,504,525	(16,934)
<b>Non-current</b>	<b>非流動</b>		
Assets	資產	1,692,265	9,653
Liabilities	負債	(8,935)	(23,068)
Total non-current net assets	非流動資產淨額	1,683,330	(13,415)
<b>Net assets</b>	<b>資產淨額</b>	<b>5,187,855</b>	<b>(30,349)</b>

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

### 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

### 33. 主要附屬公司之詳情 (續)

#### (a) Material non-controlling interests (Continued)

#### (a) 重大非控制性權益 (續)

#### Summarised income statement and statement of comprehensive income

#### 收益表及全面收益表概要

		Year ended 31 March 2017 截至二零一七年三月三十一日止年度	
		Huabao Flavours Group 華寶香精集團	VMR
Sales	營業額	2,314,006	260,603
Profit before income tax	除稅前盈利	1,333,802	(99,728)
Income tax expense	所得稅費用	(219,633)	-
Profit for the year	本年度盈利	1,114,169	(99,728)
Other comprehensive income	其他全面收益	24,489	(64)
<b>Total comprehensive income</b>	<b>全面收益總額</b>	<b>1,138,658</b>	<b>(99,792)</b>
Total comprehensive income allocated to Non-controlling interests	分配予非控制性權益的全面收益總額	71,836	(33,011)
Dividends paid to Non-controlling interests	向非控制性權益派付之股利	186,886	-

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

## 33. 主要附屬公司之詳情 (續)

## (a) Material non-controlling interests (Continued)

## (a) 重大非控制性權益 (續)

## Summarised cash flows

## 現金流量概要

Year ended 31 March 2017  
截至二零一七年三月三十一日止年度

		Huabao Flavours Group 華寶香精集團	VMR
<b>Cash flows from operating activities</b>	<b>經營活動之現金流量</b>		
Cash generated from/(used in) operations	營運產生/(所用)之現金	1,386,971	(58,754)
Income tax paid	已付所得稅	(186,197)	-
Net cash generated from/(used in) operating activities	營運活動產生/(所用)之現金淨額	1,200,774	(58,754)
Net cash generated from/(used in) investing activities	投資活動產生/(所用)之現金淨額	2,360,159	(6,311)
Net cash (used in)/generated from financing activities	融資活動(所用)/產生之現金淨額	(3,012,719)	58,175
<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>	548,214	(6,890)
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物	2,082,796	26,024
Effects of currency translation on cash and cash equivalents	貨幣換算對現金及現金等價物的影響	5,114	-
<b>Cash and cash equivalents at 31 March</b>	<b>於三月三十一日之現金及現金等價物</b>	2,636,124	19,134

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

#### 34. 本公司的財務狀況表及儲備變動

##### Statement of financial position of the Company

##### 本公司的財務狀況表

		As at 31 March 於三月三十一日		
		Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
<b>ASSETS</b>	<b>資產</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Investments in subsidiaries	於附屬公司之投資		<b>1,105,374</b>	1,037,467
<b>Current assets</b>	<b>流動資產</b>			
Trade and other receivables	貿易及其他應收款項		<b>96,646</b>	944,907
Amounts due from subsidiaries	應收附屬公司款項		<b>1,510,377</b>	1,412,840
Cash and cash equivalents	現金及現金等價物		<b>1,184,016</b>	187,031
			<b>2,791,039</b>	2,544,778
<b>Total assets</b>	<b>總資產</b>		<b>3,896,413</b>	3,582,245
<b>EQUITY</b>	<b>權益</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>	<b>本公司權益持有人應佔股本及儲備</b>			
Share capital	股本		<b>318,647</b>	318,534
Reserves	儲備	(a)	<b>688,398</b>	473,229
Retained earnings	保留盈利		<b>2,508,636</b>	2,464,098
<b>Total equity</b>	<b>總權益</b>		<b>3,515,681</b>	3,255,861
<b>LIABILITIES</b>	<b>負債</b>			
<b>Current liabilities</b>	<b>流動負債</b>			
Amounts due to subsidiaries	應付附屬公司款項		<b>378,746</b>	325,334
Trade and other payables	貿易及其他應付款項		<b>1,986</b>	1,050
			<b>380,732</b>	326,384
<b>Total liabilities</b>	<b>總負債</b>		<b>380,732</b>	326,384
<b>Total equity and liabilities</b>	<b>總權益及負債</b>		<b>3,896,413</b>	3,582,245

The balance sheet of the Company was approved by the Board of Directors on 16 June 2017 and was signed on its behalf.

本公司之資產負債表已於二零一七年六月十六日由董事局批准並簽署。

**Ms. CHU Lam Yiu**  
朱林瑤女士  
Chairwoman  
主席

**Mr. Xiong Qing**  
熊卿先生  
Director  
董事

## Notes to the Consolidated Financial Statements

## 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

## 34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

## 34. 本公司的財務狀況表及儲備變動(續)

## Note (a) Reserve movements of the Company

## 附註(a) 公司儲備變動

		Contributed surplus	Share premium	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Currency translation reserve	Total
		實繳盈餘	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	總計
At 1 April 2015 (Restated)	於二零一五年四月一日 (經重列)	296,853	417,013	2,411	4,749	41,234	(419,159)	343,101
Currency translation differences	貨幣匯兌差異	-	-	-	-	-	120,281	120,281
Employee share option scheme	僱員購股權計劃							
- Issue of shares upon exercise of share options	- 行使購股而發行的新股	-	9,853	-	-	(2,006)	-	7,847
Share-based payment	股份為基礎的支付							
- Value of consultancy service	- 顧問服務價值	-	-	-	-	2,000	-	2,000
At 31 March 2016 (Restated)	於二零一六年三月三十一日 (經重列)	296,853	426,866	2,411	4,749	41,228	(298,878)	473,229
At 1 April 2016 (Restated)	於二零一六年四月一日 (經重列)	296,853	426,866	2,411	4,749	41,228	(298,878)	473,229
Currency translation differences	貨幣匯兌差異	-	-	-	-	-	214,282	214,282
Share-based payment	股份為基礎的支付							
- Value of consultancy service	- 顧問服務價值	-	-	-	-	1,000	-	1,000
- Issue of shares upon exercise of share award	- 行使股份獎勵而發行的新股	-	2,995	-	-	(3,108)	-	(113)
At 31 March 2017	於二零一七三月三十一日	296,853	429,861	2,411	4,749	39,120	(84,596)	688,398

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

**35. BENEFITS AND INTERESTS OF DIRECTORS****35. 董事的利益和權益****(a) Directors' and chief executive's emoluments**

The remuneration of each director and chief executive of the Company for the year ended 31 March 2017 and 2016 are set out below:

**(a) 董事及行政總裁酬金**

各董事及行政總裁於截至二零一七年及二零一六年三月三十一日止年度之酬金如下：

Name of directors 董事姓名	Note 附註	2017 二零一七年					2016 二零一六年(經重列)				
		Fees 袍金	Salaries 薪金	Bonus 花紅	Employer's contribution to pension scheme 僱主就退休計劃供款	Total 總計	Fees 袍金	Salaries 薪金	Bonus 花紅	Employer's contribution to pension scheme 僱主就退休計劃供款	Total 總計
<b>Executive directors: 執行董事：</b>											
Ms. Chu Lam Yiu 朱林瑤女士	(i)	8,913	-	-	-	8,913	8,384	-	-	-	8,384
Mr. Poon Chiu Kwok 潘昭國先生		-	2,276	-	338	2,614	-	2,141	-	318	2,459
Mr. Wang Guang Yu 王光雨先生	(ii)	-	-	-	-	-	688	295	-	45	1,028
Mr. Xia Li Qun 夏利群先生		-	5,197	3,465	16	8,678	-	4,888	3,259	15	8,162
Mr. Lam Ka Yu 林嘉宇先生	(iii)	2,599	-	-	-	2,599	365	-	-	-	365
Mr. Xiong Qing 熊卿先生	(iv)	-	80	-	-	80	-	-	-	-	-
<b>Independent non-executive directors: 獨立非執行董事：</b>											
Dr. Ding Ningning 丁寧寧博士		208	-	-	-	208	196	-	-	-	196
Mr. Lee Luk Shiu 李祿兆先生		208	-	-	-	208	196	-	-	-	196
Ms. Ma Yun Yan 麻雲燕女士		208	-	-	-	208	196	-	-	-	196
Mr. Wu Chi Keung 胡志強先生		208	-	-	-	208	196	-	-	-	196
		12,344	7,553	3,465	354	23,716	10,221	7,324	3,259	378	21,182

(i) Ms. Chu Lam Yiu is also the chief executive officer of the Company.

(i) 朱林瑤女士兼任本集團的首席執行官。

(ii) Ceased to act on 18 November 2015.

(ii) 於二零一五年十一月十八日離任。

(iii) Re-designated as Executive Director on 4 March 2016.

(iii) 於二零一六年三月四日調任為執行董事。

(iv) Appointed as Executive Director on 17 March 2017.

(iv) 於二零一七年三月十七日任命為執行董事。

No directors waived any emoluments during the years ended 31 March 2017 and 2016.

截至二零一七年及二零一六年三月三十一日止年度，無董事放棄任何酬金。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### 35. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

#### 35. 董事的利益和權益 (續)

##### (a) Directors' and chief executive's emoluments (Continued)

During the year ended 31 March 2017 and 2016, no emoluments had been paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

##### (a) 董事及行政總裁酬金 (續)

截至二零一七年及二零一六年三月三十一日止年度，本集團亦無向董事支付酬金作為加入本集團的獎勵或作為離職補償。

##### (b) Directors' retirement benefit

During the year ended 31 March 2017 and 2016, no retirement benefits paid to the directors of the Company by a defined benefit pension plan operated by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

##### (b) 董事退休福利

截至二零一七年及二零一六年三月三十一日止年度，本集團並無向董事支付就其作為本公司及其子公司董事提供服務而由集團營運的設定收益退休計劃而向其支付的退休福利。

##### (c) Directors' termination benefit

During the year ended 31 March 2017 and 2016, no payments to the directors of the Company as compensation for the early termination of the appointment.

##### (c) 董事離職福利

截至二零一七年及二零一六年三月三十一日止年度，本集團並無向董事支付就終止其職位之賠償。

##### (d) Consideration provided to third parties for making available directors' services

During the year ended 31 March 2017 and 2016, the Company did not provide any consideration to any third party for making available director's services.

##### (d) 向第三方支付提供董事服務之代價

截至二零一七年及二零一六年三月三十一日止年度，本集團並無就提供董事服務而向第三方提供的對價。

##### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 March 2017 and 2016, no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors.

##### (e) 有關以董事、董事之受控制法團及關聯實體為受益人之貸款、準貸款及其他交易之資料

截至二零一七年及二零一六年三月三十一日止年度，本集團並無向董事、受該等董事控制的法人團體及該董事的關連主體提供貸款和準貸款。

##### (f) Directors' material interests in transactions, arrangements or contracts

During the year ended 31 March 2017 and 2016, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

##### (f) 董事於交易、安排或合約之重大權益

本年度內或年結時，本公司並無簽訂任何涉及本集團之業務而本公司之董事直接或間接在其中擁有重大權益之重要交易、安排或合同。

## Five Year Financial Summary

### 五年財務摘要

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### RESULTS

#### 業績

		Year ended 31 March 截至三月三十一日止年度				2017
		2013 二零一三年 (Restated) (經重列)	2014 二零一四年 (Restated) (經重列)	2015 二零一五年 (Restated) (經重列)	2016 二零一六年 (Restated) (經重列)	二零一七年
Turnover	營業額	2,962,983	3,365,235	3,431,077	3,200,436	<b>3,482,894</b>
Gross Profit	毛利	2,047,067	2,381,016	2,399,198	2,203,988	<b>2,270,823</b>
Profit before income tax	除稅前盈利	1,663,884	1,919,704	1,892,390	1,493,331	<b>1,409,112</b>
Income tax expenses	所得稅	(255,835)	(333,854)	(310,122)	(297,686)	<b>(294,573)</b>
Profit for the year	本年度盈利	1,408,049	1,585,850	1,582,268	1,195,645	<b>1,114,539</b>

#### ASSETS AND LIABILITIES

#### 資產及負債

		As at 31 March 於三月三十一日				2017
		2013 二零一三年 (Restated) (經重列)	2014 二零一四年 (Restated) (經重列)	2015 二零一五年 (Restated) (經重列)	2016 二零一六年 (Restated) (經重列)	二零一七年
Total assets	總資產	7,173,477	8,254,387	8,634,468	9,654,219	<b>11,497,751</b>
Total liabilities	總負債	(1,015,209)	(1,116,755)	(1,185,779)	(879,748)	<b>(890,839)</b>
Shareholders' funds	淨資產	6,158,268	7,137,632	7,448,689	8,774,471	<b>10,606,912</b>

## Five Year Financial Summary

### 五年財務摘要

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

#### OTHER FINANCIAL INFORMATION

##### 其他財務數據

		2013 二零一三年 (Restated) (經重列)	2014 二零一四年 (Restated) (經重列)	2015 二零一五年 (Restated) (經重列)	2016 二零一六年 (Restated) (經重列)	2017 二零一七年
Earnings per share, basic (RMB cents)	每股盈利，基本（人民幣分）	44.31	50.64	50.77	38.04	<b>34.29</b>
Earnings per share, diluted (RMB cents)	每股盈利，攤薄（人民幣分）	44.28	50.60	50.70	38.01	<b>34.29</b>
		2013 二零一三年	2014 二零一四年	2015 二零一五年	2016 二零一六年	2017 二零一七年
Aggregated dividend per share (HK cents)	每股全年累計股息 （港仙）	16.88	19.17	9.52	–	<b>22.00</b>
Aggregated special dividend per share (HK cents)	每股全年累計特別 股息（港仙）	5.28	9.88	22.20	–	–
Fiscal year-end share prices (HKD)	財政年度結算日股價 （港元）	3.37	3.56	5.77	2.92	<b>4.54</b>
EBIT ratio	EBIT率	55.5%	56.1%	53.6%	44.5%	<b>38.5%</b>
EBITDA ratio	EBITDA率	59.4%	60.7%	58.2%	50.1%	<b>44.7%</b>
ROE	ROE	25.2%	24.8%	22.3%	15.0%	<b>11.6%</b>

# Glossary

## 詞彙

AGM	Annual general meeting	股東週年大會	股東週年大會
Board	The board of directors of the Company	董事會	本公司的董事會
Bye-laws	Bye-laws of the Company	公司細則	本公司之公司細則
Case	Each case contains 50,000 sticks of cigarette	箱	每箱含50,000支捲煙
CEO	Chief Executive Officer	首席執行官	首席執行官
CFO	Chief Financial Officer	首席財務官	首席財務官
CG Code	Corporate Governance Code as set out in Appendix 14 of the Listing Rules	企業管治守則	上市規則附錄十四所列的企業管治守則
China, Mainland or PRC Company or Huabao	The People's Republic of China Huabao International Holdings Limited	中國或國內本公司或華寶	中華人民共和國華寶國際控股有限公司
CSRC	The China Securities Regulatory Commission	中國證監會	中國證券監督管理委員會
Director(s)	The director(s) of the Company	董事	本公司董事
EPS	Earnings per share	每股盈利	每股盈利
electronic cigarettes	e-cigarette(s)	電子煙	電子煙
Executive Director(s)	Executive director(s) of the Company	執行董事	本公司之執行董事
FCCA	Fellow member of the Association of Chartered Certified Accountants	FCCA	英國特許公認會計師公會資深會員
FCIS	Fellow member of The Institute of Chartered Secretaries and Administrators	FCIS	英國特許秘書及行政人員公會資深會員
FCPA	Fellow member of the Hong Kong Institute of Certified Public Accountants	FCPA	資深會計師
FCPA (Aust.)	Fellow member of CPA Australia	FCPA (Aust.)	澳洲資深註冊會計師
FCS	Fellow member of The Hong Kong Institute of Chartered Secretaries	FCS	香港特許秘書公會資深會員
Group or Huabao Group	the Company and its subsidiaries	本集團或華寶集團	本公司及其附屬公司
Guangdong Jinke	Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd.	廣東金科	廣東金科再造煙葉有限公司
Guangdong Jinye	Guangdong Golden Leaf Technology Development Co., Ltd.	廣東金葉	廣東省金葉科技開發有限公司
Guangdong Tobacco	China Tobacco Guangdong Industrial Co., Ltd.	廣東中煙	廣東中煙工業有限責任公司
Guangdong Tobacco Company	Guangdong Tobacco and its subsidiaries and related companies	廣東中煙公司	廣東中煙及其附屬公司及關聯企業
Guangdong Jinye Group	Guangdong Jinye and its subsidiaries and related companies	廣東金葉集團	廣東金葉及其附屬公司及關聯企業
Guangzhou Huabao	Guangzhou Huabao Food Co., Ltd.	廣州華寶	廣州華寶食品有限公司
HKD	Hong Kong dollars, the lawful currency of Hong Kong	港幣	港幣，香港法定貨幣
HKICPA	Hong Kong Institute of Certified Public Accountants	HKICPA	香港會計師公會
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China	香港	中華人民共和國香港特別行政區
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited	香港聯交所	香港聯合交易所有限公司
Hongta Tobacco	Hongta Tobacco (Group) Co., Ltd.	紅塔煙草	紅塔煙草(集團)有限責任公司
Hongta Tobacco Group	Hongta Tobacco and its subsidiaries and related companies	紅塔煙草集團	紅塔煙草及其附屬公司及關聯企業

## Glossary

## 詞彙

Huabao Flavours or Spin-off Company	Huabao Flavours & Fragrances Co., Ltd. (formerly known as Huabao Food Flavour & Fragrance (Shanghai) Co., Ltd.), a joint stock limited company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company	華寶香精或分拆公司	華寶香精股份有限公司(前稱「華寶食用香精香料(上海)有限公司」)，於中國成立的股份有限公司，為本公司間接擁有的非全資附屬公司
Huabao Kongque	Shanghai H&K Flavours & Fragrances Co., Ltd.	華寶孔雀	上海華寶孔雀香精有限公司(前稱「上海華寶孔雀香精香料有限公司」)
INED(s)	Independent Non-executive Director(s) of the Company	獨立非執行董事	本公司之獨立非執行董事
Listing Rules	the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange	上市規則	香港聯交所主板證券上市規則
M&A(s)	Merger and Acquisition	併購	合併與收購
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules	標準守則	上市規則附錄十所列的上市發行人董事進行證券交易的標準守則
Proposed A Share Listing	the proposed listing of the securities of Huabao Flavours on the Shenzhen Stock Exchange	建議A股上市	華寶香精的證券建議於深圳證券交易所上市
Proposed Spin-off	the proposed spin-off of the shares of Huabao Flavours for listing on the Shenzhen Stock Exchange	建議分拆	建議分拆華寶香精的股份於深圳證券交易所上市
Remaining Group	the Group, excluding the Spin-off Group	餘下集團	本集團，不包括分拆集團
R&D	Research and development	研發	研究及發展
RMB	Renminbi, the lawful currency of the PRC	人民幣	人民幣，中國法定貨幣
RTL	Reconstituted Tobacco Leaves	煙草薄片	再造煙葉
Scheme Mandate Limit	The Maximum number of Shares in respect of which share options may be granted under the New Share Option Scheme and any other share option scheme(s) of the Company	計劃授權限額	與根據新購股權計劃及任何其他本公司購股權計劃授出之購股權有關之股份數目上限
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong	證券及期貨條例	香港法例第571章證券及期貨條例
SGM	Special general meeting	股東特別大會	股東特別大會
Shareholder(s)	Shareholder(s) of the Company	股東	本公司之股東
Share(s) or ordinary share(s)	Ordinary share(s) of HKD0.10 each in the capital of the Company	股份或普通股	本公司股本中每股面值港幣0.10元的普通股
Shenzhen Stock Exchange	Shenzhen Stock Exchange in the PRC	深圳證券交易所	中國深圳證券交易所
Standpoint Electronic Technology Development (Shanghai) Co., Ltd.	Standpoint or SPV	立場或SPV	立場電子科技發展(上海)有限公司
Spin-off Group	the Spin-off Company and its subsidiaries from time to time	分拆集團	分拆公司及其不時的附屬公司
STMA	State Tobacco Monopoly Administration	國煙局	國家煙草專賣局
U.S.	United States of America	美國	美利堅合眾國
USD	US dollars, the lawful currency of the United States of America	美元	美元，美國法定貨幣
VMR	VMR Products, LLC	VMR	VMR Products, LLC
Xiamen Amber	Xiamen Amber Daily Chemical Technology Co., Ltd.	廈門琥珀	廈門琥珀日化科技股份有限公司
Yancheng Chunzhu	Yancheng City Chunzhu Aroma Co., Ltd.	鹽城春竹	鹽城市春竹香料有限公司
Yunnan Tianhong	Yunnan Tianhong Flavour & Fragrance Co., Ltd.	雲南天宏	雲南天宏香精香料有限公司



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