



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



美好生活 *Flavor*
Your Life 引領者

ANNUAL REPORT 2017/2018 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*)
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*

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*)
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*

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.
Hang Seng Bank Limited
Standard Chartered Bank (HK) Limited

主要往來銀行

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

註冊辦事處

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

主要股份過戶登記處

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

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

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

股份代號

香港聯合交易所有限公司: 00336

COMPANY WEBSITE

www.huabao.com.hk

公司網址

www.huabao.com.hk

Financial Highlights

財務摘要

TABLE OF FINANCIAL HIGHLIGHTS

財務摘要表

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	Change in percentage 百分比變動
Sales	營業額	3,848,626	3,482,894	+10.5%
Gross profit	毛利	2,586,529	2,270,823	+13.9%
Gross profit margin	毛利率	67.2%	65.2%	
Operating profit	營運盈利	1,638,242	1,339,522	+22.3%
EBITDA margin	EBITDA率	47.9%	44.7%	
EBIT margin	EBIT率	42.6%	38.5%	
Selling and marketing expenses to sales	銷售及市場推廣開支佔銷售比率	5.7%	7.3%	
Administration expenses to sales	行政開支佔銷售比率	24.0%	26.3%	
Profit before income tax	除稅前盈利	1,745,807	1,409,112	+23.9%
Profit attributable to the equity holders of the Company	本公司權益持有人應佔盈利	1,263,797	1,065,424	+18.6%
Adjusted Profit attributable to the equity holders of the Company [#]	調整後本公司權益持有人應佔盈利 [#]	1,361,941	1,097,184	+24.1%
Earnings per share (RMB cents)	每股盈利(人民幣分)			
– Basic and diluted	– 基本及攤薄	40.66	34.29	+18.6%
Adjusted Earnings per share (RMB cents) [#]	調整後每股盈利(人民幣分) [#]	43.82	35.31	+24.1%
Net cash generated from operating activities	營運活動產生之現金淨額	1,538,662	1,303,709	+18.0%
Net cash*	淨現金*	7,502,606	4,826,455	+55.4%
Total equity	總權益	13,118,337	10,606,912	+23.7%
Final dividend per share (HK cents)	每股期末股息(港仙)	15.00	22.00	
Total dividend per share (HK cents)	每股全年股息(港仙)	31.00	22.00	+40.9%
Debt ratio [#]	負債比率 [#]	1.9%	0.8%	
Current ratio (times)	流動比率(倍)	9.3	8.7	
Liquidity ratio (times)	速動比率(倍)	8.6	7.9	
Inventory turnover (days)	存貨周轉率(日)	208	206	
Trade receivables turnover (days)	應收賬款周轉率(日)	99	97	
Trade payables turnover (days)	應付賬款周轉率(日)	91	89	

[#] Excluding provision for impairment of goodwill of RMB54,144,000 and provision for impairment of other non-current assets and other receivable of RMB44,000,000 attributable to the equity holders of the Company for the year ended 31 March 2018 (2017: Provision for goodwill impairment of RMB22,710,000 and spin-off related direct expenses of RMB9,050,000).

* "Net cash" means "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)".

[#] 撇除截至二零一八年三月三十一日止年度本公司權益持有人應佔之商譽減值撥備人民幣54,144,000元及其他非流資產及其他應收款之減值撥備人民幣44,000,000元(二零一七年: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「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 taste-based 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，是一家基於中國味覺系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 "Huabao Flavours" on the A-Shares platform, "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 materials 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 flavour capsule and core line and is becoming a new growth point. Newly established bases Yingtan Xinhui in 2017, as well as Dianhua benxiang which was established by joint venture with Yunnan Tobacco New Materials in 2018, became two flavour capsule business bases. Both of the bases expanded the Group's flavour capsule capacity.

本集團為中國香精行業的領導者，旗下擁有A股上市平台華寶股份及「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。二零一七年新設的鷹潭芯簷及二零一八年與雲南中煙新材料合資成立的滇華本香成為爆珠業務的二大新基地，全面拓展爆珠產能。

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 materials field. The principal products include many natural aroma and synthetic aroma products. Its production capacity and sales revenue account for a significant market share in the industry, 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 materials industry. In 2017, the Group successfully acquired Jiangxi Xianghai. The acquisitions 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.

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。於二零一五年，本集團成功收購香原料行業的龍頭企業鹽城春竹，於二零一七年，再次成功收購江西香海，對本集團香原料板塊的建立和佈局起到了積極的作用。本集團將憑借自身在行業領先的地位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。



Aroma raw materials products to be delivered to clients
準備運送給客戶的香原料產品

Meanwhile, the Group has started developing the business of innovative tobacco products, including e-cigarettes and so on. 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.

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。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。

The Group will comprehensively push forward the construction of the investment holding group based on China's taste-based consumer goods market. It will also combine its industry expertise and integration capability with the social capital, through the multi-capital platforms, multi-collaboration channels, as well as multi-investment collaboration models, to create more values for the shareholders.

本集團將全面推進建設基於中國味覺系消費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

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

- Adhere to the “concentric diversification strategy” and develop into the world’s leading taste-based consumer product investment holding group.
- Seize the opportunity of integration in aroma raw materials industry and proactively develop the aroma raw materials business.
- Grasp the needs of customers for innovative tobacco products and develop innovative tobacco businesses rapidly.
- Build domestic and overseas capital operation platforms and flexibly devise corresponding capital operation programs to meet the business development of the Group and maximize shareholders’ value.
- Establish industrial investment funds, integrate the industry resources through the mergers and acquisitions in the industry chain, strive to achieve rapid growth of business and accelerate the development of core businesses.
- Grasp the triple opportunities of “Consumption upgrade, industry integration, tightening environmental protection policies”, focus on the complementary products in the “taste-based consumer products” field and continue to be the “leader to a better life”.
- 堅持「同心多元化戰略」，發展成為全球領先的味覺系消費品投控集團。
- 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。
- 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。
- 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、行業整合、環保趨嚴的三重機遇，聚焦「味覺系快消品」領域的配套產品，繼續成為美好生活的領跑者。

Chairwoman Statement

主席報告



CHU Lam Yiu

朱林瑤

Chairwoman & Chief Executive Officer

董事會主席兼行政總裁

Dear shareholders,

Over the past year, Huabao International Holdings Limited has made remarkable achievements in both operations and the capital market. As the Chairwoman and CEO of the Group, I'm delighted with our progress. As at the financial year ended 31 March 2018, the Group achieved sales revenue of approximately RMB3,849 million, representing an increase of 10.5% year-on-year; gross profit margin was approximately 67.2%, increased by two percentage points from last year; profit attributable to the equity holders of the Company reached RMB1,264 million representing an increase of approximately 18.6% as compared with last financial year. The respective segments of the Group witnessed a stable and upward growth, the tobacco raw materials and aroma raw materials segments achieved rapid growth in particular and are expected to see more momentum of growth. The Group is customer-oriented and consistently launches new business models and products as well as develops in-depth collaboration with big clients; in terms of supply chain layout, the Group facilitates the integration of the supply chain and boosts investment in research and development to establish a safer and more efficient integrated manufacturing base so as to lead the industry's new standards. In addition, the Group's consumer-based insight innovation is posing new strategic development opportunities to the respective business segments.

The past year marked the Group's another milestone in the capital market. On 1 March 2018, Huabao Flavours and Fragrances Co., Ltd ("Huabao Flavours"), the major leading player in the flavours industry, returned to the A-shares capital market. The Company being the first overseas listing company which has successfully spin-off business on the ChiNext of Shenzhen Stock Exchange in 2018, Huabao Flavours' successful listing was recognized as a symbolic project of Hong Kong listing company's asset spin-off to A-shares market. The Group will leverage the new capital platform, along with China's great rejuvenation ambition, to seize the triple opportunities in China's consumer market, focus on taste-based fast-moving consumer products, and strives to be the world's leading taste-based consumer products investment holding group under the "Concentric Diversification based on Consumer Demand" strategy.

各位股東，

過去的一年，華寶集團在經營業績和資本市場雙雙交出靚麗的成績單，作為董事會主席及CEO，我非常高興。截至二零一八年三月三十一日止財年，集團實現銷售收入約人民幣38.49億元，同比增長約10.5%；毛利率約為67.2%，同比增長約兩個百分點；本公司權益持有人應佔盈利達到人民幣12.64億元，較上一財政年度增長約18.6%。各業務板塊發展穩中有升，煙用原料業務板塊和香原料業務板塊表現尤為突出，實現快速增長，發展勢頭喜人。集團以消費者需求為導向，不斷提出新的商業模式和推出新的產品，與大客戶展開深入合作；在產業鏈佈局方面，繼續加大供應鏈整合力度，增加研發投入，打造更加安全、高效的一體化生產基地，引領行業新標準。此外，基於消費品市場洞察的創新正在為集團各項業務帶來新的戰略性發展機遇。

過去的一年，本集團在資本市場上再進一程。二零一八年三月一日，華寶香精股份有限公司（「華寶股份」）作為香精行業龍頭強勢回歸A股資本市場。本公司作為二零一八年境外上市公司成功分拆業務於創業板上市的第一股，華寶股份成功上市被視為港股分拆資產回A股具有標誌性的項目。集團將借助新的資本平台，在中華復興的大勢下，把握中國消費市場三重機遇，聚焦味覺系快消品領域，以「消費者需求為引擎的同心多元化」為戰略，力爭成為全球領先的味覺系消費品投控集團。

Chairwoman Statement

主席報告

China is facing triple opportunities. Firstly, the continuous consumption upgrade makes a great room for growth in China's consumption market in future. According to the estimate of the *Economist's* think tank, the size of China's consumer market will reach 6.5 trillion US dollars in 2020. Secondly, with the slowdown in economic growth, it is becoming increasingly feasible for the industry integration to take place, which leaves room for leading companies in the industry to make integration happen. Thirdly, more stringent environmental protection requirements bring room for integration. Driven by more stringent environmental protection requirements, overcapacity, lack of core technologies and raw materials in China's flavours and fragrances industry, it is expected that the industry will go through the integration path as that of the international market, which further leaves more room for leading companies to expand their business.

Under the triple opportunities, the Group will hold on to the strategy of "Concentric Diversification based on Consumer Demand in the taste-based fast-moving consumer products Industry". The Group will focus on the supplementary products in the taste-based fast-moving consumer products, including products in the niche markets such as flavours and fragrances, additives, ingredients and packing materials, condiments, etc. Besides, the Group will upgrade its business model based on consumers' demand. Moreover, the Group will leverage its in-depth experience and expertise to carry out integration and establish an investment holding platform by setting up industrial investment funds for merger and acquisition, thereby unleashing the synergies from the upstream to the downstream. Under the dual-engine strategies, the Group aims to be the "leader to a better life".

Lastly, on behalf of the Board, I would like to extend my sincere gratitude to our shareholders, customers, suppliers, and business partners for their continuing support. Also, I would like to thank all the directors, management, and employees who have been dedicating to the development of Huabao. I am grateful for your invaluable contribution. I strongly believe in our Group's development prospect, and I have the confidence in leading our management to establish Huabao as the world's leading taste-based consumer products investment holding group in the industry with our enterprise spirit "Innovation, pragmatic, loyalty, and collaboration".

CHU Lam Yiu

Chairwoman & Chief Executive Officer

Hong Kong, 20 June 2018

當今的中國正面臨三重機遇。一是消費的持續升級使中國未來的消費市場保有驚人的增長空間。根據《經濟學人》智庫的預測，到2020年，中國消費市場的規模將達到6.5萬億美元；二是經濟增速放緩，行業整合具備可行性，為龍頭企業帶來整合空間；三是環保政策趨嚴帶來整合空間，中國香精香料行業在環保趨嚴、產能過剩、核心技術和原料缺乏等因素的驅動下，必將經歷國際市場的整合路徑，這將給龍頭企業進一步騰出擴張的空間。

在此機遇下，本集團將堅持「在味覺系快消品領域，以消費者需求為引擎的同心多元化」的戰略，聚焦「味覺系快消品」領域的配套產品，包括香精香料、添加劑、配料和包裝材料、調味品等細分行業。此外，集團將以消費者需求為導向進行商業模式的升級，還將憑借在行業內長期深耕的經驗進行行業整合，通過成立產業投資併購基金，打造產業投資控股平台，發揮上下游協同效應。以此雙引擎戰略為導向，將集團打造成為美味生活的引領者。

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。本人堅定看好集團的發展前景，並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，將華寶打造成一個全球領先的基於味覺系快消品領域的投資控股集團。

朱林瑤

董事會主席兼行政總裁

香港，二零一八年六月二十日

Management Discussion and Analysis

管理層討論及分析

MAJOR EVENT DURING THE YEAR

On 1 March 2018, Huabao Flavours & Fragrances Co., Ltd (“Huabao Flavours”), a subsidiary of the Group, was listed on the ChiNext of Shenzhen Stock Exchange (Stock Name: Huabao Flavours; Stock Code: 300741. Based on the closing price of RMB45.57 per share on 30 March 2018, market capitalization amounted to approximately RMB28.07 billion). The initial public offering comprised of 61.59 million new shares, representing approximately 10% of the enlarged issued share capital of Huabao Flavours. The offer price was RMB38.60 per share and the proceeds from the issuance amounted to approximately RMB2,377 million. After deduction of the issuance costs, the net proceeds from the issuance was approximately RMB2,312 million. Approximately RMB1,034 million of the proceeds will be used to the manufacturing base of Huabao Yingtan’s food flavours and ingredients project, approximately RMB471 million will be used to the Lhasa Pure Land healthy food project, approximately RMB158 million will be used to the R&D of Huabao H&K’s food flavours and food technology project, and approximately RMB649 million will be used to compensate Huabao Flavours’ liquidity.

本年度內重大事項

於二零一八年三月一日，本集團之附屬公司華寶香精股份有限公司（「華寶股份」）正式在深圳證券交易所創業板上市（股票簡稱：華寶股份；股票代碼：300741。以二零一八年三月三十日收市價每股人民幣45.57元計算，市值約人民幣280.7億元）。本次公開發行新股6,159萬股，佔已擴大股份的約10%，發行價格每股人民幣38.60元，新股募集資金總額約人民幣23.77億元。經扣除發售成本後，新股募集資金淨額約人民幣23.12億元。募集資金中約人民幣10.34億元將用於華寶鷹潭食品用香精及食品配料生產基地項目、約人民幣4.71億元將用於華寶拉薩淨土健康食品項目、約人民幣1.58億元將用於華寶孔雀食品用香精及食品技術研發項目、約人民幣6.49億元將用於補充流動資金。



Huabao Flavours successfully listed on the ChiNext of Shenzhen Stock Exchange
華寶股份於深圳證券交易所創業板成功上市

RECENT COOPERATION AND ACQUISITION

During the reporting period, the Group invested RMB25.208 million to acquire 95% equity interest of Jiangxi Xianghai. The acquisition of Jiangxi Xianghai is critical to the Group’s strategic layout in the aroma raw materials segment. The completion of building and commencement of the production base would not only meet the environmental protection requirements of China but also improve the operating efficiency of the aroma raw materials segment.

The Group launched a strategic collaboration with a well known international company to establish Jiangxi Xinhui. The Group formed a joint venture of Dianhua Benxiang with Yunnan Tobacco New Materials. Both companies were engaged in the manufacturing and R&D of flavour capsule, signifying the Group’s further layout in the tobacco new materials business and boosting the flavour capsule production capacity to alleviate the supply shortage in the market.

最新合作與收購

報告期內，本集團出資人民幣2,520.8萬元收購了江西香海95%的股權。江西香海的併入對集團香原料板塊的戰略佈局有著重大意義，集團將打造江西香海成為重要的香原料生產基地，不僅可以滿足國家對於環保的要求，而且有利於提高香原料板塊的經營效率。

本集團與一國際著名公司進行戰略合作，成立江西芯馨；與雲南中煙新材料成立合資公司滇華本香，均用於爆珠的生產與研發，標誌著本集團在捲煙新材料業務的深度佈局，進一步提升爆珠產能，緩解市場上供不應求的局面。

Management Discussion and Analysis

管理層討論及分析

INDUSTRY OVERVIEW

Overview of tobacco industry

In 2017, the global economy improved its growth rate and growth forecasts and gradually entered into a better stage. Coupled with the continuous promotion of supply-side structural reforms and other factors, China's economy was stable and improved. The economy structure optimized continuously and the new economy momentum grew rapidly, the overall situation was better than expected. As an important part of the real economy, the tobacco industry had shown a good trend of "market state gradually improving and the benefits being stable and good".

In 2017, cigarette sales volume in China was approximately 47.38 million cases, representing an increase of approximately 0.39 million cases or 0.8% as compared to last year. The cigarette production volume was 46.9 million cases, representing a decrease of approximately 0.67 million cases or 1.6% year-on-year. The tobacco industry managed to realize profit and tax of RMB1.1145 trillion, representing an increase of RMB34.93 billion or 3.2% as compared to the same period last year, meaning that it has achieved a total of over RMB one trillion in profit and tax for four consecutive years, and has paid a total of more than RMB one trillion to treasury department for three consecutive years.

In terms of the niche markets, the cigarette consumption turned to be a new trend from weakness to prosperity. Firstly, slim cigarettes maintained high-speed growth and its market share continued to increase. Throughout the year, the sales volume of slim cigarettes reached 2.385 million cases, representing an increase of 74.2% as compared to the same period last year. Secondly, the sales of flavour capsule cigarettes had exploded, with breakthroughs in R&D and innovation, which achieved the independent design, independent production and innovative application of flavour capsule cigarettes. The sales volume of flavour capsule cigarettes reached 0.349 million cases this year, representing an increase of 429% as compared to the same period last year. Thirdly, short cigarettes witnessed significant growth. Sales volume of short cigarettes totalled 0.25 million cases throughout the year, representing a year-on-year increase of 162.3%. In addition, the sales of premium and low-tar cigarettes had also resumed growth. A total of 2.904 million cases of premium cigarettes and a total of 7.128 million cases of low-tar cigarettes below 8 mg were sold nationwide, representing an increase of 8.4% and 9.2% respectively as compared to the same period last year. The industry structure continues to be optimized and improved.

行業概況

煙草行業概況

二零一七年，全球經濟增速和增長預期提升，迎來逐步向好局面。加之持續推動的供給側結構性改革等因素影響，中國經濟延續了穩中有進、穩中向好的發展態勢，結構不斷優化、新興動能加快成長，整體形勢好於預期。作為實體經濟重要組成部分的煙草行業，呈現出「市場狀態逐步轉好、效益穩中向好」的良好態勢。

二零一七年全年，全國捲煙銷量共約4,738萬箱，同比增加39萬箱或0.8%；捲煙生產共約4,690萬箱，同比減少67萬箱或1.6%；全年實現稅利總額人民幣11,145億元，同比增加人民幣349.3億元或3.2%。行業連續四年實現稅利總額超萬億元，連續三年保持上繳財政總額超萬億元。

細分市場方面，呈現由疲轉旺的新態勢。首先，細支煙繼續保持較高速增長，市場份額不斷增加。全年細支煙銷量達到238.5萬箱，同比增長74.2%。其次，爆珠捲煙銷量集中爆發，研發創新取得明顯突破，實現了捲煙爆珠的自主設計、自主生產和創新應用。全年銷量34.9萬箱，同比增長429%。再次，短支煙發展迅猛。全年銷量25萬箱，同比增長162.3%。此外，高端和低焦油捲煙銷量同時恢復增長。全國高端捲煙合計銷售290.4萬箱，同比增長8.4%；8mg以下低焦油捲煙銷量為712.8萬箱，同比增長9.2%。行業結構持續優化與提升中。

Management Discussion and Analysis

管理層討論及分析

In terms of tobacco leaves, since the regulation on the total output of tobacco leaves in 2013, the industry had adhered to the principle of “production by sales” and resulted in remarkable effects in controlling the total scale of tobacco leaves and the continuous decrease of the tobacco leaf purchase. However, the tobacco leaf production situation was still severe and complicated, with the inventory level of tobacco leaves at a high level, and the structural contradiction between the market supply and demand extruded particularly. The inventory of tobacco leaves available for use increased from 37 months in 2016 to 43 months in 2017 and the national inventory level of tobacco strips increased instead of decrease. In order to ensure the steady development of tobacco leaf production, the tobacco industry strengthened the control of tobacco leaf through measures such as “reduction” and “adjustment”. The planting area was reduced by 0.4916 million mu compared with the guiding plan, and the total purchase volume was expected to decrease by 3.43 million dans compared to the plan target. The control of national tobacco leaf planting area and total purchase volume exceeded the annual control target. (Source: *Tobacco Online and China Tobacco Market*)

Overview of food, beverage and fragrances industries

In 2017, China's national economy was stable and improved. The dynamics, power and potential of China's economy were unleashed continuously, while the stability, harmonization and sustainability had been enhanced significantly, and a stable and healthy development had been realized. According to the data from the National Bureau of Statistics, from January to December of 2017, the main business revenue of food processing enterprises of industrial scale (excluding tobacco) reached RMB10.52 trillion, representing an increase of 6.6% as compared to the same period last year, and the total profit reached RMB701.56 billion, representing an increase of 8.5% year-on-year, of which, the agricultural product processing industry rose by 5.8% year-on-year, the food processing industry rose by 8.3% year-on-year, and the alcohol, beverage and refined tea processing industry jumped by 7.7% as compared to the same period last year. Benefiting from the promotion of the country's policy of expanding domestic demand, the continuous increase in the income level of urban and rural residents, the rigid demand for food, and the gradual release of the structural reforms on the supply side, the food industry is expected to continue to grow steadily in the future, and the industry scale will steadily expand and continue to grow stably in the national industrial system. (Source: *National Bureau of Statistics*)

煙葉方面，自二零一三年行業實施煙葉總量規模調控以來，堅持「以銷定產」，總量規模調控成效顯著，煙葉收購計劃繼續下調。但煙葉生產形勢依然嚴峻複雜，煙葉庫存水平高位運行，市場供需的結構性矛盾較為突出。庫存煙葉可用週期從二零一六年的37個月，增加到二零一七年的43個月，全國片煙庫存不降反升。煙草行業通過「調減」、「調優」等措施進一步加大對煙葉的調控力度，確保煙葉生產的平穩發展。種植面積比指導計劃減少49.16萬畝，收購總量較下達計劃預計減少343萬擔，全國煙葉種植面積和收購總量均超額完成年度調控目標。(資料來源：《中國煙草》《東方煙草網》)

食品、飲料和日化行業概況

二零一七年，中國國民經濟穩中向好，經濟活力、動力和潛力不斷釋放，穩定性、協調性和可持續性明顯增強，實現了平穩健康發展。據國家統計局數據顯示，2017年1-12月份，食品工業規模以上企業（不含煙草）主營業務收入人民幣10.52萬億元，同比增長6.6%；實現利潤總額人民幣701.56億元，同比增長8.5%。其中，農副食品加工業同比增長5.8%，食品製造業同比增長8.3%，酒、飲料和精製茶製造業同比增長7.7%。受益於國家擴大內需政策的推進、城鄉居民收入水平持續增加、食品需求剛性以及供給側結構性改革紅利的逐步釋放，未來食品工業仍將平穩增長，產業規模穩步擴大，繼續在全國工業體系中保持穩步發展。(資料來源：國家統計局)

Management Discussion and Analysis

管理層討論及分析

With the development of China's national economy and the increase of residents' consumption power, snack food has become an important part of people's daily food consumption. According to the statistics of the China Food Industry Association, the annual output value of China's snack food industry is expected to maintain a rapid growth from RMB1.06 trillion in 2015 to RMB1.99 trillion in 2019, with a compound annual growth rate exceeding 17%.

According to the "Analysis Report on the Development Prospects and Investment Opportunities of China's Snack Food Industry for 2017-2022" published by ASKCI Consulting (中商產業研究院), the sales of snack food in China continued to increase from 2011 to 2016, with a compound annual growth rate of 3.78%. Sales increased from 13.5 million tons in 2011 to 16.25 million tons in 2016. It is estimated that the sales of snack foods in China will reach 17.49 million tons by 2018.

In terms of fragrances industry, the overall development in the coming year shows a steady upward trend. In 2017, the sales of China's fragrances industry was about RMB468.1 billion, with a compound annual growth rate of 5%. In respect of niche markets, the phenomenon of cosmetics sharing has become increasingly prevalent and cosmetic shopping platforms have been developing towards more diverse formats. China's fragrances industry will continue to develop steadily in the future, among which the cosmetics market will expand more rapidly.

In general, the consumer goods market maintained steady and rapid growth. From the perspective of growth rate, in 2017, the total retail sales of social consumer goods increased by 10.2%, representing a decrease of 0.2 percentage point as compared to last year, maintaining a double-digit rapid growth. Excluding automotive products, the total retail sales of social consumer goods increased 0.3 percentage point as compared to last year. From the perspective of market scale, driven by a number of factors such as the steady growth in the population and residents' average income, the total amount of retail sales of social consumer goods continuously expands.

隨著我國國民經濟發展和居民消費水平的提高，休閒食品已成為人們日常食品消費中的重要組成部分。根據中國食品工業協會的統計數據，我國休閒食品行業年產值預計2015-2019年仍將保持高速增長，由二零一五年的人民幣1.06萬億元增長至二零一九年的人民幣1.99萬億元，年均複合增長率超過17%。

根據中商產業研究院發佈的《2017-2022年中國休閒食品行業發展前景及投資機會分析報告》顯示，2011年-2016年中國休閒食品銷售量不斷增長，年均複合增長率達3.78%，銷售量從二零一一年的一,350萬噸增長至二零一六年的1,625萬噸。預計到2018年全國休閒食品銷售量有望達到1,749萬噸。

日化行業方面，未來一年總體發展情況呈穩步上升趨勢，二零一七年我國日化行業銷售規模約人民幣4,681億元，年均複合增長率達5%。細分市場方面，化妝品分享的現象愈加流行，更多化妝品購買平台呈多樣化，我國日化行業在未來將保持穩步發展，而其中化妝品市場擴張更為迅速。

總體來說，消費品市場保持平穩較快增長。從增速看，二零一七年，社會消費品零售總額比上年增長10.2%，比上年回落0.2個百分點，保持兩位數較快增長。若扣除汽車類商品，社會消費品零售總額增速比上年高0.3個百分點。從市場規模看，在人口和居民收入平穩增長等多因素帶動下，社會消費品零售總額持續擴大。

Management Discussion and Analysis

管理層討論及分析

Overview of the innovative tobacco products industry

In 2017, the global tobacco control continued to advance, sales of traditional tobacco products such as cigarettes declined, while sales of innovative tobacco products, especially HNB (Heat Not Burn) products grew at a significant rate. The competitive landscape of the major tobacco companies changed and each company's development strategies varied. Uncertainty in the development of the global tobacco industry has increased. At present, China's entry standards for innovative tobacco products have not yet been released, and even in some countries and regions such as Singapore, Brazil, Hong Kong, etc., innovative tobacco products are banned to enter, and the regulatory policy is uncertain, making the prospect of innovative tobacco products unclear. Therefore, the Group holds a neutral attitude towards innovative tobacco products and the Group is conservative and cautious in its development.

RESULTS

For the year ended 31 March 2018, the Group's sales revenue amounted to approximately RMB3,849 million, representing an increase of 10.5% year-on-year. Gross profit margin reached approximately 67.2%, increased by 2.0 percentage points over last financial year. EBIT margin reached approximately 42.6%, representing an increase of 4.1 percentage points over last financial year. Profit attributable to the equity holders of the Company was approximately RMB1,264 million, representing an increase of 18.6% over last financial year. Basic earnings per share was RMB40.66 cents, representing an increase of approximately 18.6% over last financial year.

BUSINESS REVIEW

Review of flavours and fragrances business

For the year ended 31 March 2018, the flavours and fragrance business recorded a revenue of RMB2,215 million, representing an increase of 7.3% year-on-year. The operating profit of the segment amounted to RMB1,288 million, representing an increase of 6.9% year-on-year. Segment operating profit margin reached approximately 58.1%, similar to that for the last financial year of 58.4%. During the reporting period, revenue of the segment's main business remains stable. The growth of the segment revenue was mainly due to the demand from food flavours client grew slightly. The increase in operating profit of the segment was attributable to the increase in revenue, interest income and government subsidy.

新型煙草製品行業概況

二零一七年，世界煙草控制持續推進，捲煙等傳統煙草製品銷量有所下降，新型煙草製品尤其是加熱煙草製品銷量增速顯著，各大煙草公司競爭格局發生變化、發展戰略逐漸分化，世界煙草業發展的不確定性增加。而目前，中國對於新型煙草製品的准入標準遲遲未推出，甚至在一些國家和地區，如新加坡、巴西、香港等，禁止新型煙草製品的進入，監管政策的不確定，使得新型煙草製品的前景不夠明朗，因此華寶集團對於新型煙草製品持中立態度，在發展上趨保守和慎重。

業績

截至二零一八年三月三十一日止年度，本集團實現銷售收入約人民幣38.49億元，同比增長約10.5%；毛利率約為67.2%，比上一財政年度上升了2.0個百分點；營運盈利率達約42.6%，比上一財政年度增加了4.1個百分點。本公司權益持有人應佔盈利約為人民幣12.64億元，比上一財政年度增長約18.6%。每股基本盈利人民幣40.66分，比上一財政年度增長約18.6%。

業務回顧

香精業務回顧

截至二零一八年三月三十一日止年度，香精業務實現營業收入人民幣22.15億元，較上年同期上升7.3%；實現板塊營運盈利人民幣12.88億元，較上年同期上升6.9%；板塊營運盈利率達約58.1%，與上一財政年度的58.4%相若。報告期內，板塊主營業務收入保持穩定。板塊營業收入增加主要由於食用香精客戶需求略有上升所致。板塊營運盈利增加主要由於營業收入、利息收入以及政府補助增加所致。

Management Discussion and Analysis

管理層討論及分析

(1) Flavours

The Group implemented its strategies by analyzing the market's demand and proactively gaining insights into the latest trend, technology and areas in both the domestic and overseas' flavours industry, thereby facilitating the product upgrade of the existing clients and expanding its market penetration. Meanwhile, the Group seized the opportunity of consumption upgrade and helped the clients to tap into new market opportunities and offered one-stop solutions to assist them in promoting new products and expanding business. In addition, the Group continued to enhance its core products structure, enrich its product mix to meet clients' diverse needs, strengthen its positioning in the industry, and will expand to overseas markets when appropriate.

(2) Fragrances

Through technology innovation and services, the Group further strengthened and expanded its advantage in the market of incense and household disinfection and insecticide products. The Group utilized its advantages in product and technology to develop the detergent fragrance market and greatly enhanced the marketing team's capacity to unleash its product advantages.

(1) 食用香精

集團堅持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、新領域，不斷調整產品結構，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；同時，集團把握消費升級機遇，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；繼續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，在鞏固集團在行業中領先地位的同時，擇機拓展海外市場。

(2) 日用香精

集團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；集中集團在產品、技術方面的優勢資源，大力發展大日化洗護類香精的市場；大力推動營銷團隊建設及水平提升，充分發揮集團產品優勢。

Management Discussion and Analysis

管理層討論及分析

Review of tobacco raw materials business

For the year ended 31 March 2018, sales revenue of the tobacco raw materials segment of the Group amounted to RMB815 million, representing an increase of approximately 15.4% from the last financial year. The operating profit of the segment was about RMB381 million, representing an increase of approximately 48.9% from RMB256 million for the last financial year. The EBIT margin of the segment was approximately 46.8%, representing an increase of approximately 10.5 percentage points as compared to 36.3% for the last financial year.

(1) RTL

Although the amount of tobacco planting and purchase decreased year by year, the total inventory of tobacco leaves remained at a high level. The oversupply situation of tobacco leaves was still severe. In addition, the addition rate of RTL remained almost the same. All the above factors resulted in the overcapacity, the imbalance between supply and demand, and the fierce competition that remained in the RTL industry. Considering the adverse situation of the industry, Guangdong Jinye increased its income sources and reduced its expenditure. It also adhered to the values of "raising the overall management level of the enterprise as its core" to maintain the competitiveness of its products while stabilizing product costs.

During the reporting period, Guangdong Jinye, on the one hand, optimized product formulation and explored overseas markets actively. The efforts achieved substantial breakthroughs and enriched its experience in the overseas market. On the other hand, responding to the price increases of certain raw materials, Guangdong Jinye strengthened its procurement management and optimized procurement structure while simultaneously refining human labours and improving star employees' salary to control personnel costs, which enabled the company stay competitive in comparison to peers under the condition of non-saturated operation. In the future, with the structural optimization of cigarettes, the functional role of RTL in cigarettes could be further explored and developed and will have good development potential.

煙用原料業務回顧

截至二零一八年三月三十一日止年度，本集團煙用原料板塊的銷售收入達到了人民幣8.15億元，較上一個財政年度增長了約15.4%。板塊營運盈利約為人民幣3.81億元，較上一財政年度的人民幣2.56億元增長了約48.9%；板塊營運盈利率達約46.8%，較上一財政年度的36.3%增加了約10.5個百分點。

(1) 煙草薄片

儘管煙葉種植量及收購量逐年遞減，但煙葉庫存總量仍高居不下，煙葉供應過剩形勢依然嚴峻。加之煙草薄片添加率尚無變化，行業內產能過剩、產品供大於求、同業競爭激烈等依舊是薄片行業所面臨的現狀。面對行業的不利形勢，廣東金葉開源節流，堅持「以提高企業綜合管理水平為核心」的思想不動搖，在穩定產品成本的同時，繼續保持產品的競爭力。

報告期內，廣東金葉一方面強化產品配方升級，積極開拓境外市場，取得實質性突破，積累了寶貴的海外市場經驗；另一方面，應對部分原材料價格上漲的情況，廣東金葉加強採購管理、優化採購結構、精簡編製、提高優秀員工薪酬，努力控制人員費用，實現了在不飽和運轉下保持了相對於同行業而言的成本優勢。未來，隨著捲煙結構性上行，煙草薄片於捲煙的功能性作用可得到進一步挖掘與開發，仍具備良好的發展潛力。

Management Discussion and Analysis

管理層討論及分析

(2) Tobacco new materials

Affected by factors such as the recovery of the tobacco industry and individualized consumption trends, the market capacity of flavour capsule cigarettes increased year by year with a tremendous growth. As a result, the business of tobacco new materials, especially flavour capsules, had witnessed an explosive growth during the reporting period.

Facing the supply shortage, the Group had comprehensively improved the capacity of flavour capsules. The newly built production line of Jiangxi Xinhui had successfully completed its trial run and put into operation. The production line adopted cutting-edge production equipment and technology, together with a strict quality-monitoring system to meet clients' high-quality demands and accelerate the sales volume of flavour capsules. Besides, in order to ensure the continuity and stability of the supply of flavour capsule products, the Group and Yunnan Tobacco New Materials has co-operated to establish a joint venture, Dianhua Benxiang. It will ramp up innovations by making use of the Group's existing flavour capsule production experience, to provide customized products and services to key clients.

With the intensifying competition, customers are increasingly demanding high-quality products. Yunnan Xinyun Science & Technology Development Co. Ltd. took a range of measures such as developing new products, optimizing manufacturing process, and sending technicians to study abroad in excellent overseas companies to improve its core competitiveness. As a result, clients' customized needs for products will be satisfied with its industry-leading technology advantage and service quality.

(2) 捲煙新材料

受到煙草行業回升、個性化消費趨勢等因素的影響，爆珠捲煙的市場擴容規模逐年增加，呈現井噴的發展態勢。因此作為以爆珠為代表的捲煙新材料業務在報告期內得到了爆發性的增長。

面對當前供不應求的局面，本集團全面提升爆珠產能，江西芯薈新建的生產線已成功調試完畢並正式投入使用，採用國際先進的生產設備與技術，配以嚴格的質量監控體系，在滿足客戶高質量要求的基礎上促使了爆珠銷量的進一步提升。同時，為了確保爆珠產品供應的持續性與穩定性，本集團與雲南中煙新材料合作成立的合資公司滇華本香，將在集團現有爆珠生產經驗的基礎上加大創新力度，為重點客戶提供定制化的產品與服務。

隨著競爭的加劇，客戶對產品的品質要求越來越高。雲南芯韻科技開發有限公司積極進行新產品開發，優化生產工藝流程，派遣技術人員到國外優秀公司交流與學習等一系列舉措來提升核心競爭力，以領先行業的技術優勢與服務水平來滿足不同客戶產品的個性化需要。

Management Discussion and Analysis

管理層討論及分析

Review of aroma raw materials business

For the year ended 31 March 2018, sales revenue of the aroma raw materials segment reached RMB597 million, representing an increase of 35.8% from the last financial year. Operating profit of the segment reached RMB144 million, representing an increase of approximately 103.0% from RMB70.87 million for the last financial year. The EBIT margin of the segment was approximately 24.1%, representing an increase of 8.0 percentage points as compared to approximately 16.1% for the last financial year. The increase of the sales revenue and operating profit of this segment are mainly due to the launch of new products to the market and the increase of price of some products.

With the development of downstream industries such as food, beverages and fragrances, the aromatic raw materials industry had developed steadily, and domestic and foreign markets had gradually grown. At the same time, the country enhanced its supervision to the environmental protection and safety production which forced the supply-side reforms to bring rapid growth opportunities for leading companies in the industry. During the reporting period, the business of aroma raw materials segment of the Group continued to maintain a good momentum of development, among which:

The significant improvement in the performance of Guangdong Zhaoqing was mainly due to the continuous reduction of industry inventories caused by the continuous accidents of certain enterprises in the industry, leading to the demand of products over supply and the continuous rise in prices. As the capacity of the industry stabilized again, Guangdong Zhaoqing built up its brand actively, to retain its client base in the domestic market, it also further expanded its sales channels and reached overseas markets with good results.

Yancheng Chunzhu continues to consolidate its leading position in the aroma materials industry, especially in the low-carbon ester aroma materials. Through the development of a rich product line, large-scale production, optimization on production processes, reduction of production costs, maintenance of long-term and stable cooperative relations with big clients abroad, Yancheng Chunzhu achieved continuous business growth smoothly. Its "Chunzhu" brand was recognized as China's well-known trademark.

香原料業務回顧

截至二零一八年三月三十一日止年度，本集團香原料板塊銷售收入達到人民幣5.97億元，較上一個財政年度上升了35.8%。板塊營運盈利為人民幣1.44億元，較上一年度的人民幣7,087萬元增長了103.0%。板塊營運盈利率達約24.1%，較上一財政年度的約16.1%增加了8.0個百分點。板塊銷售收入和營運能力增長主要是因為部分研發新品推向市場和部分產品價格上升所致。

伴隨著食品、飲料、日化等下游行業的發展，香原料行業發展平穩，國內國外市場呈逐步增長趨勢。同時，國家加大對環保及安全生產的監管力度，倒逼供給側改革，給行業內龍頭企業帶來快速增長的機會。報告期內，本集團香原料板塊業務繼續保持良好發展勢頭，其中：

廣東肇慶業績大幅度提升，主要是由於受行業內企業連續的事故影響導致行業庫存持續降低，產品供不應求，價格持續上漲。隨著行業產能重新趨於穩定，廣東肇慶積極打造品牌形象，在穩定國內大客戶的基礎上，拓展銷售渠道，進一步打開國外市場，已取得不錯成效。

鹽城春竹繼續鞏固以低碳酯類為主導的香料行業領先地位。鹽城春竹通過開發豐富的產品線，進行規模化生產，優化生產工藝，降低生產成本，維護與海內外大客戶長期穩定的合作關係來保持業務持續穩定的增長。所擁有的「春竹」品牌被評為中國馳名商標。

Management Discussion and Analysis

管理層討論及分析



“Chunzhu” brand recognized as China’s well-known trademark
「春竹」品牌被評為中國馳名商標

Yongzhou Shanxiang made strategic adjustments during the reporting period. As setting “guaranteeing production, seeking development” as the goal and optimizing its product mix, it successfully turned losses into profits. Its main products are litsea cubeba oil and natural citral. The trial production of the newly built production line for natural benzaldehyde commenced in October 2017. Further, new products had been developed to improve the capacity utilization rate during the reporting period, new sewage treatment system had been installed to meet environmental protection requirements and a litsea cubeba oil distillation workshop certified with Good Manufacturing Practice (GMP) had also been established. In addition, Yongzhou Shanxiang achieved breakthroughs in export business and signed long-term cooperation agreements with an internationally-renowned company.

At present, the country’s requirements for environmental protection and safe production have become more stringent and thereby bringing adjustment opportunities to the aromatic raw materials industry. Jiangxi Xianghai will build a comprehensive production base for the aroma raw materials segment. On the one hand, it will research and produce aroma raw materials products that have a market gap, enrich the product line, increase the production capacity to meet the under-capacity situation, create competitive advantages and strengthen core competitiveness of the aroma raw materials segment. The newly-built furanone production line had entered trial production. On the other hand, by increasing investment on environmental protection and adopting advanced exhaust emission systems and sewage treatment systems, it will establish a high standard and modernized base conforming to the national environmental protection and safety policies, which will be beneficial to the sustainable and stable development of the aroma raw materials business.

永州山香進行戰略調整，以「保生產，謀發展」為目標，優化產品結構，扭虧為盈。主打產品為山蒼子油和天然檸檬醛，加之新建的天然苯甲醛生產線，已於二零一七年十月試生產，同時配以新產品開發，提高產能利用率。報告期內，已安裝新的污水處理系統來滿足環保要求並建立達到優良製造標準（GMP）的山蒼子油蒸餾車間。此外，永州山香在出口業務上也獲得突破，已與國際知名公司簽訂了長期合作協議。

目前國家對環保和安全生產的要求愈發嚴格，香原料行業迎來了行業調整的機遇。江西香海將打造成為香原料板塊的綜合性香料生產基地，一方面，針對出現市場缺口的香料產品進行研發與生產，在豐富香原料板塊內產品線的同時提升產能，彌補產能不足情況，創造競爭優勢，增強核心競爭力，新建的呋喃酮生產線已進入試生產環節；另一方面，加大環保投入，採用先進的廢氣排放系統和污水處理系統，建設成為符合國家環保安全政策的高標準、現代化基地，有利於香原料業務持續穩定發展。

Management Discussion and Analysis

管理層討論及分析

Review of innovative tobacco products business

For the year ended 31 March 2018, sales revenue of the innovative tobacco products segment reached RMB222 million, representing a decrease of approximately 18.3% from the last year. Operating loss of the segment was RMB95.71 million, representing a decrease of approximately 13.8% as compared to the operating loss of RMB111 million for the last financial year.

In 2017, VMR actively responded to changes in the market, conducted new tobacco-oil innovations and R&D of open system equipment, and endeavoured to enrich the production line. In terms of market, in addition to the existing US market, VMR actively expanded to overseas markets such as Europe. At the same time, it integrated the structure of domestic suppliers and improved product quality to enhance its core competitiveness. Faced with the uncertainty of regulation and the fast-changing characteristics of innovative tobacco products, VMR is now promoting financing activity and hoping to inject fresh blood into its development.

Review of R&D

The Group attaches great importance to constantly enhancing its capacity of R&D. During the financial year, the Group's R&D expense amounted to approximately RMB278 million, representing an increase of 14.8% as compared to the last financial year. R&D expense represented approximately 7.2% of sales revenue, such ratio increased by 0.3 percentage point as compared to approximately 6.9% of the last financial year. Technology is an important part of maintaining leadership in the industry, and the Group will continue to increase investment in technology, equipment and basic research.

In terms of tobacco flavours, focused on the Group's strategic direction of "produce a high-quality cigarette", we carried out a number of related technology exploration and in-depth studies in 2017. There were 21 projects that involved understanding the impact of the cultivation and picking of aroma raw materials on the quality of fragrances; the optimization of traditional modern extraction purification process; the efficacy and role of flavours and fragrances products on different application carriers. We obtain data by using modern analytical techniques to provide quantitative explanation of the mechanism or possible causes of various phenomena.

新型煙草製品業務回顧

截至二零一八年三月三十一日止年度，本集團新型煙草製品板塊的銷售收入為人民幣2.22億元，較去年同期下跌了約18.3%。板塊營運虧損為人民幣9,571萬元，較上一年度的營運虧損人民幣1.11億元減少了約13.8%。

二零一七年，VMR積極響應市場變化，進行新型煙油創新和開放式系統設備的研發，努力豐富生產線。市場方面，在原有的美國市場基礎上，VMR積極拓展歐洲等海外市場，與此同時，整合國內供應商結構，提升產品質量，以此提高公司的核心競爭力。面對監管的不確定性和新型煙草製品快速變化的特點，目前，VMR正在推進融資，希望為VMR的發展注入新鮮血液。

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約人民幣2.78億元，比上一財政年度增加了14.8%；而研發費用佔銷售收入的比例為約7.2%，比上一財政年度的約6.9%上升了0.3個百分點。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。

煙用香精方面，圍繞著「做好一支煙」的集團戰略發展方向，我們在二零一七年開展了多項相關技術的探索和深入研究。開展的項目共有21項，涉及內容包括了解香原料種植、採摘對香料品質的影響；傳統現代提取精製純化工藝的優化；香精香料產品在不同應用載體上的功效及作用；以及利用現代分析技術手段獲取數據，量化解釋各種現象產生的機理或可能的原因。

Management Discussion and Analysis

管理層討論及分析

In terms of food flavours, Guangzhou Huabao Food Co., Ltd made great breakthroughs in micro-encapsulation technology and aroma analysis technology, and has developed highly competitive products including savoury aromas, natural meat extracts, and natural plant and vegetable extracts, Maillard reaction products, natural spices, compound seasonings, etc. Its products are widely used in instant rice (noodle) products, quick-frozen meat products, casual puffed food, baked food, food and beverage condiment for catering flavoring products, and nutritional health food and other food fields. Huabao Kongque applied for 5 patents for inventions, including natural flavours extracted from plants, enzymolysis technology for the preparation of banana flavours, antifreeze emulsified flavours, penicillin infiltration powder flavours and walnut oil microcapsule powder flavours.

In terms of fragrances, Xiamen Amber's "Research and Development and Production of Deep Processing Technology of Patchouli Oil" project was successfully accepted by the Tongan Science and Technology Bureau, and the research project "Analysis, Research and Application Configuration of Lavender Oil" was successfully accepted by the Municipal Intellectual Property Office in December 2017. At the same time, Xiamen Amber participated in the drafting of the industry standard of "Natural Plants Incense and Herbal Aroma". Xiamen Amber newly applied for 11 patents in 2017, including 1 invention patent and 10 innovative utility patents, and 5 innovative utility patents were authorized in November.

In terms of RTL, Guangdong Jinye's R&D project "Moisturizing Fillers R&D Based on Hygroscopic Synchronism and Their Applications in RTL" won the third prize of Science and Technology Progress Award of China National Tobacco Corporation. Guangdong Jinye also participated in the key laboratory project of the industry "Dry Process of RTL Forming that Increase the Retention Rate of Solid Fragrances and the Research of Coating Process".

In terms of new tobacco materials, the Group carried out micro-innovation based on the existing products and upgrade their forms and shapes to bring new selling points to the original products. At the same time, the Group introduced new technologies and materials in pharmaceutical and food industries to the tobacco industry to develop cross-industry integration.

食用香精方面，廣州華寶食品有限公司在微膠囊包埋技術，香氣分析技術方面取得了很大的突破，研發了很有競爭力的產品，包括鹹味頭香、天然肉類提取物、天然植物蔬菜類提取物、美拉德反應產品、天然香辛料、復合調味料等。其產品廣泛應用於方便米（面）製品、肉類速凍製品、休閒膨化食品、烘焙食品、餐飲調味製品以及營養保健食品等食品領域。華寶孔雀申請發明專利5篇，其中包括植物提取的天然香精、酶解技術應用於制備香蕉香精、抗凍乳化香精、檳榔用滲透粉香精以及核桃油的微膠囊粉末香精。

日用香精方面，廈門琥珀的《廣藿香油的深加工技術研發與擴大化生產》項目成功通過同安科技局驗收，《薰衣草油的分析研究與應用配置》科研項目於二零一七年十二月成功通過市知識產權局的驗收；同時，廈門琥珀參與了《天然植物熏香本草香》行業標準的起草工作。二零一七年廈門琥珀新申請了11份專利，其中1份發明專利，10份實用新型專利，且5份實用新型專利已於十一月份授權。

煙草薄片方面，廣東金葉研發項目《基於吸濕同步性的保潤型填料研發及在再造煙葉中的應用》獲中國煙草總公司科學技術進步獎三等獎。並參與了行業重點實驗室項目《提高固體香料留著率的干法再造煙葉成型和塗布工藝研究》。

捲煙新材料方面，在原有產品基礎上進行微創新，對現有產品形式、形態更新升級，使原有的產品體現新的賣點。同時將醫藥、食品等行業的新技術、新材料引入到煙草行業，努力發展跨行業的整合。

Management Discussion and Analysis

管理層討論及分析



new products of flavour capsule
爆珠新產品

In terms of aroma raw materials, Guangdong Zhaoqing passed the certification of Guangdong Provincial Enterprise Technology Center in July 2017, it obtained the re-affirmation of the famous trademark of Guangdong Province. It passed the recognition of the Municipal Engineering Research Center of Zhaoqing City in September 2017. On aspect of technology R&D, Guangdong Zhaoqing passed 4 projects such as the R&D of the formula optimization technology of pure fragrance ethyl maltol, the R&D of ethyl maltol purification process optimization technology, and R&D of methanol preparation process recycled from by-production methyl chloride of ethyl maltol chlorination process and R&D of high-purity α -ethylfuran methanol synthesis process.

During the reporting period, the R&D team filed a total of 45 new patent applications in regards to the invention, utility innovation and appearance design, and was granted with 28 patents which had been previously applied, including 7 invention patents, 21 utility innovation patents.

香原料方面，二零一七年六月，廣東肇慶通過了廣東省省級企業技術中心的認定；七月獲得了廣東省著名商標的重新認定；九月通過了肇慶市市級工程技術研究中心的認定。在技術研發上，廣東肇慶通過了純香型乙基麥芽酚的配方優化技術的研發、乙基麥芽酚提純工藝優化技術的研發、乙基麥芽酚氯化工序副產物氯甲烷回收制備甲醇工藝的研發、高純度 α -乙基夫喃甲醇合成工藝的研發等4個項目。

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45項，已申請並獲授權的專利28項，包括發明專利7項、實用新型21項。

Management Discussion and Analysis

管理層討論及分析

Some of the major patents granted include:

- A smoke water capsule using water and hydrophilic substance as a core material and its preparation method
- A functional paper core for filter plugs
- A linear compound gel aroma slow-release filter rod and its preparation method and use
- A ternary composite filter rod that rotates to select aroma
- A preparation method and application of purified Pu'er tea oil that contains *Viscum articulatum* aroma components
- A water-soluble flavour and its preparation method
- A geranyl acetone slow-released material preparation method
- A carbon material with good slow-release performance to anisole spice
- A catalyst that helps toluene oxide to benzaldehyde directly and its preparation method
- A chemical production reactor with temperature regulation
- A reactor suitable for discharging colloidal reactants

其中主要獲授權專利項目包括：

- 一種以水及親水性物質為芯材的煙用水膠囊及其制備方法
- 一種濾棒用功能化紙質芯線
- 一種線狀復合凝膠香味緩釋濾棒及其制備方法與它的用途
- 一種旋轉選擇釋放香氣的三元復合濾棒
- 一種含有扁枝槲寄生致香組分的普洱茶淨油的制備方法及應用
- 一種水溶性香精及其制備方法
- 一種香葉基丙酮緩釋材料的制備方法
- 一種對茴香醚香料具有良好緩釋性能的碳材料
- 一種甲苯直接氧化制苯甲醛的催化劑及其制備方法
- 一種帶有溫度調節功能的化工生產用反應釜
- 一種適用於膠體反應物出料的反應釜



Manufacturing workshop
生產車間

Management Discussion and Analysis

管理層討論及分析

Human Resources and Corporate Culture Construction

As at 31 March 2018, the Group employed 2,323 employees (31 March 2017: approximately 2,200 employees) in the PRC, Hong Kong, Germany, U.S., Botswana and Korea. The labour costs for the year (including pension and mandatory provident fund, etc.) amounted to RMB423 million, representing a decrease of RMB13 million from RMB436 million of the last financial year. The decrease in the labour costs was primarily attributable to the refinement of employee structure.

2017 was an important year for the Group to take a leap in its strategies and management. During the year, under the guidance and support of the Group's management and with the cooperation of every department and the unremitting efforts of the staffs, the human resources department has closely followed the Group's annual business objectives to strengthen management, optimize systems, enhance work efficiency and lower cost. Also, solid work has been made in the implementation of policies, management improvement, personnel optimization and supervision implementation.

The Group has established a comprehensive mechanism for recruitment and used diversified recruitment forms to optimise talents' quality and minimise costs associated with recruitment. According to the Group's strategy and development plan, human resources system and procedures have been improving continuously to ensure the orderly execution of human resources affairs.

The Group adheres to the values of "People Matter Most" and strives to build a solid and passionate team of employees, encourages and guides employees to become planners and masters of their careers to create a better future. The Group also encourages employees to take the vision of "leader to a better life" and adheres to the entrepreneurial spirit of "innovation, pragmatism, loyalty and collaboration". Through the implementation of diverse cultural activities, ongoing public welfare projects and the establishment of charitable funds, the Group aims to consistently facilitate progress in education and the environment to win the society's trust and make sustainable development.

Outlook

Under China's renaissance, the Group will grasp the triple opportunities of China's consumer market, focus on the taste-based fast-moving consumer products industry, and take "Concentric Diversification based on Consumer Demand" as its strategic goal to strive to become the world's leading taste-based consumer products investment holding group.

人力資源及企業文化建設

於二零一八年三月三十一日，本集團在中國內地、香港、德國、美國、博茨瓦納及韓國共聘用員工2,323人，去年約為2,200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4.23億元，比上一財政年度的人人民幣4.36億元減少了人民幣1,300萬元。本年度員工成本的減少，主要是由於人員結構調整所致。

二零一七年是集團的戰略和管理進一步提升的關鍵年度，這一年來，人力資源部在集團領導的指導和支持下，在各部門的協作配合下，在部門員工的不懈努力下，緊緊圍繞集團全年經營目標，以強管理、優系統、提工效、降成本為工作目標，在制度落實、管理提升、人員優化、監督落實等方面做了實實在在的工作。

集團在招聘方面已建立了完善的機制，做到招聘形式多樣化、質量趨優化、成本最小化。根據集團的戰略和發展計劃，不斷完善人力資源制度與流程，保障人力資源事務有序執行。

集團公司堅持以人為本，致力於打造堅實而富有激情的員工團隊，鼓勵和引導員工成為自己職業生涯的規劃者和駕馭者，創造更美好的未來，以「美好生活引領者」為願景，堅持創新、務實、忠誠、協作的企業精神，通過豐富多樣的文化活動、持續性的公益項目和慈善基金的建設推動文化落地，推動教育與環境的不斷進步，贏得社會的信任與可持續的發展。

未來展望

在中華復興的大勢下，把握中國消費市場三重機遇，聚焦味覺系快消品領域，將「以消費者需求為引擎的同心多元化」為戰略目標，力爭成為全球領先的味覺系消費品投控集團。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Analysis of annual results for the year ended 31 March 2018

Sales revenue

The Group's sales revenue amounted to RMB3,848,626,000 for the year ended 31 March 2018, representing an increase of approximately 10.5% as compared with RMB3,482,894,000 for the last financial year. The sales revenue increased mainly due to the increase in sales revenue of flavours and fragrances, tobacco raw materials and aroma raw materials as compared to last year. For the year ended 31 March 2018, sales revenue from flavours and fragrances reached RMB2,215,135,000, contributing approximately 57.6% of total sales revenue; sales revenue from tobacco raw materials reached RMB815,023,000, contributing approximately 21.2% of total sales revenue; sales revenue from aroma raw materials reached RMB596,965,000, contributing approximately 15.5% of total sales revenue; sales revenue from innovative tobacco products reached RMB221,503,000, contributing approximately 5.7% of total sales revenue.

Cost of goods sold

The Group's cost of goods sold amounted to RMB1,262,097,000 for the year ended 31 March 2018, representing an increase of approximately 4.1% as compared with RMB1,212,071,000 for the last financial year.

Gross profit and gross profit margin

Gross profit of the Group increased from RMB2,270,823,000 for the year ended 31 March 2017 to RMB2,586,529,000 for the year ended 31 March 2018, representing an increase of approximately 13.9%; gross profit margin was 67.2%, representing an increase of 2.0 percentage points from 65.2% of the last financial year. The increase in gross profit margin was mainly attributable to the gross profit margin of flavours and fragrances, aroma raw materials and tobacco raw materials increased comparing to last year which caused the composite gross profit margin increased.

財務狀況回顧

截至二零一八年三月三十一日止年度的業績分析

營業額

截至二零一八年三月三十一日止年度，本集團的營業額達人民幣3,848,626,000元，較上一財政年度的人民幣3,482,894,000元增加了10.5%。營業額的增加，主要是由於香精產品、煙用原料及香原料營業額較去年上升。截至二零一八年三月三十一日止年度，香精產品的營業額達人民幣2,215,135,000元，佔總收入約57.6%；煙用原料的營業額達人民幣815,023,000元，佔總收入約21.2%；香原料營業額達人民幣596,965,000元，佔總收入約15.5%；新型煙草製品的營業額達人民幣221,503,000元，佔總收入約5.7%。

銷售成本

截至二零一八年三月三十一日止年度，本集團的銷售成本為人民幣1,262,097,000元，較上一財政年度的人民幣1,212,071,000元增加了約4.1%。

毛利和毛利率

本集團的毛利由上一財政年度的人民幣2,270,823,000元增加至截至二零一八年三月三十一日止年度的人民幣2,586,529,000元，增加了約13.9%；毛利率為67.2%，較上一財政年度的65.2%上升了2.0個百分點，主要是由於香精產品、香原料及煙用原料之毛利率均較去年上升，以致綜合毛利率有所上升。

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 RMB194,462,000 for the year ended 31 March 2018, representing a decrease of RMB45,064,000 as compared with RMB239,526,000 for the last financial year. The decrease in other income and other gains was mainly because there were transfer of reserves to income statement upon disposal of available-for-sale financial assets and changes in fair value of financial assets at fair value through profit or loss last year but there was no such income this year.

Selling and marketing expenses

The selling and marketing expenses of the Group mainly comprised of 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 2018 were RMB219,995,000, representing a decrease of approximately 13.9% as compared with RMB255,589,000 for the last financial year. Selling and marketing expenses to total sales revenue for the year ended 31 March 2018 amounted to approximately 5.7%, representing a decrease of 1.6 percentage points as compared with 7.3% for the last financial year. The decrease of such ratio was mainly attributable to the effectiveness of the Group's active control of expenses.

Administrative expenses

The Group's administrative expenses amounted to RMB922,754,000 for the year ended 31 March 2018, which was slightly increased by approximately 0.8% as compared with RMB915,238,000 for the last financial year. The increase in administrative expenses was mainly attributable to the provision for impairment of goodwill of flavours and fragrances business (mainly from fragrances business) of RMB36,578,000, and provision for impairment of other non-current assets and other receivables of RMB44 million, which was partially offset by the Group's stringent control of administrative expenses. Administrative expenses to total sales revenue during the current financial year amounted to approximately 24.0%, representing a decrease of approximately 2.3 percentage points as compared with 26.3% for the last financial year. The decrease of such ratio was mainly due to the Group's stringent control of expenses.

其他收入及其他收益－淨額

截至二零一八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194,462,000元，較上一財政年度的人民幣239,526,000元下降了人民幣45,064,000元。其他收入及其他收益的減少主要是由於去年有因處置可供出售金融資產而由儲備轉回收益表和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，而本年並無此等收益。

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。本集團截至二零一八年三月三十一日止年度的銷售及市場推廣開支為人民幣219,995,000元，較上一個財政年度的人民幣255,589,000元下降約13.9%。本財政年度的銷售及市場推廣開支所佔銷售收入的比例為約5.7%，較上一財政年度的7.3%下降了1.6個百分點。該比例的下降主要是由於本集團積極控制費用達到成效所致。

行政開支

本集團截至二零一八年三月三十一日止年度的行政開支為人民幣922,754,000元，比上一財政年度的人民幣915,238,000元輕微上升了約0.8%。行政開支金額的增加主要是因為本年度計提香精業務（主要是日用香精）商譽減值撥備約人民幣36,578,000元；以及其他非流動資產及其他應收款的減值撥備人民幣4,400萬元，但由於集團嚴格控制行政開支而抵銷了部份升幅。而本財政年度的行政開支所佔銷售收入的比例約為24.0%，較上一財政年度的26.3%減少了約2.3個百分點，該比例的下降主要是由於集團嚴格控制費用所致。

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管理層討論及分析

Operating profit

Operating profit of the Group for the year ended 31 March 2018 was RMB1,638,242,000, representing an increase of approximately 22.3% as compared with RMB1,339,522,000 for the last financial year, while the operating profit margin increased by 4.1 percentage points from approximately 38.5% of the last financial year to approximately 42.6% of the current financial year. The increase in operating profit was mainly attributable to the Group's business growth and effective control of expenses.

Income tax expenses

Income tax expenses of the Group for the year ended 31 March 2018 was RMB349,687,000, representing an increase of approximately 18.7% as compared with RMB294,573,000 for the last financial year. Income tax rate for the current year was approximately 20.0%, which slightly decreased by approximately 0.9 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 RMB1,263,797,000 for the year ended 31 March 2018, representing an increase of approximately 18.6% as compared with RMB1,065,424,000 for the last financial year. If the provision for goodwill impairment of RMB54,144,000 and the provision for impairment on other non-current assets and other receivable of RMB44,000,000 (2017: provision for goodwill impairment of RMB22,710,000 and spin-off related direct expenses of RMB9,050,000) attributable to the equity holders of the Company were excluded, adjusted profit attributable to equity holders of the Company was RMB1,361,941,000, representing an increase of 24.1% as compared with the adjusted amount of RMB1,097,184,000 for last financial year.

營運盈利

本集團營運盈利在截至二零一八年三月三十一日止年度為人民幣1,638,242,000元，較上一財政年度的人民幣1,339,522,000元，增加了約22.3%。而本集團的營運盈利率由上年度的約38.5%上升了4.1個百分點至本年度的約42.6%。營運盈利的增加主要是由於本集團業務有所增長及費用控制得宜所致。

稅務開支

本集團的稅務開支在截至二零一八年三月三十一日止年度為人民幣349,687,000元，較上一財政年度的人民幣294,573,000元，增加了約18.7%。本年度所得稅稅率約為20.0%，較上一財政年度稍為下降了0.9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二零一八年三月三十一日止年度為人民幣1,263,797,000元，較上一財政年度的人民幣1,065,424,000元上升了約18.6%。如果撇除了本公司權益持有人應佔之商譽減值撥備人民幣54,144,000元及其他非流動資產及其他應收款減值撥備人民幣44,000,000元（二零一七年：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），調整後本公司權益持有人應佔盈利將為人民幣1,361,941,000元，較上一財政年度的經調整數人民幣1,097,184,000元上升了約24.1%。

Management Discussion and Analysis

管理層討論及分析

Net current asset value and financial resources

As at 31 March 2018, the net current asset value of the Group was RMB8,961,234,000 (2017: RMB6,314,161,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 31 March 2018, the Group's cash and bank balances amounted to RMB7,712,606,000 (2017: RMB4,901,955,000), over 80% of which was held in RMB. In addition, the Group hold structured investment products of RMB102,000,000 (2017: RMB111,000,000) which was classified as available for sales financial assets.

Bank borrowings and debt ratio

As at 31 March 2018, the Group had bank borrowings of RMB210,000,000 (2017: RMB75,500,000), all of which were due within one year and unsecured loan. For the year ended 31 March 2018, the average annual interest rate of such unsecured loan was 4.25% (2017: 3.97%). As at 31 March 2018, the Group's debt ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was 1.9%, representing a slight increase as compared with 0.8% as at 31 March 2017.

Investing activities

The Group's investing activities included the purchase of property, plant and equipment, financial assets investment and merger & acquisition activities related to the strategical development strategies. For the year ended 31 March 2018, the net cash used in investing activities amounted to RMB376,763,000, mainly used for new placement of short-term deposits and purchases of properties, plant and equipment. For the year ended 31 March 2017, the net cash used in investing activities amounted to RMB562,780,000.

Financing activities

For the year ended 31 March 2018, the net cash generated from financing activities amounted to RMB1,412,105,000, mainly comprised of the net proceed from Huabao Flavours's initial public offering of approximately RMB2,311,842,000, while the Company paid cash dividends of RMB997,378,000 to shareholders during current year. For the year ended 31 March 2017, the net cash generated from financing activities amounted to RMB714,165,000.

流動資產淨值和財務資源

於二零一八年三月三十一日，本集團的流動資產淨值人民幣8,961,234,000元（二零一七年：人民幣6,314,161,000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。於二零一八年三月三十一日，本集團的銀行及庫存現金為人民幣7,712,606,000元（二零一七年：人民幣4,901,955,000元），其中超過80%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102,000,000元（二零一七年：人民幣111,000,000元），分類為可供出售金融資產列示。

銀行貸款及負債比率

於二零一八年三月三十一日，本集團的銀行借貸總額為人民幣210,000,000元（二零一七年：人民幣75,500,000元），全部於一年內到期償還，且全部為無抵押貸款。截至二零一八年三月三十一日止年度，該無抵押貸款的平均年息率為4.25厘（二零一七年：3.97厘）。於二零一八年三月三十一日，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1.9%，比二零一七年三月三十一日的0.8%稍微上升。

投資活動

本集團的投資活動主要包括購買物業、機器及設備；金融資產投資和與戰略性發展策略有關的收購兼併活動。截至二零一八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376,763,000元，主要用於新增短期定期存款及購入固定資產等。而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。

融資活動

截至二零一八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1,412,105,000元，主要包括華寶股份首次公開發行所得淨額人民幣2,311,842,000元；及本公司於本年度向股東已支付約人民幣997,378,000元之現金股息。而截至二零一七年三月三十一日止年度，融資活動所產生的現金淨額為人民幣714,165,000元。

Management Discussion and Analysis

管理層討論及分析

Trade receivables turnover period

Trade receivable turnover period is calculated on the basis of the average amount of trade receivables as at the beginning and end of a relevant financial year divided by the total sales revenue for the corresponding period and multiplied by 360 days. The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with the customers. For the year ended 31 March 2018, the Group's average trade receivables turnover period was 99 days, remaining stable as compared with 97 days for the last financial year ended 31 March 2017.

Trade payables turnover period

Trade payable turnover period is calculated on the basis of the average amount of trade payables as at the beginning and at the end of a relevant financial 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 2018, the Group's average trade payables turnover period was 91 days, remaining stable as compared with 89 days for the last financial year ended 31 March 2017.

Inventory and inventory turnover period

As at 31 March 2018, the Group's inventory balance amounted to RMB766,005,000 (2017: RMB693,490,000). For the year ended 31 March 2018, 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 208 days, similar to that of 206 days for the last financial year.

Foreign exchange and exchange rate risk

The principal businesses of the Group are located in Mainland China and the majority of the sales revenue is denominated in RMB, 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 HKD, USD and RMB. 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 a reasonable range of equilibrium.

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。截至二零一八年三月三十一日止年度，本集團的平均應收賬週轉期為99日，與截至二零一七年三月三十一日止財政年度的97日相若。

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。截至二零一八年三月三十一日止年度，本集團的平均應付賬週轉期為91日，與截至二零一七年三月三十一日止財政年度的89日基本持平。

存貨和存貨週轉期

本集團的存貨結餘於二零一八年三月三十一日為人民幣766,005,000元（二零一七年：人民幣693,490,000元）。在截至二零一八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208日，與上一財政年度的206日相若。

外匯及匯率風險

本集團的主要業務均在中國，收入絕大部份業務都以人民幣結算，僅部份進口原料及設備以美元或歐元等外幣結算。本集團持有的銀行存款主要為港幣、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。

Management Discussion and Analysis

管理層討論及分析

Pledge of assets

As at 31 March 2018, the Group had no pledged assets.

Capital Commitments

As at 31 March 2018, the Group had capital commitments in respect of the purchases of property, plant, equipment, available-for-sales financial assets and investment in an associate, contracted for but not provided in the financial statements amounting to approximately RMB259,877,000 (2017: RMB149,329,000), which was mainly investment in domestic and overseas funds amounted to RMB133,099,000.

Contingent liabilities

Based on the information available to the Board, the Group had no contingent liabilities as at 31 March 2018.

資產抵押

於二零一八年三月三十一日，本集團沒有被抵押的資產。

資本承擔

於二零一八年三月三十一日，本集團就已訂約購買的物業、廠房、設備、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259,877,000元（二零一七年：人民幣149,329,000元），主要是國內及海外基金的投資約人民幣133,099,000元。

或然負債

根據可供董事會查閱的資料，本集團於二零一八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

董事及高級管理層履歷

EXECUTIVE DIRECTORS 執行董事



Ms. CHU Lam Yiu, aged 48, 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 34 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 78 headed under Directors' Interests in Shares, Underlying Shares and Debentures.

朱林瑤女士，48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34分別有「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78頁標題為董事於股份、相關股份及債券之權益。



Mr. XIA Li Qun, aged 51, 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 34 to the consolidated financial statements. Mr. Xia holds a Bachelor's degree in economics and is a certified accountant, certified tax specialist and certified appraiser in China. Mr. Xia has 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，51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34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

董事及高級管理層履歷



Mr. POON Chiu Kwok, aged 55, 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, China Focus Group, Audit Committee 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，55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術諮詢小組、中國內地關注小組、審計委員會及專業發展委員會之委員。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 41, an Executive Director, CFO and Vice President of the Company, joined the Group since May 2007. 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 34 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，41歲，本公司執行董事、首席財務官及副總裁，自二零零七年五月起加入本集團。熊先生亦是載於綜合財務報表附註34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

董事及高級管理層履歷



Mr. LAM Ka Yu, aged 25, 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, Executive Director and Controlling Shareholder 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 34 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，25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、執行董事及控股股東）的兒子。林先生亦是載於綜合財務報表附註34分別有「L1」及「L2」符號之本公司主要附屬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

董事及高級管理層履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事



Mr. LEE Luk Shiu, aged 60, 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 a member 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 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，60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，曾主要從事聯交所之企業融資及監管事宜。李先生曾任職聯交所上市科助理副總監，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 57, 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 Fourth and Eighth Committee), an independent non-executive director of Shenzhen Techand Ecology & Environment Co., Limited and Jiangsu Nata Opto-Electronic Material Company Limited (both are 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 China Securities Regulatory Committee. 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，57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）、深圳市鐵漢生態環境股份有限公司及江蘇南大光電材料股份有限公司之獨立非執行董事（均於深圳證券交易所上市）。彼由二零零九年八月至二零一一年八月止擔任中國證券監督管理委員會創業版發行審核委員會委員。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

董事及高級管理層履歷



Dr. DING Ningning, aged 70, 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 an independent supervisor of PICC Property and Casualty Company Limited (listed on the Stock Exchange), 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 China Securities Regulatory Commission.

丁寧寧博士，70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。丁博士現任中國人民財產保險股份有限公司（於聯交所上市）之獨立監事，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券監督管理委員會的上市審查委員。



Mr. WU Chi Keung, aged 61, 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，61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

董事及高級管理層履歷

SENIOR MANAGEMENT 高級管理層



Ms. YUAN Xiao Qin, aged 49, a president of Huabao Flavours, joined the Group since August 2006. Ms. Yuan is also a director of the Company's subsidiaries marked with "YX1" and the legal representative of those companies marked with "YX2" as set out in Note 34 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 the deputy director of China Association of Fragrance Flavour and Cosmetic Industries, deputy director of China Association of Bakery & Confectionery Industry, chairman of the Food Additives and Ingredients Industry Association in Shanghai City and 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，49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34分別有「YX1」和「YX2」符號之本公司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 54, 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 subsidiaries marked "FC1" and the legal representative of those companies marked "FC2" as set out in Note 34 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54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34分別有「FC1」和「FC2」符號之本公司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

董事及高級管理層履歷



Mr. SONG Jun He, aged 49, a director and vice president of Huabao Flavours, joined the Group since August 2006. Mr. Song is also a director of the Company's subsidiaries marked with "SJ1" and the legal representative of those companies marked with "SJ2" as set out in Note 34 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，49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34分別有「SJ1」和「SJ2」符號之本公司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 36, 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 subsidiaries marked with "CC1" as set out in Note 34 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，36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34分別有「CC1」符號之本公司附屬公司的董事。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

董事及高級管理層履歷



Mr. ZHANG Zi Heng, aged 40, 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 subsidiaries marked with "ZH1" and the legal representative of those companies marked with "ZH2" as set out in Note 34 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，40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34分別有「ZH1」和「ZH2」符號之本公司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（總商會）副主席。



Mr. ZHAO De Xu, aged 41, 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 subsidiaries marked with "DX1" as set out in Note 34 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，41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34分別有「DX1」符號之本公司附屬公司的董事。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

董事及高級管理層履歷



Mr. Alan DAVIES, aged 70, 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 subsidiaries marked with "AD1" as set out in Note 34 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，70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34分別有「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。



Mr. LUO Jing, aged 39, a vice president and chief human resources officer of the Company. Mr. LUO graduated from the Department of International Politics at Fudan University with a Bachelor's Degree in Law, and then obtained a Master's Degree in Management from University of Leeds. Mr. LUO also holds a senior human resources management qualification. Prior to joining the Group, he held the position of chief human resources officer and some other senior management positions in number of large group companies, as well as accumulated rich management and consulting experiences in enterprises human resources planning and organizational strategic development.

羅晶先生，現年39歲，本公司副總裁及首席人力資源官。羅先生畢業於復旦大學國際政治系專業，獲法學學士學位，並獲英國利茲大學管理學碩士學位。羅先生擁有高級人力資源管理師資格，在加入本集團前曾在多家大型集團公司擔任首席人力資源官等高級管理職位，在企業的人力資源規劃及組織戰略發展方面累積了豐富的管理及諮詢經驗。

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 21 November 2017 (being the date of approval of the Company's 2017/18 interim report) and 20 June 2018 (being the date of approval of this Annual report) of the Company are set out below:

1. Mr. POON Chiu Kwok was appointed as non-executive director for Chong Kin Group Holdings Limited (listed on the Hong Kong Stock Exchange) (with effect from 5 January 2018 and resigned on 6 June 2018).

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	(Vice Chairman)
Mr. POON Chiu Kwok	(Company Secretary)
Mr. XIONG Qing	(CFO)
Mr. LAM Ka Yu	

Independent Non-executive Directors

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

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，於二零一七年十一月二十一日（為通過本公司二零一七／二零一八年度之中期報告當日）至二零一八年六月二十日（為通過本年報告當日）期間，本公司的董事資料變動載列如下：

1. 潘昭國先生為創建集團（控股）有限公司（於香港聯交所上市）之非執行董事，任期並自二零一八年一月五日起至二零一八年六月六日止。

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	(副主席)
潘昭國先生	(公司秘書)
熊卿先生	(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

Corporate Governance Report

企業管治報告

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 32 to 36 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.

During the year ended 31 March 2018, 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's 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.

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32至36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。

於截至二零一八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。

Corporate Governance Report

企業管治報告

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

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 by 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.

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。

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。

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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 that may be brought 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 62 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.

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 such 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.

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62頁。

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

董事會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。

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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 and Compliance 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 78 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.

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／本公司法務部及合規部的意見及服務，確保董事會程序及所有適用規則及規例均獲得遵守。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78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。

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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 one 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 and on the Hong Kong Stock Exchange's website at www.hkexnews.hk. In discharging its responsibilities, the Remuneration Committee has performed the following works:

- To review and make recommendations on the Company's policies and structure for the remuneration of the Executive Directors and senior management;
- 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 2018, the Remuneration Committee met once to review the emolument packages of the Directors and senior management. The individual attendance of Remuneration Committee members at meetings is set out on page 62 of this annual report. Details of the emolument of the Directors are set out in Note 36 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 73 to 76 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和香港聯交所網站www.hkexnews.hk。為履行其職責，薪酬委員會已進行下列工作：

- 檢閱本公司之執行董事及高級管理層之薪酬政策及架構並作出推薦意見；
- 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。於截至二零一八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。各薪酬委員會委員出席會議的紀錄載於本年報第62頁。董事之薪金詳情載於綜合財務報表附註36，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73至76頁。

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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.
- 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。

The terms of reference of Audit Committee was published on the Company's website at www.huabao.com.hk and on the Hong Kong Stock Exchange's website at www.hkexnews.hk.

審核委員會的職權範圍已刊登於本公司網站 www.huabao.com.hk 和香港聯交所網站 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 2018, the Audit Committee met twice for reviewing the financial reports for 2016/2017 audited annual results and 2017/2018 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 62 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.

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。於截至二零一八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二零一六／二零一七年度之經審核全年業績及二零一七／二零一八年度之中期業績（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62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。

The Audit Committee of the Company has reviewed the Group's audited annual results for the year ended 31 March 2018.

本公司審核委員會已審閱本集團截至二零一八年三月三十一日止年度之經審核全年業績。

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.

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 and on the Hong Kong Stock Exchange's website at 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.
- 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.

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和香港聯交所網站www.hkexnews.hk。履行其職責時，提名委員會已進行下列工作：

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 2018, the Nomination Committee met once for reviewing the board structure, the diversity of Board members and the commitment of Directors 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 62 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.

於截至二零一八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，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62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。

Corporate Governance Report

企業管治報告

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 Internal Audit Department with scope of works advised by the Audit Committee.

The Legal Department and Compliance 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 make comparison between operating results and the budget.

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組，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、檢討和批准重大資本支出和經常性支出，和定期審閱和比較經營業績與預算。

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報表按一般公認會計準則、本集團會計政策和適用的法律規則等編制。

Corporate Governance Report

企業管治報告

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.

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。

Corporate Governance Report

企業管治報告

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).
- 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 Department and Compliance Department 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 overall review in the middle of each month, ensuring that there are no material omissions. The Legal Department and Compliance 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.

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。當有關的項目執行中時，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。
- 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，同時法務部及合規部會通知項目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，而法務部及合規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。

Corporate Governance Report

企業管治報告

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 a confidential manner, 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 execution of the internal reporting policy 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.

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.

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。

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是足夠的），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。

Corporate Governance Report

企業管治報告

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 2017 to 31 March 2018. Directors participated in the training which included reading regulatory updates, attending seminars or conducting training sessions and exchanging views.

董事培訓

於二零一七年四月一日至二零一八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

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

林嘉宇先生

Yes 有

Yes 有

Yes 有

Yes 有

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

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 2018, Mr. Poon has obtained over 15 hours of relevant professional training.

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。

截至二零一八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。

Corporate Governance Report

企業管治報告

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' Report and Remuneration

The external auditors have a primary responsibility for auditing and reporting on the financial statements. The Auditors' Report to the Shareholders is set out on pages 87 to 88 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	4,588
– for the statutory and other audits of the subsidiaries	– 子公司法定及其他審計	4,262
Non-audit services	非核數服務	180

Please also refer to Note 23 to consolidated financial statement set out on page 180 of this annual report for details of Auditors' Remuneration.

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，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，持續經營基準已獲採納，以及合理和謹慎的判斷和估算已獲應用。

核數師報告和酬金

外部核數師主要職責為就財務報表核數及作出報告。致股東之核數師報告載於本年報第87至88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180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 2018 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。於二零一八年三月三十一日，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 合共持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
Ms. CHU Lam Yiu ^(Note 1)	朱林瑤女士 ^(附註1)	Page 78 第78頁	2,287,578,900	73.60%
Directors of the Company	本公司董事	Page 78 第78頁	3,720,000	0.12%
Substantial Shareholders ^(Note 2)	主要股東 ^(附註2)	Page 80 第80頁	217,414,000	6.99%
			2,508,712,900	80.71%
Public	公眾人士		599,249,976	19.29%
Total	合計		3,107,962,876	100.00%

Notes:

附註：

- 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.

- 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。

Corporate Governance Report

企業管治報告

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.

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.

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。

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少於1,000字的書面陳述。

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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.

Making enquires by Shareholders

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 or by contacting the Head of Investor Relations Department of the Company (e-mail: ir@huabao.com.hk).

ACCESSIBLE AND TRANSPARENT COMMUNICATION WITH SHAREHOLDERS

In addition to the on-going Investor Relation Department's efforts mentioned 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 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).

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 上查閱。

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。若股東對其名下持股有任何問題，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 或聯絡本公司之投資者關係部主管（電郵：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，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。

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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.

Shareholders' Meetings 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 the reporting period are summarized as follows:

Meeting 會議	Date 日期	Venue 地點	Resolutions 決議案
Annual general meeting 股東週年大會	1 August 2017 二零一七年八月一日	Falcon Room, Gloucester Luk Kwok, 72 Gloucester Road, Wanchai, Hong Kong 香港灣仔告士打道72號 六國酒店富萊廳	<ol style="list-style-type: none"> To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31 March 2017; 省覽截至二零一七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 declare a final dividend for the year ended 31 March 2017; 宣派截至二零一七年三月三十一日止年度的期末股息； 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; and 續聘核數師，並授權董事會釐定其酬金；及 To grant general mandates to buy back shares, to issue shares and to exercise the buy-back mandate 授予一般授權以回購股份、發行股份及行使回購授權

開明的溝通

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

股東通訊政策

本公司之股東通訊政策可於公司網站www.huabao.com.hk上查閱。

於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：

Corporate Governance Report

企業管治報告

MERGERS & ACQUISITIONS

Details of the mergers and acquisitions of the Group carried out during the reporting period can be found on page 66 of this annual report.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Company can be found on pages 81 to 85 of this annual report.

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:

		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
No. of meeting held	會議次數	4	2	1	1	1
Executive Directors	執行董事					
Ms. CHU Lam Yiu (Chairwoman and CEO)	朱林瑤女士 (主席兼首席執行官)	4/4	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)	4/4	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)	4/4	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Mr. XIONG Qing (CFO)	熊卿先生(首席財務官)	4/4	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Mr. LAM Ka Yu	林嘉宇先生	4/4	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Independent Non-executive Directors	獨立非執行董事					
Mr. LEE Luk Shiu	李祿兆先生	4/4	2/2	1/1	1/1	1/1
Ms. MA Yun Yan	麻雲燕女士	4/4	2/2	1/1	N/A 不適用	1/1
Dr. DING Ningning	丁寧寧博士	4/4	2/2	N/A 不適用	1/1	1/1
Mr. WU Chi Keung	胡志強先生	4/4	2/2	1/1	N/A 不適用	1/1

MAJOR CHANGES TO THE BYE-LAWS

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

收購合併

於報告期內，本公司收購合併詳情載於本年報第66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81至85頁。

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：

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

During the reporting period, the Company proactively communicated with investors by multiple channels to ensure its vision, values, development strategies, operation, financial position, competitive landscape could be conveyed to shareholders and investors fairly, accurately, and efficiently. The investor relations department was responsible for taking on the work. During the reporting period, the Company complied with HKEx's Listing Rules and did not selectively provide material non-public information to any individuals.

- **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 bridges 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 Chairwoman and the Audit Committee's Chairman were present in person or through telephone/video conferences and answered 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

報告期內，本公司積極透過多種渠道與投資者保持密切溝通，以確保有關公司的企業願景、價值、發展策略、營運及財務狀況、行業競爭格局能夠公平、準確、高效地傳遞予股東及投資者。相關溝通工作由公司的投資者關係部門實施。報告期內，本公司嚴格遵循聯交所《上市規則》，並無以選擇性準則向任何個別人士提供重大非公眾信息。

- **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樑之一。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。

- **股東周年大會及股東特別大會**

對股東而言，能夠取得清晰及有效數據十分重要，他們可借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周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周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

During the reporting period, the Company actively communicated with shareholders and investors in regard to Huabao Flavours' spin-off. The Company leveraged a range of channels including announcements, phone calls and e-mails to ensure the shareholders and investors informed of the latest developments of the deal.

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

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

• 信息披露

報告期內，就華寶股份分拆上市，公司透過公告、電話、郵件等形式積極主動與股東及投資者溝通，確保他們能夠及時、準確、全面的了解該項交易的進展。

• 透過公司網站及專業投資者關係網站進行電子溝通

本公司網站為www.huabao.com.hk，載有重要之企業數據、董事履歷、組織架構、公司新聞等信息。此外本公司亦設有專業投資者關係網站<http://huabao.todayir.com/html/ir.php>，刊發中期及年度報告、公告及通函等信息，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 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 2018)

1. Huabao International Holdings Limited	
Board Lot Size	1,000 shares
Number of shares issued	3,107,962,876 shares
Market capitalization (based on the closing price of HKD5.20 per share on 29 March 2018)	approximately HKD16.16 billion

投資者數據 (截至二零一八年三月三十一日)

1. 華寶國際控股有限公司	
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 (以二零一八年 三月二十九日收市價 每股港幣5.20元 計算)	約港幣161.6億元

Investor Relations Report

投資者關係報告

Stock Code		股份代號	
The Stock Exchange of Hong Kong Limited stock code	00336	香港聯合交易所有限公司股份代號	00336
Reuters ticker	336.HK	路透社股份代號	336.HK
Bloomberg ticker	336HK	彭博股份代號	336HK
2. Huabao Flavours & Fragrances Company Limited (a non-wholly owned subsidiary of the Company listed on the ChiNext of the Shenzhen Stock Exchange)		2. 華寶香精股份有限公司(本公司的一間於深圳證券交易所創業板上市的非全資子公司)	
Board Lot Size	500 shares	每手買賣單位股數	500股
Number of shares issued	615,900,000 shares	已發行股份數目	615,900,000股
Stock Code		股份代號	
ChiNext of Shenzhen Stock Exchange stock code	300741	深圳證券交易所創業板股份代碼	300741
Reuters ticker	300741.SZ	路透社股份代號	300741.SZ
Bloomberg ticker	300741:CH	彭博股份代號	300741:CH
Financial Calendar		財務日誌	
Closing date for transfer of shares for Annual General Meeting	From 1 August 2018 (Wednesday) to 6 August 2018 (Monday) (both days inclusive)	股份截止過戶日期 (股東周年大會)	二零一八年八月一日(星期三)至八月六日(星期一)(包括首尾兩日)
Annual General Meeting	6 August 2018 (Monday)	股東周年大會	二零一八年八月六日(星期一)
Ex-dividend date	8 August 2018 (Wednesday)	除淨日	二零一八年八月八日(星期三)
Closing date for transfer of shares for payment of final dividend	From 10 August 2018 (Friday) to 14 August (Tuesday) (both days inclusive)	股份截止過戶日期 (派發期末股息)	二零一八年八月十日(星期五)至十四日(星期二)(包括首尾兩日)
Date of payment of 2017-18 proposed final dividend	On or about 28 September 2018 (Friday)	派發建議宣派二零一七至一八年度期末股息日期	二零一八年九月二十八日(星期五)或前後
Financial year-end date	31 March	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 2018.

MERGERS & ACQUISITIONS

During the reporting period, the Group invested RMB25.208 million to acquire 95% equity interest of Jiangxi Xianghai. The Group will utilize its mastered core technologies to build Jiangxi Xianghai as an important production base for the aroma raw materials segment, which will be principally engaged in the production, research and development and sales of natural and various synthetic aroma raw materials. The completion of building and commencement of the production base would not only meet the environmental protection requirements of China, but also improve the operation efficiency of the aroma raw materials segment, which has great significance to put forward the strategic layout of the Group's aroma raw materials segment.

Further to the above, the Group had launched a strategic collaboration with a well known international company to establish Jiangxi Xinhui and established a joint venture of Dianhua Benxiang with Yunnan Tobacco New Materials. Both companies were engaged in the manufacturing and R&D of flavour capsule, signifying the Group's further layout in the tobacco new materials business and boosting the flavour capsule production to alleviate the supply shortage.

IMPORTANT EVENTS DURING THE YEAR

Spin-off and listing of Huabao Flavours in China

On 1 March 2018, Huabao Flavours & Fragrances Co., Ltd ("Huabao Flavours"), a subsidiary of the Group, was listed on the ChiNext of Shenzhen Stock Exchange (Stock Name: Huabao Flavours; Stock Code: 300741). The issuance comprised of 61.59 million new shares, representing approximately 10% of the enlarged issued share capital of Huabao Flavours. The offer price was RMB38.60 per share and the proceeds from the issuance amounted to approximately RMB2,377 million. After deduction of the issuance costs, the net proceeds from the issuance was approximately RMB2,312 million. Approximately RMB1,034 million of the proceeds will be used to the manufacturing base of Huabao Yingtan's Flavours and Ingredients production, approximately RMB471 million will be used to the Lhasa Pure Land healthy food project, approximately RMB158 million will be used to the R&D of Huabao H&K's flavours and food technology projects, and approximately RMB649 million will be used to compensate the company's liquidity.

董事會欣然提呈其年報及截至二零一八年三月三十一日止年度之經審核綜合財務報表。

收購合併

報告期內，本集團出資人民幣2,520.8萬元收購了江西香海95%之股權。本集團將利用已掌握的核心技術，把江西香海打成本集團重要的香原料基地，主要從事天然及各類合成香原料的生產、研發和銷售。該生產基地的建成投產，不但可以滿足國家對於環保的要求，還可以提高香原料板塊的經營效率，對推進本集團香原料板塊的戰略佈局具有重要意義。

另一方面，本集團亦與一國際著名公司進行戰略合作，成立江西芯薈；與雲南中煙新材料成立合資公司滇華本香，均用於爆珠的生產與研發，標誌著本集團在捲煙新材料業務的深度佈局，進一步提升爆珠產能，緩解市場上供不應求的局面。

報告年度內重要事項

華寶股份於內地分拆上市

2018年3月1日，本集團之附屬公司華寶香精股份有限公司（「華寶股份」）正式在深圳證券交易所創業板上市（股票簡稱：華寶股份；股票代碼：300741）。本次公開發行新股6,159萬股，占已擴大股份的10%，發行價格每股人民幣38.60元，新股募集資金總額約為人民幣23.77億元。經扣除發售成本後，新股募集資金淨額約為人民幣23.12億元。資金將用於華寶鷹潭食品用香精及食品配料生產基地項目、華寶拉薩淨土健康食品項目、華寶孔雀食品用香精及食品技術研發項目及補充流動資金。

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 34 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 31 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 risk of down-stream industry control and 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 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 continue to pay attention to the impacts of industry and policy changes on the business, and will adjust our business and development strategies in a timely manner.

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34。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，以及對本集團業務未來可能發展的指標，分別載於本年報第9至10頁及第11至31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。就董事的所知及所信，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。

下游行業管控機制及政策對煙草行業影響的風險

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 risk of consumer behaviour changes and the impact on the down-stream industries

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 continue to focus on and enhance the insight into consumer behaviour, and further optimize the product structure to meet the requirements of a new generation of consumers.

The impact of food safety policy

At present, our country implements an authorized management system for the food industry. The main laws, regulations and standards involved are the Food Safety Law of the People's Republic of China and the Announcement on the Production License of Food Additives. At the same time, international organizations such as the International Standards Organization (ISO), the Codex Alimentarius Commission (CAC), and the International Organisation of Food and Flavor Industry (IOFI) have formulated and promulgated product standards and industry norms to provide industry management systems and industry standards.

To a certain extent, the new law will increase the operating costs of enterprises. Should there be any changes in the above policies and standards, 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 comply with food safety standards.

消費者行為改變對下游行業影響的風險

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

目前，中國對食品行業實行授權管理制度，主要涉及的法律、法規及標準有《中華人民共和國食品安全法》及《關於食品添加劑生產許可工作的公告》等。與此同時，國際標準組織（ISO）、國際食品法典委員會（CAC）、食品香料工業國際組織（IOFI）等國際性組織制定並頒佈了產品標準及行業規範，為行業管理制度、制定行業標準提供了相應依據。

有關政策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任何進一步變化，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。

Directors' Report

董事會報告

The impact of environmental protection

With the increased awareness on the environmental protection by the society, the government's continuous improvement in environmental protection may lead to more stringent environmental protection standards and requirements in the future; if the Company cannot upgrade the production facilities in time to improve the handling of wastage, this will have an adverse impact on the Company's production and operations.

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.

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 Environmental, Social and Governance ("ESG") report which contains our ESG information in 2017/2018 and the requirements under the Environmental, Social and Governance Reporting Guide of the Listing Rules. The ESG report for the year 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) and of the Company (www.huabao.com.hk).

環保風險

隨著社會對環境保護的日益重視，政府對環境保護力度的不斷加強，可能在未來出現更為嚴格的環保標準、提出更高的環保要求；公司須及時對生產設施進行升級改造以提高排放處理能力，以滿足更為嚴格的環保標準和環保要求，否則給公司生產經營帶來不利影響。

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。

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。

本集團已完成環境、社會及管治（「環境、社會及管治」）報告，當中載列我們於二零一七／二零一八年度在環境、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。本年度的《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)及本公司網站(www.huabao.com.hk)以供閱覽。

Directors' Report

董事會報告

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 formulated a set of 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 conducted 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 has complied with the requirements under the Companies Act 1981 of Bermuda (as amended from time to time), the Listing Rules and the SFO relating to, among other things, the information disclosure and corporate governance.

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（經不時修訂）、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之要求。

Directors' Report

董事會報告

SEGMENT INFORMATION

An analysis of the Group's performance for the financial year ended 31 March 2018 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 2018 are set out in the consolidated income statement on page 95 of the annual report.

The Board proposes to declare a final dividend of HK15 cents per Share (2017: HK22 cents) in cash (amounting to approximately RMB374 million) (2017: RMB607 million) in aggregate for the year ended 31 March 2018, which are expected to be paid on or about 28 September 2018 to Shareholders whose names appear on the register of members of the Company on 14 August 2018. The payment of the final dividend is subject to Shareholders' approval at the AGM which is scheduled to be held on 6 August 2018.

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 6 August 2018, the register of members of the Company will be closed from 1 August 2018 to 6 August 2018, 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 31 July 2018. Shareholders whose names are recorded in the register of members of the Company on 6 August 2018 are entitled to attend and vote at the 2018 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

本集團截至二零一八年三月三十一日止年度之業績載於年報第95頁之綜合收益表。

董事會建議向於二零一八年八月十四日名列本公司股東名冊之股東宣派截至二零一八年三月三十一日止年度之現金期末股息每股港幣15仙（二零一七年：每股港幣22仙），共約人民幣3.74億元（二零一七年：人民幣6.07億元），並預期於二零一八年九月二十八日或前後派發，但有待於二零一八年八月六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二零一八年八月六日舉行之股東週年大會並在會上投票，本公司將由二零一八年八月一日至二零一八年八月六日止（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二零一八年七月三十一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。於二零一八年八月六日記錄於本公司股東名冊的股東均有權出席二零一八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 PAYMENT OF FINAL DIVIDEND

In order to determine Shareholders who qualify for the proposed final dividend, the register of members of the Company will be closed from 10 August 2018 to 14 August 2018, 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 9 August 2018. Shareholders whose names are recorded in the register of members of the Company on 14 August 2018 are entitled to receive the final dividend in cash for the year ended 31 March 2018.

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 97 and in Note 18 and Note 35 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the distributable reserves of the Company amounted to RMB2,609,978,000 (2017: RMB2,805,489,000).

DONATIONS

Charitable and other donations made by the Group during the financial year amounted to approximately RMB375,000 (2017: RMB180,000).

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及特別股息，本公司將由二零一八年八月十日至二零一八年八月十四日止（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二零一八年八月九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。於二零一八年八月十四日記錄於本公司股東名冊的股東均有權收取截至二零一八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97頁之綜合權益變動表及綜合財務報表附註18和附註35。

可供分派之儲備

於二零一八年三月三十一日，本公司之可供分派儲備為人民幣2,609,978,000元（二零一七年：人民幣2,805,489,000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375,000元（二零一七年：人民幣180,000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 212.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 9 August 2016, the Company terminated the share option scheme adopted on 22 September 2006 ("2006 Share Option Scheme") and adopted a new share option scheme ("New Share Option Scheme") on 9 August 2016 ("Adoption Date"). The New Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date (can be terminated before expiration), the terms of the New Share Option Scheme are substantially the same as those of the 2006 Share Option Scheme. As at 31 March 2018, 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.

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212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。截至二零一八年三月三十一日，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。

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(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.

(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).

(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%。

(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%。如授出之數目超過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））。

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(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.

(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).

(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。

(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）。

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As at 31 March 2018, the Company had no share options granted under the New Share Option Scheme and all outstanding options granted under the 2006 Share Option Scheme lapsed during the reporting period. Details are set out as follows:

於二零一八年三月三十一日，本公司根據二零零六年購股權計劃所授出的購股權已於年內失效，而本公司並無根據新購股權計劃授出購股權。詳情如下：

Grantee	Grant Date	Exercise Price	Exercisable Period	Number of Share Options 購股權數目			Cancelled/ Lapsed during the financial year	Balance as at 31 March 2018
				Balance as at 1 April 2017	Granted during the financial year	Exercised during the financial year		
承授人	授出日期	行使價	可行使日期	於 二零一七年 四月一日 結餘	報告期內 批授	報告期內 行使	報告期內 註銷/失效	於 二零一八年 三月三十一日 結餘
		HKD 港幣						
<i>Other Participants</i> 其他參與者	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	2,600,000	-	-	(2,600,000)	-
Total	合計			2,600,000	-	-	(2,600,000)	-

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*)
Mr. POON Chiu Kwok (*Company Secretary*)
Mr. XIONG Qing (*CFO*)
Mr. LAM Ka Yu

Independent Non-executive Directors:

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

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*)
潘昭國先生 (*公司秘書*)
熊卿先生 (*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

Directors' Report

董事會報告

In accordance with Bye-law 87(1) and (2) of the Company's bye-laws, Dr. DING Ningning, Messrs. LAM Ka Yu and WU Chi Keung 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 33 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.

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 2018 are set out on pages 32 to 40 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 36 and Note 24 to the consolidated financial statements respectively.

根據本公司之公司細則第87(1)及(2)條，丁寧寧博士、林嘉宇國先生和胡志強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33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。

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

於二零一八年三月三十一日，董事及高級管理層的履歷載於年報第32頁至40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分別刊載於綜合財務報表附註36及附註24。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2018, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in ordinary shares of the Company

Name of Directors	Capacity	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
董事姓名	身份		
CHU Lam Yiu 朱林瑤	Held through controlled corporations ^(Note) 透過受控制公司持有 ^(附註)	2,287,578,900	73.60%
XIONG Qing 熊卿	Beneficial Owner 權益擁有人	3,720,000	0.12%

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.

Save as disclosed above, as at 31 March 2018, 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.

董事於股份、相關股份及債券之權益

於二零一八年三月三十一日，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聯交所之權益及淡倉如下：

本公司之普通股好倉

Name of Directors	Capacity	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
董事姓名	身份		
CHU Lam Yiu 朱林瑤	Held through controlled corporations ^(Note) 透過受控制公司持有 ^(附註)	2,287,578,900	73.60%
XIONG Qing 熊卿	Beneficial Owner 權益擁有人	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。

除上文所披露者外，於二零一八年三月三十一日，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。

Directors' Report

董事會報告

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above and 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 17 to the financial statements, no equity-linked agreement was entered into by the Company for the year ended 31 March 2018.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2018, 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.

董事認購股份或債券之權利

除上文及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17所披露外，本公司於截至二零一八年三月三十一日止年度並無訂立股票掛鈎協議。

主要股東之權益

於二零一八年三月三十一日，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。

Directors' Report

董事會報告

Long position in ordinary shares of the Company

Name of Substantial Shareholders 主要股東名稱	Capacity 身份	Number of issued Shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
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)	217,414,000	6.99%

Note:

Fosun International Limited was owned as to 71.82% 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 217,414,000 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 2018, the percentage of revenue from sales of goods or rendering services attributable to the Group's five largest customers combined accounted for approximately 38.63% and the largest customer contributed approximately 14.43% 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 14.42% and the largest supplier contributed approximately 5.21% 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 interest in the Group's five largest customers and suppliers.

本公司之普通股好倉

Name of Substantial Shareholders 主要股東名稱	Capacity 身份	Number of issued Shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
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)	217,414,000	6.99%

附註:

復星國際有限公司的71.82%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。根據證券及期貨條例，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217,414,000股權益，乃是關於同一筆股份。

主要客戶及供貨商

截至二零一八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38.63%，而最大客戶則佔約為14.43%（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14.42%，而最大供應商則佔約為5.21%。

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

To enable the Group's business segments to operate independently and to enhance relevant internal control measures, the Group entered into new framework agreements on the continuing connected transactions with Hongta Tobacco Group to replace the previous Hongta Framework Agreement entered into between Chemactive Investments Limited and Yunnan Hongta on 31 March 2015 (the "Previous Hongta Framework Agreement"). As a result, (1) Yunnan Hehe and Huabao Flavours entered into the Hongta HB Flavours Framework Agreement on 26 May 2017 regarding the provision of tobacco flavours products and related services by Huabao Flavours Company to Hongta Tobacco Group for a term of three years commencing on 1 April 2017 and expiring on 31 March 2020 (both days inclusive); and (2) Yunnan Hehe and Guangdong Jinye entered into the Hongta JY Framework Agreement on 26 May 2017 regarding the provision of RTL, stem powder, auxiliary materials and related services by Guangdong Jinye Group (except for Huabao Flavours Company) to Hongta Tobacco Group for a term of three years commencing on 1 April 2017 and expiring on 31 March 2020 (both days inclusive). The Hongta HB Flavours Framework Agreement and the Hongta JY Framework Agreement are collectively referred to as the "Hongta Framework Agreement". The Previous Hongta Framework Agreement was terminated on the same day, i.e. 26 May 2017.

持續關連交易

與紅塔煙草集團的持續關連交易

為使本集團的業務分部獨立運作並加強相關內部監控措施，本集團與紅塔煙草集團訂立新的框架協議，以取代Chemactive Investments Limited與雲南紅塔之間訂立之前的紅塔框架協議（「前紅塔框架協議」）。因此，(1)雲南和合及華寶股份於二零一七年五月二十六日訂立紅塔香精框架協議，內容有關華寶股份公司向紅塔煙草集團提供煙草香料產品及相關服務，為期三年二零一七年四月一日至二零二零年三月三十一日止（包括首尾兩天）；(2)雲南和合與廣東金業於二零一七年五月二十六日訂立紅塔金葉框架協議，內容有關廣東金葉集團（華寶股份公司除外）向紅塔煙草集團提供煙草薄片、梗粒、煙用輔料及相關服務為期三年，自二零一七年四月一日起至二零二零年三月三十一日止（包括首尾兩天）。紅塔華寶股份框架協議及紅塔金葉框架協議合稱為「紅塔框架協議」。前紅塔框架協議於同日（即二零一七年五月二十六日）終止。

Directors' Report

董事會報告

Huabao Flavours is an indirect non-wholly owned subsidiary of the Company, while Guangdong JinYE is an indirect wholly-owned subsidiary of the Company. The Company, through its subsidiaries, indirectly owns 60% equity interest in Yunnan Tianhong. The remaining 40% equity interest in Yunnan Tianhong is held by Yunnan Hehe (40% equity interest in Yunnan Tianhong was previously held by Yunnan Hongta). Hongta Tobacco owns 75% equity interest in Yunnan Hehe. By virtue of such 40% 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 each of Huabao Flavours Company and Guangdong JinYE Group with Hongta Tobacco Group constitute connected transactions of the Company under the Listing Rules. Pursuant to the 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 aggregate transaction amount for the continuing connected transactions contemplated under the Hongta Framework Agreement are as follows:

華寶股份為本公司的間接非全資附屬公司，而廣東金葉為本公司的間接全資附屬公司。本公司通過其子公司間接擁有雲南天宏60%股權。雲南天宏餘下40%股權由雲南合和持有（雲南天宏40%股權之前由雲南紅塔持有）。紅塔煙草擁有雲南合和75%的股權。根據上市規則，憑藉雲南天宏40%權益，紅塔煙草集團被視為本公司附屬公司的關連人士。根據上市規則，華寶股份與廣東金葉集團各自與紅塔煙草集團之間的交易構成本公司的關連交易。根據紅塔框架協議，產品價格將參考投標價格（如適用）；或當前的市場價格。支付予本集團的價格及條款不得低於獨立第三方客戶就其日常及一般業務過程中提供類似產品及服務而提供的條款。支付交易將通過現金交易或雙方共同按照不時訂立的獨立執行協議中所協定的時間和方式而定。

根據紅塔框架協議擬進行的持續關連交易的總交易金額如下：

		Aggregate Transaction Amount for the financial year ending 31 March (RMB)		
		截至三月三十一日止財政年度的交易金額（人民幣）		
		2018	2019	2020
		二零一八年	二零一九年	二零二零年
Hongta HB Flavours Framework Agreement	紅塔華寶股份框架協議	24,825,000	25,570,000	26,337,000
Hongta JY Framework Agreement	紅塔金葉框架協議	103,638,000	106,747,000	109,950,000

For the financial year ended 31 March 2018, the actual transaction amount under the Hongta HB Flavours Framework Agreement and the Hongta JY Framework Agreement was RMB20,881,000 and RMB83,761,000, respectively.

截至二零一八年三月三十一日止財政年度，紅塔華寶股份框架協議及紅塔金葉框架協議的實際交易額分別為人民幣20,881,000及人民幣83,761,000。

Directors' Report

董事會報告

Continuing connected transactions with Guangdong Tobacco Company

The Group through its wholly owned subsidiary entered into a framework agreement with Guangdong Tobacco on 31 March 2016, pursuant to which the Group shall continually provide tobacco flavours and fragrances products, RTL, stem powder, auxiliary materials and related services to Guangdong Tobacco and its subsidiaries and associates (collectively, "Guangdong Tobacco Company") for a period from 1 April 2016 to 31 December 2016 (the "Previous GD Framework Agreement").

The Previous GD Framework Agreement expired on 31 December 2016 and in order to continue the transactions, therefore, on 1 March 2017 (1) Huabao Flavours entered into the HB Flavours Framework Agreement with Guangdong Tobacco relating to the provision of tobacco flavours products and related services by Huabao Flavours Company to Guangdong Tobacco Company; (2) Guangdong Jinye entered into the JY Framework Agreement with Guangdong Tobacco relating to the provision of RTL products and related services by Guangdong Jinye Group (except Huabao Flavours Group) to Guangdong Tobacco Company; and (3) Guangdong Jinke entered into the JK Framework Agreement with Guangdong Tobacco relating to the provision of auxiliary materials and related services by Guangdong Jinye Group (except for Huabao Flavours Company) to Guangdong Tobacco Company. Each of the HB Flavours Framework Agreement, JY Framework Agreement and JK Framework Agreement (collectively the "GD Framework Agreement") is for a term of 36 months commencing on 1 January 2017 and expiring on 31 December 2019 (both days inclusive).

與廣東中煙公司的持續關連交易

本集團透過其全資附屬公司於二零一六年三月三十一日與廣東中煙訂立框架協議，據此，本集團將於二零一六年四月一日至二零一六年十二月三十一日期間繼續向廣東中煙及其附屬及聯營公司（統稱「廣東煙草公司」）提供煙草香精香料、煙草薄片、梗粒、煙用輔料及相關服務（「前廣東框架協議」）。

前廣東框架協議於二零一六年十二月三十一日到期，而為了持續交易，故於二零一七年三月一日（1）華寶股份與廣東中煙訂立華寶股份框架協議，內容有關由華寶股份提供煙草香精產品及香料相關服務給廣東中煙；（2）廣東金葉與廣東煙草訂立金葉框架協議，內容有關廣東金葉集團（華寶香料公司除外）向廣東煙草公司提供煙草薄片及相關服務；及（3）廣東金科與廣東中煙訂立金科框架協議，內容有關廣東金科集團（華寶香料公司除外）向廣東煙草公司提供煙用輔料及相關服務。每份華寶股份框架協議、金葉框架協議及金科框架協議（合稱為「廣東框架協議」）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，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 continuing connected transactions of the Company and are subject to compliance with the relevant disclosure requirements under the Listing Rules. Pursuant to the GD Framework Agreement, 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 aggregate transaction amount for the continuing connected transactions contemplated under the GD Framework Agreement are as follows:-

廣東金葉為本公司的間接全資附屬公司。廣東金科為廣東金葉之非全資附屬公司。廣東中煙持有廣東金科10%以上股權。根據上市規則，廣東中煙被視為本公司附屬公司的關連人士。本集團與廣東中煙之間的交易構成本公司的持續關連交易，並須遵守上市規則項下的相關披露規定。根據廣東框架協議，產品價格將參考投標價格（如適用）；或當前的市場價格。支付予本集團的價格及條款不得低於獨立第三方客戶就其日常及一般業務過程中提供類似產品及服務而提供的條款。支付交易將通過現金交易或雙方共同按照不時訂立的獨立執行協議中所協定的時間和方式而定。

廣東框架協議項下擬進行的持續關連交易的總交易金額如下：

Aggregate Transaction Amount (RMB)

累計交易金額（人民幣）

		for the three months period ended 31 March 2017 至二零一七年 三月三十一日 止三個月	for the financial year ended 31 March 2018 至二零一八年 三月三十一日 止財政年度	for the financial year ending 31 March 2019 至二零一九年 三月三十一日 止財政年度	for the nine months period ended 31 December 2019 至二零一九年 十二月三十一日 止九個月
HB Flavours Framework Agreement	華寶股份框架協議	30,000,000	110,000,000	120,000,000	90,000,000
JY Framework Agreement	金葉框架協議	20,500,000	110,000,000	110,000,000	82,500,000
JK Framework Agreement	金科框架協議	8,500,000	34,000,000	34,000,000	25,500,000

For the financial year ended 31 March 2018, the actual transaction amount under the HB Flavours Framework Agreement, the JY Framework Agreement and the JK Framework Agreement was RMB88,454,000, RMB93,844,000 and RMB22,487,000, respectively.

截至2018年3月31日止年度，華寶股份框架協議、金葉框架協議及金科框架協議的實際交易金額分別為人民幣88,454,000元、人民幣93,844,000元、及人民幣22,487,000元。

Directors' Report

董事會報告

Annual review of continuing connected transactions

The aforesaid continuing connected transactions have been reviewed by the INEDs of the Company. The INEDs confirmed that the aforesaid continuing connected transactions had 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 abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided to the Stock Exchange by the Company.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2018 are set out in Note 33 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.

持續關連交易的年度審議

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持續關連交易乃：

- (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。

關聯人士交易

本集團於截至二零一八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33。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）。

Directors' Report

董事會報告

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

During the year ended 31 March 2018, 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 41 to 62 of the annual report.

LEGAL PROCEEDINGS

As at 31 March 2018, 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 2018 and up to the date of this report as required under the Listing Rules.

AUDITORS

The consolidated financial statements for the year ended 31 March 2018 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, 20 June 2018

購買、出售或贖回本公司之上市證券

於截至二零一八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41頁至62頁之企業管治報告。

法律訴訟

截至二零一八年三月三十一日，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，於截至二零一八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。

核數師

截至二零一八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，二零一八年六月二十日

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 94 to 211, which comprise:

- the consolidated statement of financial position as at 31 March 2018;
- 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 2018, 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94至211頁的綜合財務報表，包括：

- 於二零一八年三月三十一日的綜合財務狀況表；
- 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二零一八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布的《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布的《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	關鍵審計事項	我們的審計如何處理關鍵審計事項
<p>Impairment of goodwill</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 2018, the Group had material goodwill balance amounting to RMB2,228,371,000 arose from acquisitions in previous years, which was allocated to the Group's cash-generating units ("CGUs"). Impairment charge amounting to RMB24,478,000 and RMB36,578,000 were recognised in current year for the CGUs of VMR Products LLC and its subsidiaries ("VMR") and CGUs of flavours and fragrances segment, respectively.</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 RMB24,478,000 and RMB36,578,000 which were considered necessary to be recognised for CGUs of VMR and CGUs of flavours and fragrances segment, respectively, 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. 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"> - We used our in-house experts to assist us in evaluating the appropriateness of value-in-use calculation methodology adopted by management; - We tested the mathematical accuracy of the underlying value-in-use calculation; - 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; - 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; - We evaluated and recalculated the pre-tax discount rate used in the calculation by comparing with the industry or market data. <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>	<p>商譽減值</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，貴集團於二零一八年三月三十一日，於以前年度收購產生的商譽的賬面值為人民幣2,228,371,000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24,478,000元，香精分部現金產生單位的商譽計提減值約人民幣36,578,000元。</p> <p>管理層根據附註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>管理層根據評估的結果，認為除VMR現金產生單位需計提減值約人民幣24,478,000元及香精分部現金產生單位需計提減值約人民幣36,578,000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。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、預測銷售增長率和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式包括：</p> <ul style="list-style-type: none"> - 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； - 我們測試了使用價值計算過程中的數值準確性； - 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； - 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； - 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。 <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布的《香港財務報告準則》及香港《公司條例》及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 HKSAs 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 HKSAs, 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.

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條僅向整體股東報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水準的保證，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滙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。

Independent Auditor's Report

獨立核數師報告

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務資訊獲取充足、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.

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。

Independent Auditor's Report

獨立核數師報告

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 Mr. Lam Sung Wan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2018

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林崇雲。

羅兵咸永道會計師事務所
執業會計師

香港，二零一八年六月二十日

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	2018 二零一八年	2017 二零一七年
ASSETS				
Non-current assets				
Property, plant and equipment	物業、機器及設備	6	1,006,425	995,622
Land use rights	土地使用權	7	171,856	150,713
Intangible assets	無形資產	8	2,531,828	2,657,656
Investments in associates	於聯營公司之投資	9	371,444	379,106
Investment in a jointly controlled entity	於共同控制實體之投資	10	5,100	-
Available-for-sale financial assets	可供出售金融資產	11	80,672	115,938
Deferred income tax assets	遞延所得稅資產	12	80,346	66,744
Other non-current assets	其他非流動資產		16,144	-
			4,263,815	4,365,779
Current assets				
Inventories	存貨	13	766,005	693,490
Trade and other receivables	貿易及其他應收款項	14	1,456,484	1,425,527
Available-for-sale financial assets	可供出售金融資產	11	102,000	111,000
Short-term time deposits	短期定期存款	15	1,076,955	724,148
Cash and cash equivalents	現金及現金等價物	15	6,635,651	4,177,807
			10,037,095	7,131,972
Total assets	總資產		14,300,910	11,497,751
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	本公司權益持有人應佔股本及儲備	16	318,647	318,647
Reserves	股本	18	2,343,573	979,764
Retained earnings	儲備	19	8,601,342	8,528,166
	保留盈利		11,263,562	9,826,577
Non-controlling interests	非控制性權益		1,854,775	780,335
Total equity	總權益		13,118,337	10,606,912
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	遞延所得稅負債	12	81,386	56,307
Trade and other payables	貿易及其他應付款項	21	25,326	16,721
			106,712	73,028
Current liabilities				
Borrowings	貸款	20	210,000	75,500
Trade and other payables	貿易及其他應付款項	21	657,949	561,604
Current income tax liabilities	當期所得稅負債		207,912	180,707
			1,075,861	817,811
Total liabilities	總負債		1,182,573	890,839
Total equity and liabilities	總權益及負債		14,300,910	11,497,751

The notes on pages 99 to 211 are an integral part of these consolidated financial statements.

第99至211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	2018	2017
		附註	二零一八年	二零一七年
Sales	營業額	5	3,848,626	3,482,894
Cost of goods sold	銷售成本	23	(1,262,097)	(1,212,071)
Gross profit	毛利		2,586,529	2,270,823
Other income and other gains – net	其他收入及其他收益—淨額	22	194,462	239,526
Selling and marketing expenses	銷售及市場推廣開支	23	(219,995)	(255,589)
Administrative expenses	行政費用	23	(922,754)	(915,238)
Operating profit	營運盈利		1,638,242	1,339,522
Finance income	財務收入		122,757	57,140
Finance costs	融資成本		(23,424)	(4,793)
Finance income – net	財務收入—淨額	25	99,333	52,347
Share of profit of associates	應佔聯營公司之盈利	9	8,232	17,243
Profit before income tax	除稅前盈利		1,745,807	1,409,112
Income tax expense	所得稅	26	(349,687)	(294,573)
Profit for the year	本年度盈利		1,396,120	1,114,539
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		1,263,797	1,065,424
Non-controlling interests	非控制性權益		132,323	49,115
			1,396,120	1,114,539
Earnings per share for profit attributable to the Company's equity holders for the year	年內本公司權益持有人應佔的每股盈利			
– Basic and diluted (RMB cents)	– 基本及攤薄（人民幣分）	27(a), 27(b)	40.66	34.29

The notes on pages 99 to 211 are an integral part of these consolidated financial statements.

第99至211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	
		2018	2017
		二零一八年	二零一七年
Profit for the year	本年度盈利	1,396,120	1,114,539
Other comprehensive income:	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	(39,458)	(34,435)
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	-	(34,189)
Currency translation differences on foreign operations	海外業務之貨幣換算差額	(142,588)	122,004
Other comprehensive (loss)/income for the year, net of tax	本年度除稅後其他全面(虧損)/收益	(182,046)	53,380
Total comprehensive income for the year, net of tax	本年度除稅後全面收益總額	1,214,074	1,167,919
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	1,088,980	1,121,296
Non-controlling interests	非控制性權益	125,094	46,623
		1,214,074	1,167,919

The notes on pages 99 to 211 are an integral part of these consolidated financial statements. 第99至211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)

	Note 附註	Attributable to equity holders of the Company 本公司權益持有人應佔					
		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
Balance at 1 April 2016		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	18	-	(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
Total comprehensive income for the year ended 31 March 2017			55,872	1,065,424	1,121,296	46,623	1,167,919
Transactions with owners in their capacity as owners:							
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	-	(8,068)	-	(8,068)	8,068	-
Issuance of new shares to non-controlling interests	18	-	225,871	-	225,871	621,053	846,924
Acquisition of additional equity interest in Yongzhou Shanxiang Flavour Co., Limited ("Yongzhou Shanxiang") from non-controlling interests	18	-	(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)	-	-	-	-
Total transactions with owners		113	542,779	(326,129)	216,763	447,759	664,522
Balance at 31 March 2017		318,647	979,764	8,528,166	9,826,577	780,335	10,606,912
Balance at 1 April 2017		318,647	979,764	8,528,166	9,826,577	780,335	10,606,912
Fair value changes on available-for-sale financial assets, net of tax	18	-	(39,458)	-	(39,458)	-	(39,458)
Currency translation differences		-	(135,359)	-	(135,359)	(7,229)	(142,588)
Profit for the year		-	-	1,263,797	1,263,797	132,323	1,396,120
Total comprehensive income for the year ended 31 March 2018			(174,817)	1,263,797	1,088,980	125,094	1,214,074
Transactions with owners in their capacity as owners:							
Appropriations from net profit	18, 19	-	193,243	(193,243)	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	(20,954)	(20,954)
Issue of new shares to non-controlling interests of Huabao Flavours & Fragrances Co., Ltd ("Huabao Flavours")	18,30	-	1,345,861	-	1,345,861	965,981	2,311,842
Additional investment in non-wholly owned subsidiaries	18	-	(478)	-	(478)	(272)	(750)
Acquisition of equity interest in Jiangxi Xianghai Biological Technology Co., Ltd ("Jiangxi Xianghai")	29	-	-	-	-	616	616
Capital injection from non-controlling interests		-	-	-	-	3,975	3,975
Final dividends for the year ended 31 March 2017 paid to shareholders	19	-	-	(576,800)	(576,800)	-	(576,800)
Interim and special dividends for the six months ended 30 September 2017 paid to shareholders	19	-	-	(420,578)	(420,578)	-	(420,578)
Total transactions with owners		-	1,538,626	(1,190,621)	348,005	949,346	1,297,351
Balance at 31 March 2018		318,647	2,343,573	8,601,342	11,263,562	1,854,775	13,118,337

The notes on pages 99 to 211 are an integral part of these consolidated financial statements.

第99至211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	2018 二零一八年	2017 二零一七年
Cash flows from operating activities		營運活動之現金流量		
Cash generated from operations	營運產生之現金	31	1,850,302	1,517,407
Income tax paid	已付所得稅		(311,640)	(213,698)
Net cash generated from operating activities	營運活動產生之現金淨額		1,538,662	1,303,709
Cash flows from investing activities		投資活動的現金流量		
Acquisition of a subsidiary	收購附屬公司	29	(22,346)	-
Purchases of available-for-sale financial assets	購入可供出售金融資產	11	(470,893)	(1,055,204)
Proceeds from disposal of available-for-sale financial assets	出售可供出售金融資產所得款項		468,880	1,064,305
Deposit paid for additional investment in an associate	增資聯營公司支付的預付款		-	(14,560)
Acquisition of associates	收購聯營公司		-	(127,328)
Purchases of property, plant and equipment, land use rights and intangible assets	購入物業、機器及設備、土地使用權及無形資產		(130,916)	(56,011)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	31	7,739	429
Short-term time deposits placed	新增短期定期存款		(352,807)	(540,394)
Release in restricted bank deposits	提取受限制現金		-	97,599
Dividend received	已收股息		13,489	9,096
Interest received	已收利息		110,091	59,288
Net cash used in investing activities	投資活動所用之現金淨額		(376,763)	(562,780)
Cash flows from financing activities		融資活動的現金流量		
Dividends paid to shareholders	向股東支付股息		(997,378)	-
Dividends paid to non-controlling interests	向非控制性權益支付股息		(23,205)	(186,886)
Acquisition of additional interests in a subsidiary from non-controlling interests	向非控制性權益收購附屬公司額外權益		(750)	(5,250)
Capital contributions from non-controlling interests	非控制性權益持有人注資之所得款項		2,315,817	850,454
New short-term bank borrowings	新增短期銀行貸款		210,000	81,500
Repayment of short-term bank borrowings	償還短期銀行貸款		(75,500)	(21,000)
Interest paid	已付利息		(16,879)	(4,653)
Net cash generated from financing activities	融資活動產生之現金淨額		1,412,105	714,165
Net increase in cash and cash equivalents		現金及現金等價物增加淨額		
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物		4,177,807	2,653,110
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		(116,160)	69,603
Cash and cash equivalents at 31 March	於三月三十一日之現金及現金等價物	15	6,635,651	4,177,807

The notes on pages 99 to 211 are an integral part of these consolidated financial statements. 第99至211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)

(除另有指明者外，所有金額均以人民幣千元列示)

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 2018.

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 20 June 2018.

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.

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，於二零一八年三月三十一日，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二零一八年六月二十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)

2.1 編製基準 (續)

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.

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) *New and amended standards adopted by the Group*

(a) 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 2017:

本集團已於二零一七年四月一日或之後開始的財政年度首次採納下列修改：

Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to HKAS 12, and

就未變現虧損確認遞延所得稅資產–香港會計準則第12號(修改)，及

Disclosure initiative – amendments to HKAS 7.

披露計劃–香港會計準則第7號(修改)。

The adoption of these amendments did not have significant impact on the operating results and financial position for the year ended 31 March 2018 or any prior period and is not likely to affect future periods.

採納以上修訂並無對本集團截至二零一八年三月三十一日止年度，以前及未來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)

(b) *New standards and interpretations not yet adopted*

(b) *尚未採納的新訂準則及詮釋*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

若干新會計準則及詮釋已頒佈但並無於二零一八年三月三十一日報告期間強制生效，且本集團亦無提早採納。本集團對該等準則及詮釋影響的評估載於下文。

HKFRS 9, 'Financial instruments'

香港財務報告準則第9號「金融工具」

Nature of change

變動性質

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.

該新準則闡述金融資產和金融負債的分類、計量和終止確認，並引入了有關套期會計的新規定以及金融資產的新減值模型。

Impact

影響

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 April 2018:

本集團已檢討其金融資產和金融負債，預期在二零一八年四月一日採納新準則後會產生以下影響：

Financial instruments currently classified as available-for-sale (AFS) financial assets will 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.

財務工具目前被分類為可供出售金融資產(AFS)，將符合按公允價值計量且其變動計入其他綜合收益(FVOCI)的分類條件，因此該等資產的會計處理並無改變。

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

因此，本集團預期新指引不會對該等金融資產的分類和計量構成影響。然而，在出售FVOCI權益工具所變現的收益或虧損，將不再於出售時轉至損益，而是自FVOCI儲備重分類至保留盈利。

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 standards and interpretations not yet adopted (Continued)*

(b) *尚未採納的新訂準則及詮釋 (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.

新準則不會影響集團金融負債的會計處理，因為它只影響被指定為以公允價值計量且其變動計入損益的金融負債，而集團並無任何該等負債。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 HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect significant increase or decrease in the loss allowance for the trade debtors.

新減值模型要求必須按預期信用損失(ECL)，而非根據香港會計準則第39號僅按已發生的信用損失確認減值。該模型適用於按攤余成本分類的金融資產、按FVOCI計量的債務工具、香港財務報告準則第15號「與客戶之間的合同產生的收入」下的合同資產、應收租賃款、貸款承諾和某些財務擔保合同。根據截止至目前的評估，集團預期貿易應收賬款的損失不會有重大的增加或減少。

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.

新準則亦增加了的披露規定和列報的改變。本集團預計有關金融工具的披露性質和範圍將發生改變，尤其是在新準則採納的年度內。

Date of adoption by the Group

本集團採納日期

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 April 2018, with the practical expedients permitted under the standard. Comparatives will not be restated.

二零一八年一月一日或之後開始的財政年度強制採納。本集團將自二零一八年四月一日起追溯適用該新準則，並採用準則允許的簡易實務處理方法。而比較數字將不會重述。

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 standards and interpretations not yet adopted (Continued)*

(b) *尚未採納的新訂準則及詮釋 (續)*

HKFRS 15, 'Revenue from contracts with customers'

香港財務報告準則第15號「與客戶之合約收入」

Nature of change

變動性質

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature. 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.

香港會計師公會已發佈收入確認的新準則。這將取代香港會計準則第18號(涵蓋出售貨品和提供服務產生的收入)和香港會計準則第11號(涵蓋建造合同)。新準則的原則為收入須在貨品或服務的控制權轉移至客戶後確認。此準則容許全面追溯採納或修訂追溯方式採納。

Impact

影響

Management has assessed the effects of applying the new standard on the Group's financial statements and does not expect a significant impact on its results of operations and financial position.

管理層已評估應用新準則對本集團財務報表的影響，並預期不會對本集團的經營業績及財務狀況構成重大影響。

Date of adoption by the Group

本集團採納日期

Mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

二零一八年一月一日或之後開始的財政年度強制採納。本集團擬採用修訂追溯方式來應用新準則，意味著採納的累計影響將在二零一八年四月一日的保留盈利中確認，而比較數字不會重述。

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 standards and interpretations not yet adopted (Continued)*

(b) *尚未採納的新訂準則及詮釋 (續)*

HKFRS 16, 'Leases'

香港財務報告準則第16號「租賃」

Nature of change

變動性質

The new standard 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.

由於對經營租賃和融資租賃的計量劃分已經刪除，該準則將導致幾乎所有租賃須在資產負債表內確認。根據新準則，資產（租賃資產的使用權）和支付租金的金融負債須確認入賬。豁免僅適用於短期和低價值租賃。

The accounting for lessors will not significantly change.

出租人的會計處理將不會有重大變動。

Impact

影響

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB128,885,000 (Note 32). The Group estimates that approximately 24% of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

此準則會主要影響本集團經營租賃的會計處理。截止至報告日期，本集團有不可撤銷的經營租賃承擔為人民幣128,885,000（附註32）。本集團估計，此等款項中約24%涉及短期和低價值租賃的付款，因此將以直線法在損益中確認為費用。

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

然而，集團尚未評估需要做出的其他調整（如有），例如由於對租賃期定義的改變，以及對可變租賃付款、展期權及終止權的不同處理方式等而產生的調整。因此，本集團未能估計在採納此新準則後須確認的使用權資產和租賃負債的金額，以及未來如何影響集團的損益和現金流量的分類。

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)

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 standards and interpretations not yet adopted (Continued)*

(b) *尚未採納的新訂準則及詮釋 (續)*

HKFRS 16, 'Leases' (Continued)

香港財務報告準則第16號「租賃」
(續)

Date of adoption by the Group

本集團採納日期

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

二零一九年一月一日或之後開始的財政年度強制採納。在現階段，本集團不準備在生效日期前採納該準則。本集團有意採用簡化的過渡方式，且不會在首次採納時重述比較數字。

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

概無尚未生效且預計對實體於目前或未來報告期間及對可見未來交易造成重大影響的其他準則。

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。

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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)

2.2 Consolidation (Continued)

2.2 綜合賬目(續)

(a) Subsidiaries (Continued)

(a) 附屬公司(續)

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。

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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)

2.2 Consolidation (Continued)

2.2 綜合賬目(續)

(a) Subsidiaries (Continued)

(a) 附屬公司(續)

(i) Business combinations (Continued)

(i) 業務合併(續)

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.

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

(ii) 不導致失去控制權的附屬公司權益變動

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.

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。

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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)

2.2 Consolidation (Continued)

2.2 綜合賬目 (續)

(a) Subsidiaries (Continued)

(a) 附屬公司 (續)

(iii) Disposal of subsidiaries

(iii) 出售附屬公司

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.

當本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

(b) 聯營公司

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.

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。

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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。

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綜合財務報表附註

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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)

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 consolidated income statement.

在聯營公司的攤薄盈虧於綜合收益表內確認。

(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。

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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)

2.2 Consolidation (Continued)

2.2 綜合賬目(續)

(c) Jointly controlled entity (Continued)

(c) 共同控制實體(續)

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。

2.3 Separate financial statements

2.3 獨立財務報表

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.

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。

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.

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 Segment reporting

2.4 分部報告

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.

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。

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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)

2.5 Foreign currency translation

2.5 外幣換算

(a) Functional and presentation currency

(a) 功能和列賬貨幣

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.

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。

(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 are presented in the consolidated income statement within "other income and other gains – net".

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。

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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)

2.5 Foreign currency translation (Continued)

2.5 外幣換算 (續)

(b) Transactions and balances (Continued)

(b) 交易及結餘 (續)

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。

(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。

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綜合財務報表附註

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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 (Continued)

(c) 集團公司 (續)

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。

(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。

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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)

2.6 Property, plant and equipment

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.

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.

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.

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

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

2.6 物業、機器及設備

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

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

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。

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

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

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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)

2.6 Property, plant and equipment (Continued)

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).

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.

2.7 Land use rights

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

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries 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.

2.6 物業·機器及設備 (續)

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

出售盈虧乃比較所得款項與賬面值而釐定，在綜合收益表內的「其他收入及其他收益－淨額」中確認。

2.7 土地使用權

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

2.8 無形資產

(a) 商譽

商譽產生自收購附屬公司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。

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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)

2.8 Intangible assets (Continued)

2.8 無形資產 (續)

(a) Goodwill (Continued)

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.

(a) 商譽 (續)

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。

(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。

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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)

(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。

(f) Other intangible assets

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.

(f) 其他無形資產

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。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要(續)

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to 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.

2.9 非金融資產的減值

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

2.10 Financial assets

2.10 金融資產

2.10.1 Classification

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

2.10.1 分類

本集團將其金融資產分為以下類別：貸款及應收款項及可供出售。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) Loans and receivables

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

(a) 貸款及應收款項

貸款及應收款項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。貸款及應收款項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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綜合財務報表附註

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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)

(b) Available-for-sale financial assets

(b) 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。

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。

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」。

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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)

2.10.2 Recognition and measurement (Continued)

2.10.2 確認和計量 (續)

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。

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。

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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)

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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綜合財務報表附註

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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。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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.

2.14 貿易及其他應收款項

貿易應收賬款為在日常經營活動中就商品銷售或服務執行而應收客戶的款項。如貿易應收賬款及其他應收款的收回預期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動資產；否則分類為非流動資產。

貿易及其他應收款項最初以公允價值確認，其後以實際利息法按攤銷成本扣除減值撥備計量。

2.15 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款及其他短期高流動性投資，其到期日為三個月或以下。

2.16 股本

普通股列為權益。

直接歸屬於發行新股或購股權的新增成本在權益中列為所得款的減少(扣除稅項)。

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。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要(續)

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.

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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowing costs

General and specific borrowing costs 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.

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。

設立貸款融資時支付的費用倘部份或全部融資將會很可能提取，該費用確認為貸款的交易費用。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部份或全部融資將會很可能被提取，則該費用資本化作為流動資金服務的預付款，並按有關的融資期間攤銷。

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則貸款分類為流動負債。

2.18 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。

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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 (Continued)

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.

2.20 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.

2.18 貸款成本 (續)

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。

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。

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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)

(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)

(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)

2.21 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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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）；
- 不包括任何服務和非市場歸屬條件（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)

(a) 購股權計劃 (續)

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.

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。

2.23 Revenue recognition

2.23 收入確認

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.

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

(a) 貨品銷售

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.

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。

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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)

2.23 Revenue recognition (Continued)

2.23 收入確認 (續)

(b) Interest income

(b) 利息收入

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.

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

(c) 股息收入

Dividend income is recognised when the right to receive payment is established.

股息收入在收取款項的權利確定時確認。

2.24 Research and development costs

2.24 研發成本

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:

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) 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.

- (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。

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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)

2.24 Research and development costs (Continued)

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.

2.25 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.

2.26 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.

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.

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.

2.24 研發成本(續)

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。

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 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。

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。

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。

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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)

2.27 Dividend distribution

2.27 股息分派

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.

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。

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。

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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

(a) Market risk

(a) 市場風險

(i) Foreign exchange risk

(i) 外匯風險

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 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.

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。

If HKD had strengthened/weakened by 5% against RMB during the year ended 31 March 2018, 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:

截至二零一八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) 本年除稅後盈利的影響 增加／(減少)		Change of equity as at 31 March increase/(decrease) 於三月三十一日權益之變動 增加／(減少)	
		2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年
Group	本集團				
- Strengthened by 5%	- 升值5%	-	18,047	54,003	87,646
- Weakened by 5%	- 貶值5%	-	(18,047)	(54,003)	(87,646)

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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)

(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 2018 and 2017, 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.

於二零一八年及二零一七年三月三十一日，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，對本年除稅後盈利並無重大影響。

(b) Credit risk

(b) 信貸風險

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, credit exposure arising from outstanding receivables.

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。

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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 (Continued)

(b) 信貸風險 (續)

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 2018, the 5 largest debtors accounted for approximately 35% (2017: 49%) 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。於二零一八年三月三十一日，五大客戶佔本集團總貿易應收款項結餘約35%（二零一七年：49%）。

The Directors are of the view that most outstanding receivables as at 31 March 2018 are either from existing customers with a long business relationship with the Group and/or reputable companies with good creditability. The risk of credit default is considered to be low and accordingly, the provision for doubtful debts as at 31 March 2018 amounting to approximately RMB34,036,000 (2017: RMB14,558,000) is considered adequate to cover any significant potential credit risk.

董事認為於二零一八年三月三十一日大多數的存在未償還應收款多數為與本集團具有長期業務關係的現有客戶及／或具有良好信譽的客戶，故信貸風險相對較低，於二零一八年三月三十一日約人民幣34,036,000元（二零一七年：人民幣14,558,000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 2018, 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.

於二零一八年三月三十一日，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、符合內部財務狀況表比率目標，及外部的監管或法例規定—例如貨幣限制（如適用）。

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。

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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3. 財務風險管理(續)

3.1 Financial risk factors (Continued)

3.1 財務風險因素(續)

(c) Liquidity risk (Continued)

(c) 流動性風險(續)

		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
Group	集團				
At 31 March 2018	於二零一八年三月三十一日				
Borrowings (including interest)	貸款(包括應計利息)	216,195	-	-	-
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)	498,639	8,772	14,875	581
		714,834	8,772	14,875	581
At 31 March 2017	於二零一七年三月三十一日				
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	-
		482,397	12,989	2,598	-

As at 31 March 2018, the Group's net current assets is RMB8,961,234,000 (2017: RMB6,314,161,000).

於二零一八年三月三十一日，本集團之流動資產淨值為人民幣8,961,234,000元(二零一七年：人民幣6,314,161,000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)

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 2018 and 2017.

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);

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，本集團於二零一八年及二零一七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）；

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3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3. 財務風險管理 (續)

3.3 Fair value estimation (Continued)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The financial assets of level 3 within the fair value hierarchy as at 31 March 2018 and 2017 were the available-for-sale financial assets, of which the changes for the years ended 31 March 2018 and 2017 are presented in Note 11. There were no transfers into or out of level 3.

Other than available-for-sale financial assets, there are no financial instruments that were measured at fair value as at 31 March 2018 and 2017.

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)

- 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)。

於二零一八年三月三十一日，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。其中在二零一八年及二零一七年三月三十一日止年度的變動於附註11內呈列。概無任何金融資產於第三層架構類別轉入或轉出。

於二零一八年及二零一七年三月三十一日，除可供出售金融資產外，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 43.8 percentage points lower, 56.1 percentage points higher or 45.5 percentage points lower than management's estimates at 31 March 2018 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill in respect of flavours and fragrances segment.

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二零一八年三月三十一日估計的分別下降43.8個百分點、增加56.1個百分點，或下降45.5個百分點，其他假設保持不變，本集團無需對香精業務的商譽確認減值。

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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)

(a) 商譽減值之估計 (續)

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 fragrances subgroup under flavours and fragrances segment had been 3.5 percentage points lower, 6.3 percentage points higher or 20.9 percentage points lower than management's estimates at 31 March 2018 respectively, with all other assumptions remaining unchanged, the Group would have recognised a fully impairment of goodwill.

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較管理層在二零一八年三月三十一日估計的分別下降3.5個百分點、增加6.3個百分點、或下降20.9個百分點，其他假設保持不變，本集團需對香精業務的中日用香精商譽確認減值。

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 13.7 percentage points lower, 6.5 percentage points higher or 6.2 percentage points lower than management's estimates at 31 March 2018 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill in respect of tobacco raw materials segment.

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二零一八年三月三十一日估計的分別下降13.7個百分點、增加6.5個百分點、或下降6.2個百分點，其他假設保持不變，本集團無需對煙用原料業務的商譽確認減值。

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 Yancheng Chunzhu under aroma raw materials segment had been 6.9 percentage points lower, 6.6 percentage points higher or 6.9 percentage points lower than management's estimates at 31 March 2018 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill in respect of aroma raw materials segment.

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較管理層在二零一八年三月三十一日估計的分別下降6.9個百分點、增加6.6個百分點或下降6.9個百分點，其他假設保持不變，本集團無需確認香原料業務的商譽減值。

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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)

(a) 商譽減值之估計 (續)

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 Jiangxi Xianghai under aroma raw materials segment had been 3.3 percentage points lower, 2.7 percentage points higher or 1.6 percentage points lower than management's estimates at 31 March 2018 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill in respect of aroma raw materials segment.

如果香原料業務的現金產生單位江西香海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二零一八年三月三十一日估計的分別下降3.3個百分點、增加2.7個百分點或下降1.6個百分點，其他假設保持不變，本集團無需確認香原料業務的商譽減值。

(b) PRC enterprise income tax and deferred taxation

(b) 中國企業所得稅及遞延稅項

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.

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。

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.

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

5. 營業額及分部資料

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

本集團的經營分為四項主要營運分部：

- (1) Flavours and fragrances;
- (2) Tobacco raw materials;
- (3) Aroma raw materials; and
- (4) Innovative tobacco products.

- (1) 香精；
- (2) 煙用原料；
- (3) 香原料；及
- (4) 新型煙草製品。

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.

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。

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

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

- (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。

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

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。

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(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 2018 is presented below:

截至二零一八年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2018 截至二零一八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	2,233,503	911,646	604,831	221,503	-	3,971,483
Inter-segment sales	分部間銷售	(18,368)	(96,623)	(7,866)	-	-	(122,857)
Segment turnover – net	分部營業額–淨額	2,215,135	815,023	596,965	221,503	-	3,848,626
Segment result	分部業績	1,287,988	381,303	143,846	(95,713)	(79,182)	1,638,242
Finance income	財務收入						122,757
Finance costs	融資成本						(23,424)
Finance income – net	財務收入–淨額						99,333
Share of profit of associates	應佔聯營公司之盈利						8,232
Profit before income tax	除稅前盈利						1,745,807
Income tax expense	所得稅						(349,687)
Profit for the year	本年度盈利						1,396,120
Depreciation	折舊	36,962	77,312	13,131	4,897	310	132,612
Amortisation	攤銷	13,718	10,257	14,900	33,893	1,447	74,215
		As at 31 March 2018 於二零一八年三月三十一日					
		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	8,695,901	3,320,044	741,625	224,443	1,318,897	14,300,910

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(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
Segment result	分部業績	1,205,063	256,053	70,870	(110,984)	(81,480)	1,339,522
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)
Profit for the year	本年度盈利						1,114,539
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	2,892,764	589,854	310,422	2,123,833	11,497,751

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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. 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 2018 and 31 March 2017 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 2018 amounted to 14% (2017: 15%) 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，於二零一八年及二零一七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。

截至二零一八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14%（二零一七年：15%）。這些收入是由香精分部產生的。

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(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 傢俬、裝置及設備	Leasehold improvements	Construction in progress	Others	Total
	附註	樓宇	機器及設備	汽車		租賃裝修	在建工程	其他	總計
At 31 March 2016	於二零一六年四月一日								
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
Year ended 31 March 2017	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	(556)	(2,106)	(551)	(1,498)	(65)	-	-	(4,776)
Provision for impairment	減值撥備	-	(956)	-	(1,812)	-	-	-	(2,768)
Depreciation	折舊	(33,688)	(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
At 31 March 2017	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
Year ended 31 March 2018	截至二零一八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	465,239	380,162	18,793	69,678	41,824	17,391	2,535	995,622
Additions	添置	1,374	19,478	1,591	12,858	4,722	94,971	-	134,994
Transfers	轉移	4,810	1,708	-	1,131	4,535	(12,184)	-	-
Acquisition of equity interest in Jiangxi Xianghai	收購江西香海之股權	29	1,085	-	449	-	585	-	16,014
Disposals	出售	31	(1,934)	(2,572)	(1,219)	-	(139)	-	(5,864)
Depreciation	折舊	23	(67,022)	(3,662)	(17,619)	(10,043)	-	(295)	(132,612)
Currency translation differences	貨幣換算差額	32	(1,299)	4	(416)	(53)	3	-	(1,729)
Net book amount at 31 March	於三月三十一日賬面淨值	438,569	344,988	14,154	64,862	40,985	100,627	2,240	1,006,425
At 31 March 2018	於二零一八年三月三十一日								
Cost	成本	717,109	807,794	54,461	200,957	82,497	100,627	2,953	1,966,398
Accumulated depreciation	累計折舊	(278,540)	(462,806)	(40,307)	(136,095)	(41,512)	-	(713)	(959,973)
Net book amount	賬面淨值	438,569	344,988	14,154	64,862	40,985	100,627	2,240	1,006,425

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(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		
		Note 附註	2018 二零一八年	2017 二零一七年
Manufacturing overheads	製造費用		69,995	71,381
Selling and marketing expenses	銷售及推廣開支		1,234	1,947
Administrative expenses	行政費用		61,383	62,286
Total depreciation	折舊總額	23	132,612	135,614

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	
		2018 二零一八年	2017 二零一七年
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	171,856	150,713

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2018 二零一八年	2017 二零一七年
At 1 April	於四月一日		150,713	154,724
Additions	添置		25,761	420
Amortisation	攤銷	23	(4,622)	(5,538)
Currency translation differences	貨幣換算差額		4	1,107
At 31 March	於三月三十一日		171,856	150,713

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8. INTANGIBLE ASSETS

8. 無形資產

		Goodwill 商譽	Trademarks and licenses 商標及許可證	Customer relationships 客戶關係	Non- competition agreement 非競爭協議	Computer software 電腦軟件	Patents 專利	Product design 產品設計	Domain name 網上平台	Total 總計
	Note 附註	(a)	(b)							
At 1 April 2016	於二零一六年四月一日									
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
Year ended 31 March 2017	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
At 31 March 2017	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
Year ended 31 March 2018	截至二零一八年 三月三十一日止年度									
Net book amount at 1 April	於四月一日賬面淨值	2,276,413	228,511	29,526	445	4,195	25,141	59,027	34,398	2,657,656
Additions	添置	-	-	-	-	824	802	-	-	1,626
Acquisition of equity interest in Jiangxi Xianghai	收購江西香海之股權	29	13,505	-	-	-	653	-	-	14,158
Amortisation	攤銷	23	(15,559)	(16,446)	(219)	(2,084)	(12,304)	(14,286)	(8,695)	(69,593)
Provision for impairment	減值撥備	23	(61,056)	-	-	-	-	-	-	(61,056)
Currency translation differences	貨幣換算差額	(491)	(5,520)	-	-	(169)	-	(2,578)	(2,205)	(10,963)
Net book amount at 31 March	於三月三十一日賬面淨值	2,228,371	207,432	13,080	226	2,766	14,292	42,163	23,498	2,531,828
At 31 March 2018	於二零一八年三月三十一日									
Cost	成本	2,228,371	280,862	256,261	3,876	13,596	50,859	71,421	43,587	2,948,833
Accumulated amortisation	累計攤銷	-	(73,430)	(243,181)	(3,650)	(10,830)	(36,567)	(29,258)	(20,089)	(417,005)
Net book amount	賬面淨值	2,228,371	207,432	13,080	226	2,766	14,292	42,163	23,498	2,531,828

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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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：

		2018 二零一八年				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	1,194,551	947,436	86,384	-	2,228,371	1,231,313	947,436	72,175	25,489	2,276,413

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。所用之貼現率為稅前貼現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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8. INTANGIBLE ASSETS (CONTINUED)

8. 無形資產 (續)

(a) (Continued)

The key assumptions used for value-in-use calculations are as follows:

(a) (續)

使用價值計算的主要假設如下：

	As at 31 March 於三月三十一日							
	2018 二零一八年				2017 二零一七年			
	Flavours and fragrances	Tobacco raw materials	Aroma raw materials	Innovative tobacco products 新型 煙草製品	Flavours and fragrances	Tobacco raw materials	Aroma raw materials	Innovative tobacco products 新型 煙草製品
	香精	煙用原料	香原料		香精	煙用原料	香原料	
Terminal growth rate 永續年增長率	0%	3%	3%	3%	0%-3%	3%	3%	3%
Discount rate 貼現率	15.4%	14.9%-15.5%	15.1%-24.4%	17.5%	14.6%-20.2%	16.2%-17.3%	15.1%-20.3%	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 RMB24,478,000 for the CGU of VMR Products, LLC ("VMR") for the year ended 31 March 2018 (2017: RMB22,710,000), and amounting to RMB36,578,000 (2017: nil) for the CGUs of fragrances subgroup under flavours and fragrances segment.

在評價多個現金產生單位的現金流預測後，截至二零一八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 Products, LLC (「VMR」) 現金產生單位及香精業務 (主要是日用香精) 之現金產生單位的商譽減值分別為人民幣24,478,000元 (二零一七年：人民幣22,710,000元) 及人民幣36,578,000元 (二零一七年：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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(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 individually immaterial associates as at 31 March 2018 and 2017. 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

於二零一八年及二零一七年三月三十一日，本集團於五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	
	Note	2018	2017
	附註	二零一八年	二零一七年
At 1 April	於四月一日	379,106	281,319
Share of profit of associates	應佔聯營公司盈利	8,232	17,243
Transfer	轉移	11	58,297
Dividends received or receivable	宣派股息	(15,894)	(7,753)
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 有限公司 （「雲基物宇」）	-	30,000
At 31 March	於三月三十一日	371,444	379,106

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9. INVESTMENTS IN ASSOCIATES (CONTINUED)

9. 於聯營公司之投資(續)

(a) As at 31 March 2018, the Group had interests in the following associates:

(a) 於二零一八年三月三十一日，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%	Produce and sell reconstituted tobacco leaves 生產和銷售再造煙葉
Yunnan Hongta Blue Eagle Paper Co., Ltd. 雲南紅塔藍鷹紙業有限公司	PRC 中國	25.10%	Manufacture and sales of cigarette paper and auxiliary products 生產和銷售捲煙用紙及輔助品
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. ("Hunan Golden Leaf") (i) 湖南金葉煙草薄片有限責任公司(「湖南金葉」)(i)	PRC 中國	10%	Produce and sell reconstituted tobacco leaves 生產和銷售再造煙葉
Yunnan Ruisheng Tobacco Technology Group Co., Ltd. ("Yunnan Ruisheng")(i) 雲南瑞升煙草技術(集團)有限公司(「雲南瑞升」)(i)	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
(i) The Group has significant influence over Hunan Golden Leaf and Yunnan Ruisheng by representations on the board of directors of these two companies.		(i)	本集團通過在湖南金葉和雲南瑞升的董事會中委任董事，對這兩間公司有重大影響力。

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(除另有指明者外，所有金額均以人民幣千元列示)

10 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

The Group has interests in one immaterial joint venture as at 31 March 2018. The following table analyzes the movement of the carrying amount of the Group's investments in this jointly controlled entity.

An analysis of the movements of equity investments in jointly controlled entity is as follows:

10. 於共同控制實體之投資

於二零一八年三月三十一日，本集團於一個並非個別重大的共同控制實體擁有權益。下表為本集團於該共同控制實體的投資及應佔共同控制實體業績的賬面值變動的分析。

於共同控制實體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
		2018 二零一八年
		Note 附註
At 1 April	於四月一日	-
Acquisition of Dianhua Benxiang Technology Co., LTD ("Dianhua Benxiang")	投資雲南滇華本香科技有限公司 (「滇華本香」)	(a) 5,100
At 31 March	於三月三十一日	5,100

(a) As at 31 March 2018, the Group had interests in the following jointly controlled entity:

(a) 於二零一八年三月三十一日，本集團於以下共同控制實體擁有權益：

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
Dianhua Benxiang 滇華本香	PRC 中國	51%	Research, development, manufacture and sale of cigarette capsules, cigarette materials cigarette filter stick and packaging materials 研究、開發、生產和銷售煙用膠囊、捲煙材料、煙用濾棒材料及包裝材料

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(除另有指明者外，所有金額均以人民幣千元列示)

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

11. 可供出售金融資產

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2018 二零一八年	2017 二零一七年
At 1 April	於四月一日		226,938	323,388
Additions for the year	本年度增加	(a)	470,893	1,055,204
Disposal for the year	本年度減少		(464,893)	(1,059,000)
Transfer	轉移	9	–	(58,297)
Fair value change	公允價值變動	18(a)	(38,979)	(39,982)
Currency translation differences	貨幣換算差額		(11,287)	5,625
At 31 March	於三月三十一日		182,672	226,938

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		
		Note 附註	2018 二零一八年	2017 二零一七年
Non-current assets:	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)	30,261	13,345
Unlisted equity investments in Israel: at fair value	於以色列的非上市權益投資： 公允值	(b)	50,411	102,593
			80,672	115,938
Current assets:	流動資產：			
Wealth management products	財富管理產品	(a)	102,000	111,000

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(除另有指明者外，所有金額均以人民幣千元列示)

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

11. 可供出售金融資產(續)

- (a) Additions for the year represented funds investments amounting to RMB15,000,000 and investment in wealth management products amounting to RMB455,893,000. 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.

- (a) 本年度新增國內基金投資共人民幣15,000,000元；以及投資銀行財富管理產品共人民幣455,893,000元。新增包括銀行財富管理產品在其到期後之再投資。就銀行財富管理產品投資沒有單一的交易超過人民幣5億元。

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.

銀行財富管理產品為由中國內地銀行發出之財務產品，這些產品為保障本金和非保證收益，其開放期為一天至三個月。

The carrying amount of wealth management products approximated the fair value. The fair values are based on cash flow discounted using the expected return based on management judgement and are of level 3 within the fair value hierarchy.

銀行財富管理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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11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

11. 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
	2018 二零一八年	2017 二零一七年	
Private equity fund 私募基金	80,672	115,938	Net asset value 資產淨值

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	
		2018 二零一八年	2017 二零一七年
RMB	人民幣	132,261	124,345
USD	美元	50,411	102,593
		182,672	226,938

None of these financial assets is impaired.

沒有金融資產已減值。

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12. DEFERRED INCOME TAX ASSETS/LIABILITIES**12. 遞延所得稅資產／負債**

The movements in the deferred income tax are as follows:

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		
		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
		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
		Note						
		附註						
At 1 April 2016	於二零一六年四月一日		58,813	5,825	1,845	66,483	71,100	71,100
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	(18,329)	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		54,154	7,142	5,448	66,744	38,260	56,307
Acquisition of equity interest in Jiangxi Xianghai	收購江西香海之股權	29	-	-	-	-	780	780
Recognised in other comprehensive income	於其他全面收益確認	18	-	-	-	479	-	479
Recognised in the income statement	於損益表確認	26	6,812	4,927	1,863	(7,216)	31,659	24,443
Currency translation differences	貨幣換算差額		-	-	-	(623)	-	(623)
At 31 March 2018	於二零一八年三月三十一日		60,966	12,069	7,311	80,346	31,680	81,386

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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(除另有指明者外，所有金額均以人民幣千元列示)

12. 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 2018, deferred income tax liabilities of RMB266,036,000 (2017: RMB327,717,000) have not been recognised for the withholding tax that would otherwise be payable on the undistributed profits approximately RMB5,315,584,000 (2017: RMB6,539,449,000) retained by certain PRC subsidiaries.

12. 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。

於二零一八年三月三十一日，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5,315,584,000元（二零一七年：人民幣6,539,449,000元）須予支付的預提所得稅確認遞延所得稅負債人民幣266,036,000元（二零一七年：人民幣327,717,000元）。

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12. DEFERRED INCOME TAX ASSETS/LIABILITIES (CONTINUED)

12. 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	
		2018 二零一八年	2017 二零一七年
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	12,069	7,142
– to be recovered within 12 months	– 在十二個月內收回部份	68,277	59,602
		80,346	66,744
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	77,678	50,470
– to become payable within 12 months	– 在十二個月內轉為應付部份	3,708	5,837
		81,386	56,307

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13. INVENTORIES

13. 存貨

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
At cost:	按成本：		
Raw materials	原材料	392,779	317,147
Work in progress	在製品	196,349	202,365
Finished goods	製成品	176,877	173,978
		766,005	693,490

For the year ended 31 March 2018, the cost of inventories recognised as expense and included in cost of goods sold and administrative expenses amounted to approximately RMB1,032,263,000 (2017: RMB1,034,727,000).

The Group recognised provision for impairment of approximately RMB2,587,000 (2017: RMB7,014,000) in respect of the losses on obsolete inventories.

截至二零一八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1,032,263,000元(二零一七年：人民幣1,034,727,000元)。

本集團就陳舊存貨減值而確認減值撥備約為人民幣2,587,000元(二零一七年：人民幣7,014,000元)。

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14. TRADE AND OTHER RECEIVABLES**14. 貿易及其他應收款項**

		Year ended 31 March	
		截至三月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		Note	
		附註	
Trade receivables	貿易應收款項	(a)	1,062,482
Less: provision for impairment of trade receivables	減：貿易應收款項減值撥備		1,049,955
			(12,925)
Trade receivables – net	貿易應收款項 – 淨額		1,038,970
Notes receivable	應收票據		180,758
Prepayments and other receivables	預付款項及其他應收款項		190,266
Advances to staff	員工墊款		7,254
Others	其他		28,437
Less: provision for impairment of other receivables	減：其他應收款項減值撥備		13,366
			(21,111)
			1,456,484
			1,425,527

Except for prepayment of RMB41,623,000 (2017: RMB28,229,000), 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41,623,000元(二零一七年：人民幣28,229,000元)外，貿易及其他應收款項被分類為「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。

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(除另有指明者外，所有金額均以人民幣千元列示)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The credit period generally granted to customers ranges from 0 to 180 days. At 31 March 2018 and 2017, 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:

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
0 – 90 days	0至90日	908,682	934,268
91 – 180 days	91至180日	110,860	77,758
181 – 360 days	181至360日	12,872	15,899
Over 360 days	360日以上	30,068	22,030
		1,062,482	1,049,955

As at 31 March 2018, unbilled trade receivables of RMB483,626,000 (2017: RMB449,225,000) was categorised in the aging of 0-90 days.

於二零一八年三月三十一日，未開發票之貿易應收款為人民幣483,626,000元（二零一七年：人民幣449,225,000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 2018, trade receivables of RMB83,966,000 (2017: RMB33,605,000) 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。於二零一八年三月三十一日，貿易應收款項人民幣83,966,000元（二零一七年：人民幣33,605,000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	
		2018 二零一八年	2017 二零一七年
Past due up to 90 days	逾期至90日	77,056	29,880
Past due over 90 days	逾期超過90日	6,910	3,725
		83,966	33,605

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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)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)**14. 貿易及其他應收款項 (續)**

(a) (Continued)

As at 31 March 2018, trade receivables of RMB30,068,000 (2017: RMB22,030,000) were impaired with RMB12,925,000 (2017: RMB10,985,000) 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.

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)

於二零一八年三月三十一日，貿易應收款人民幣30,068,000元（二零一七年：人民幣22,030,000元）中人民幣12,925,000元（二零一七年：人民幣10,985,000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。

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	
		2018	2017
		二零一八年	二零一七年
RMB	人民幣	1,041,002	1,027,952
USD	美元	21,330	21,604
HKD	港幣	150	399
		1,062,482	1,049,955

Movements of the provision for impairment of trade and other receivables were as follows:

貿易及其他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	
		2018	2017
		二零一八年	二零一七年
At 1 April	於四月一日	14,558	11,468
Provision for impairment of trade and other receivables	貿易及其他應收款減值撥備	21,947	6,514
Trade and other receivables written off during the year as uncollectible	於年中撇銷未收的貿易及其他應收款	(2,469)	(3,424)
At 31 March	於三月三十一日	34,036	14,558

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(除另有指明者外，所有金額均以人民幣千元列示)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) (Continued)

The creation and release of provision for impaired receivables have been included in “administrative expenses” in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

14. 貿易及其他應收款項 (續)

(a) (續)

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。

貿易及其他應收款項內的其他類別沒有包含已減值資產。

在報告日期，信貸風險的最高風險承擔為上述每類應收款項的賬面值。本集團不持有任何作為抵押的抵押品。

15. CASH AND BANK BALANCES

15. 銀行及庫存現金

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
Short-term time deposits	短期定期存款		
Cash and cash equivalents	現金及現金等價物		
		1,076,955	724,148
		6,635,651	4,177,807
		7,712,606	4,901,955

(a) The original maturity of time deposits was six month or above with average interest rate of 2.8% (2017: 1.8%). The fair values of the short-term time deposits approximate their carrying amounts. None of the deposits is either past due or impaired.

(a) 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2.8厘(二零一七年: 1.8厘)。短期定期存款賬面值與公允值相若。概無存款逾期或減值。

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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)

15. CASH AND BANK BALANCES (CONTINUED)**15. 銀行及庫存現金(續)**

Cash and bank balances are denominated in the following currencies:

銀行及庫存現金以下列貨幣金額列示：

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
RMB	人民幣	6,647,997	3,570,446
USD	美元	892,613	862,575
HKD	港幣	169,340	465,581
EUR and others	歐元及其他	2,656	3,353
		7,712,606	4,901,955

As at 31 March 2018, the Group's and the Company's maximum exposure to credit risk of cash and bank balances is their carrying amounts.

於二零一八年三月三十一日，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
Ordinary shares, issued and fully paid:	普通股，已發行及繳足：		
At 1 April 2016	於二零一六年四月一日	3,106,657,961	318,534
Issue of shares upon exercise of share awards	行使股份獎勵而發行的新股	1,304,915	113
At 31 March 2017, 1 April 2017 and At 31 March 2018	於二零一七年三月三十一日， 二零一七年四月一日及 二零一八年三月三十一日	3,107,962,876	318,647

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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	
		2018	2017
		二零一八年	二零一七年
		Number of	Number of
Note		share options	share options
附註		('000)	('000)
		股份數目	股份數目
		('000)	('000)
Share options	購股權		
1 April	於四月一日	2,600	15,250
Lapsed	已失效	(2,600)	(9,100)
Deregistered	已註銷	-	(3,550)
At 31 March	於三月三十一日	-	2,600
Share award	股份獎勵		
1 April	於四月一日	-	4,350
Exercised	已行使	-	(1,305)
Deregistered	已註銷	-	(3,045)
At 31 March	於三月三十一日	-	-
Total	共計	-	2,600

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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 HKD6.65 and HKD5.02 as at 1 April 2017 and 2016 respectively.
- (ii) 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 are HKD6.65 and HKD3.91 for the share option lapsed during the year ended 31 March 2018 and 31 March 2017 respectively.
- (iii) On 22 December 2016, the Company issued a voluntary conditional cash offer (for details please refer to the circulars on 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.
- (iv) There is no outstanding share options as at 31 March 2018.

(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) 於二零一七年及二零一六年四月一日，加權平均行使價分別為每股港幣6.65元及港幣5.02元。
- (ii) 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。截至二零一八年及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分別為每股港幣6.65元及港幣3.91元。
- (iii) 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綜合要約及回應文件)，3,550,000股購股權根據購股權要約被註銷，被註銷的購股權之加權平均行使價為每股港幣6.65元。
- (iv) 於二零一八年三月三十一日，沒有仍然有效但尚未行使之購股權。

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17. SHARE-BASED PAYMENT (CONTINUED)

17. 股份為基礎的支付(續)

(b) Share award

On 30 December 2015, The Company granted not more than 4,349,717 awarded shares to a consultant ("the Consultant") for payment of service fee to the Consultant on full completion of the 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 on a straight-line basis. The corresponding equity for the settlement of payment is also increased by the fair value of the services received.

As at 30 September 2016 which being 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.

As at 31 March 2017, all the exercisable shares had been exercised by the Consultant.

(c) Share option scheme of VMR

VMR, a non-wholly owned subsidiary of the Group, operated a share option scheme which over 80,000 shares were authorised to be issued. All options vest over a three year period and have a contractual option term of 5 years. The fair value of the share options at the grant date was determined using the Black-Scholes valuation model.

(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，而服務的公允值會增加權益金額。

截至二零一六年九月三十日（服務合同的屆滿日期），顧問根據服務合同已完成的部份服務之公允值為人民幣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。

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。

(c) VMR之購股權計劃

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

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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)

Movements in the number of shares options outstanding during the year ended 31 March 2018 and their related weighted average exercise prices are set out below:

於二零一八年三月三十一日止年度期間，未行使的購股權數目之變動及其相關之加權平均行使價列示如下：

			Weighted average exercise price in USD per share 加權平均行使 價美元 (每股計)		Number of share options 購股權數目
1 April 2017	於二零一七年四月一日		28.93		38,994
Lapsed	已失效	(i)	20.15		(16,500)
31 March 2018	於二零一八年三月三十一日		35.38		22,494

(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 2018 amounted to approximately RMB740,000 (2017: RMB1,080,000). As at 31 March 2018, the remaining unrecognised compensation cost relates to the options issued amounted to approximately RMB353,000 (2017: RMB3,827,000).

(ii) 截至二零一八年三月三十一日止年度，購股權支出約人民幣740,000元(二零一七年：人民幣1,080,000元)。於二零一八年三月三十一日，已授出購股權相關之未確認購股權支出約為人民幣353,000元(二零一七年：人民幣3,827,000元)。

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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 2018 are analysed as follows:

於二零一八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	3,950	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	13,544	17 December 2020 二零二零年十二月十七日
At 31 March 2018	於二零一八年三月三十一日		22,494	

Out of the total outstanding options, 17,076 share options were currently exercisable as at 31 March 2018.

於二零一八年三月三十一日，未行使的購股權當中，17,076股購股權可予以行使。

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(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**

Note	Contributed surplus	Merger reserve	Share premium	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Currency translation reserve	Other reserves	Total
附註	實繳盈餘	合併儲備	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	其他儲備	總計
At 1 April 2016	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	(a)	-	-	-	-	-	-	(34,435)	(34,435)
Reversal of reserves upon disposal of available-for-sale financial assets, net of tax	-	-	-	-	-	-	-	(29,893)	(29,893)
Appropriations from net profit	-	-	-	-	-	-	-	326,129	326,129
Additional investment in a non-wholly owned subsidiary	-	-	-	-	-	-	-	(8,068)	(8,068)
Issuance of new shares to non-controlling interests	-	-	-	-	-	-	-	225,871	225,871
Acquisition of additional equity interest in Yongzhou ShanXiang from non-controlling interests	-	-	-	-	-	-	-	(2,040)	(2,040)
Share-based payment	-	-	-	-	-	1,000	-	-	1,000
- Value of consultancy service	-	-	-	-	-	-	-	-	-
- Issue of shares upon exercise of share award	-	-	2,995	-	-	(3,108)	-	-	(113)
Currency translation differences	-	-	-	-	-	-	120,200	-	120,200
At 31 March 2017	296,853	(628,438)	429,861	2,411	4,749	39,120	35,622	799,586	979,764
At 1 April 2017	296,853	(628,438)	429,861	2,411	4,749	39,120	35,622	799,586	979,764
Fair value changes on available-for-sale financial assets, net of tax	(a)	-	-	-	-	-	-	(39,458)	(39,458)
Appropriations from net profit	19	-	-	-	-	-	-	193,243	193,243
Capital injection from non-controlling interests	30	-	-	-	-	-	-	1,345,861	1,345,861
Additional investment in non-wholly owned subsidiaries	-	-	-	-	-	-	-	(478)	(478)
Employee share option scheme	-	-	-	-	-	(39,120)	-	39,120	-
- Lapsed of share options	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	(135,359)	-	(135,359)
At 31 March 2018	296,853	(628,438)	429,861	2,411	4,749	-	(99,737)	(2,337,874)	2,343,573

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18. RESERVES (CONTINUED)

- (a) For the year ended 31 March 2018, the amount of changes in fair value in available-for-sale financial assets before tax is RMB38,979,000 (2017: RMB39,982,000) (Note 11), of which RMB479,000 (2017: RMB5,547,000) was recognised in other comprehensive income as deferred tax (Note 12).

18. 儲備 (續)

- (a) 截至二零一八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38,979,000元（二零一七年：人民幣39,982,000元）（附註11），其中人民幣479,000元（二零一七年：人民幣5,547,000元）已於其他全面收益確認為遞延稅項（附註12）。

19. RETAINED EARNINGS

19. 保留盈利

		Year ended 31 March 截至三月三十一日止年度	
		2018 二零一八年	2017 二零一七年
At 1 April	於四月一日	8,528,166	7,788,871
Profit for the year	本年度盈利	1,263,797	1,065,424
Appropriations from net profit	自純利撥付	(193,243)	(326,129)
Final dividends for the year ended 31 March 2017	截至二零一七年三月三十一日止年度之期末股息	(576,800)	-
Interim and special dividends for the six months ended 30 September 2017	截至二零一七年九月三十日止六個月之中期及特別股息	(420,578)	-
At 31 March	於三月三十一日	8,601,342	8,528,166

20. BORROWINGS

20. 貸款

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
Current	流動		
- Unsecured bank borrowings	- 無抵押銀行貸款	(a) 210,000	75,500

- (a) Unsecured bank borrowings are denominated in RMB and repayable within one year. During the year, the average interest rate was 4.25% (2017: 3.97%) per annum.

- (a) 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4.25厘（二零一七年：3.97厘）。

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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 (CONTINUED)

Borrowings are financial liabilities categorised under “financial liabilities measured at amortised cost”. The fair values of the borrowings approximate their carrying amounts.

Interest expense on bank borrowings for the year ended 31 March 2018 amounted to approximately RMB3,762,000 (2017: RMB2,473,000). No interest expense (2017: nil) was capitalised during the year.

20. 貸款 (續)

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。

截至二零一八年三月三十一日止年度的銀行貸款利息開支約為人民幣3,762,000元(二零一七年：人民幣2,473,000元)，於年內並無(二零一七年：無)利息費用資本化。

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	
	Note 附註	2018 二零一八年	2017 二零一七年
Trade payables	(a)	348,522	288,422
Dividends payable		-	2,251
Wages payable		46,797	49,619
Other taxes payable		90,452	84,345
Accruals for expenses		23,435	23,860
Advances from customers		25,590	23,773
Payable for licence fee		27,744	30,481
Other payables		120,735	75,574
		683,275	578,325

Except for other taxes payable of RMB90,452,000 (2017: RMB84,345,000), wages payable of RMB46,797,000 (2017: RMB49,619,000) and advances from customers of RMB25,590,000 (2017: RMB23,773,000), 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90,452,000元(二零一七年：人民幣84,345,000元)，應付工資人民幣46,797,000元(二零一七年：人民幣49,619,000元)及客戶預付款人民幣25,590,000元(二零一七年：人民幣23,773,000元)外，貿易及其他應付款項乃金融負債被分類為「按攤銷成本計量的金融負債」。貿易及其他應付款項的公允價值與其賬面值相若。

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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)

21. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) As at 31 March 2018 and 2017, 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	
		2018 二零一八年	2017 二零一七年
0 – 90 days	0至90日	312,436	231,307
91 – 180 days	91至180日	23,887	33,747
181 – 360 days	181至360日	2,067	2,425
Over 360 days	360日以上	10,132	20,943
		348,522	288,422

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	
		2018 二零一八年	2017 二零一七年
RMB	人民幣	290,590	250,936
USD	美元	46,927	26,700
HKD	港幣	4,131	4,663
EUR and other	歐元及其他	6,874	6,123
		348,522	288,422

21. 貿易及其他應付款項 (續)

- (a) 於二零一八年及二零一七年三月三十一日，貿易應付款項（包括關聯人士的貿易應付款項）根據發票日期的賬齡分析如下：

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
0 – 90 days	0至90日	312,436	231,307
91 – 180 days	91至180日	23,887	33,747
181 – 360 days	181至360日	2,067	2,425
Over 360 days	360日以上	10,132	20,943
		348,522	288,422

本集團的貿易應付款（包括關聯人士的貿易應付款項）的賬面值以下列貨幣為單位：

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
RMB	人民幣	290,590	250,936
USD	美元	46,927	26,700
HKD	港幣	4,131	4,663
EUR and other	歐元及其他	6,874	6,123
		348,522	288,422

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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	
		2018	2017
		二零一八年	二零一七年
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的公允價值變動	–	33,190
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產之收益	3,987	5,305
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	183,486	159,169
Foreign exchange gain/(loss) – net	匯兌收益／(虧損) – 淨額	2,623	(5,365)
Gain on disposal of a subsidiary	出售附屬公司之收益	454	–
Others	其他	3,912	2,317
		194,462	239,526

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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

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	2018 二零一八年	2017 二零一七年
Depreciation	折舊	6	109,903	113,352
Provision for impairment of property, plant and equipment	固定資產減值撥備	6	–	2,768
Amortisation	攤銷	7,8	71,160	78,071
Provision for impairment of goodwill	商譽減值撥備	8	61,056	22,710
Provision for impairment of inventories	存貨減值撥備	13	1,261	7,014
Provision for impairment of trade and other receivables	貿易及其他應收款之減值撥備	14	21,947	6,514
Provision for impairment of other non-current assets	其他非流動資產減值撥備		36,000	–
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動		3,117	225,203
Raw materials and consumables used	已用原材料及消耗品		921,469	682,729
Lease rentals	租金		41,851	47,800
Auditor's remuneration	核數師酬金		8,850	10,880
Consulting service fee	顧問服務費		44,798	40,168
Travelling expenses	差旅開支		50,945	87,275
Employee benefit expenses	僱員及福利開支	24	332,455	345,938
Research and development expenses	研究及發展開支	(a)	277,508	241,787
Delivery expenses	運輸開支		40,219	39,603
Utilities expenses	公共設施開支		67,306	67,902
Motor vehicle expenses	汽車費用開支		10,640	16,118
Maintenance expenses	維修費		21,403	23,706
Advertising and promotion expenses	廣告及宣傳費		80,592	111,164
Office administrative and communication expenses	辦公及通訊費		20,319	19,300
Other surcharges	其他附加稅費		58,909	59,047
Others	其他		123,138	133,849
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		2,404,846	2,382,898

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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:

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：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2018 二零一八年	2017 二零一七年
Depreciation	折舊	6	22,709	22,262
Amortisation	攤銷	7,8	3,055	2,495
Employee benefit expenses	僱員及福利開支	24	90,206	90,111

No development cost has been capitalised for the year ended 31 March 2018 (2017: Nil).

在截至二零一八年三月三十一日止年度內並無任何發展成本已資本化(二零一七年：無)。

24. EMPLOYMENT BENEFIT EXPENSES**24. 僱員福利開支**

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2018 二零一八年	2017 二零一七年
Wages, salaries and bonus	工資、薪酬及花紅		361,249	366,543
Defined contribution plans and other employee insurances	定額供款計劃及其他員工保險	(a)	35,330	37,210
Other benefits	其他福利		26,082	32,296
			422,661	436,049

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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 HKD1,500 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 HKD1,500 (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有者獨立分開。

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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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 (2017: 2) directors whose emoluments are reflected in Note 36(a). The emoluments paid and payable to the remaining 3 (2017: 3) 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(二零一七年：兩位)為董事，而彼等之酬金詳情已載於附註36(a)。本年度支付予其餘三位人士(二零一七年：三位)之酬金如下：

		Year ended 31 March 截至三月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Basic salaries and allowances	基本薪金及津貼	19,556	20,548
Contributions to the retirement scheme	退休福利計劃供款	120	123
		19,676	20,671

The emoluments fell within the following bands:

彼等之酬金在以下範圍：

		Number of employees 僱員人數	
		2018 二零一八年	2017 二零一七年
Emolument bands	酬金範圍		
HKD5,500,001– HKD6,000,000	港幣5,500,001元–港幣6,000,000元	1	–
HKD6,000,001– HKD6,500,000	港幣6,000,001元–港幣6,500,000元	–	1
HKD7,000,001– HKD7,500,000	港幣7,000,001元–港幣7,500,000元	1	–
HKD7,500,001– HKD8,000,000	港幣7,500,001元–港幣8,000,000元	–	1
HKD10,000,001– HKD10,500,000	港幣10,000,001元–港幣10,500,000元	1	1

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(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	
		2018 二零一八年	2017 二零一七年
Finance income:	財務收入：		
– Interest income on bank deposits	利息收入－銀行存款	122,757	57,140
Finance costs:	融資成本：		
– Interest expense on bank borrowings and others	利息費用－銀行貸款及其他	(23,424)	(4,793)
Finance income – net	財務收入－淨額	99,333	52,347

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		2018 二零一八年	2017 二零一七年
Current income tax	即期稅項		
– Hong Kong profits tax	– 香港所得稅	11,236	10,381
– PRC corporate income tax	– 中國企業所得稅	326,454	283,611
– Germany company income tax	– 德國企業所得稅	99	106
– Botswana company income tax	– 博茨瓦納企業所得稅	1,057	1,018
Deferred income tax	遞延所得稅	10,841	(543)
		349,687	294,573

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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% (二零一七年：16.5%) 撥備。

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

(b) 中國企業所得稅撥備按本集團在中國大陸企業於本年度的盈利以其適用的稅率而定。

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(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)

- | | |
|---|---|
| <p>(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:</p> <p>(i) The Corporate Income Tax Law of the PRC stipulates the applicable income tax rate at 25% for domestic enterprises in the PRC.</p> <p>(ii) Encouraged enterprises of western regions can continue to enjoy tax rate of 15% until 2022.</p> <p>(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.</p> <p>(c) Germany company income tax has been provided at the rate of 15% (2017: 15%) on the estimated assessable profit for the year.</p> <p>(d) Botswana company income tax has been provided at the rate of 15% (2017: 15%) on the estimated assessable profit for the year.</p> <p>(e) The subsidiary in U.S. is a limited partnership and not chargeable for income tax at the 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.</p> <p>(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.</p> | <p>(b) 本集團於中國大陸註冊之主要企業的所得稅適用稅率來自不同的政策如下：</p> <p>(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%。</p> <p>(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。</p> <p>(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。</p> <p>(c) 德國企業所得稅按本年度估計應課稅盈利以稅率15% (二零一七年：15%) 撥備。</p> <p>(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% (二零一七年：15%) 撥備。</p> <p>(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。</p> <p>(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。</p> |
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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)

26. 所得稅 (續)

- (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:

- (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	
		2018	2017
		二零一八年	二零一七年
Profit before income tax	除稅前盈利	1,745,807	1,409,112
Less: Share of profit of associates	減：應佔聯營公司之盈利	(8,232)	(17,243)
		1,737,575	1,391,869
Tax calculated at statutory tax rate	按適用稅率計算的稅項	500,887	393,559
Tax incentives	稅收優惠影響	(214,362)	(164,088)
Super deduction for research and development expenditure	研發費用加計扣除的影響	(9,390)	(6,361)
Utilisation of previously unrecognised tax losses	動用之前未確認的稅務虧損	(6,505)	(1,078)
Expenses not deductible for tax purposes	不可扣稅開支之稅務影響	18,989	46,221
Income not subject to tax	無須課稅收入的影響	-	(22,668)
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	27,531	22,902
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	32,537	26,086
Income tax expense	所得稅	349,687	294,573

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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)

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 RMB114,480,000 (2017: RMB91,755,000) as at 31 March 2018 in respect of tax losses of such dormant subsidiaries amounting to RMB541,388,000 (2017: RMB439,259,000). 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541,388,000元（二零一七年：人民幣439,259,000元）的遞延所得稅資產約人民幣114,480,000元（二零一七年：人民幣91,755,000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	
		2018 二零一八年	2017 二零一七年
Expired on 31 March 2018	二零一八年三月三十一日到期	-	14,709
Expired on 31 March 2019	二零一九年三月三十一日到期	14,866	20,295
Expired on 31 March 2020	二零二零年三月三十一日到期	31,753	41,939
Expired on 31 March 2021	二零二一年三月三十一日到期	92,687	99,125
Expired on 31 March 2022	二零二二年三月三十一日到期	35,762	41,790
Expired on 31 March 2023	二零二三年三月三十一日到期	76,372	-
No expiring date	沒有到期日	289,948	221,401
		541,388	439,259

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	
		2018 二零一八年	2017 二零一七年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	1,263,797	1,065,424
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數 (千計)	3,107,963	3,107,091
Basic earnings per share (RMB cents per share)	每股基本盈利 (每股人民幣分)	40.66	34.29

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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)

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 2018, the share options granted by the Company have no potential dilutive effect on the basic earnings per share.

(b) 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被轉換後，根據已發行普通股的加權平均股數計算。在截至二零一八年三月三十一日止年度，本公司授出之購股權對每股基本盈利沒有攤薄效應。

		Year ended 31 March 截至三月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	1,263,797	1,065,424
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數(千計)	3,107,963	3,107,091
Adjustments for: share options and share award ('000)	調整：購股權及股份獎勵(千計)	-	290
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數(千計)	3,107,963	3,107,381
Diluted earnings per share (RMB cents per share)	每股攤薄盈利(每股人民幣分)	40.66	34.29

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)

28. DIVIDENDS**28. 股息**

		Year ended 31 March 截至三月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Paid interim dividend of HK10.30 cents (2017: nil) per share	已付中期股息每股港幣10.30仙 (二零一七年：無)	270,746	-
Paid special dividend of HK5.70 cents (2017: nil) per share	已付特別股息每股港幣5.70仙 (二零一七年：無)	149,832	-
		420,578	-
Proposed final dividend of HK15.00 cents (2017: HK22.00 cents) per share	擬派期末股息每股港幣15.00仙 (二零一七年：港幣22.00仙)	373,538	576,800
		794,116	576,800

On 20 June 2018, the Board proposed a final dividend of HK15.00 cents (2017: HK22.00 cents) per share, totalling approximately RMB373,538,000 (2017: RMB576,800,000) for the year ended 31 March 2018. The proposed dividend in respect of the year ended 31 March 2018 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.

於二零一八年六月二十日，董事會建議派發截至二零一八年三月三十一日止年度的期末股息每股港幣15.00仙（二零一七年：每股港幣22.00仙），共約人民幣373,538,000元（二零一七年：人民幣576,800,000元）。截至二零一八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。

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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)

29. BUSINESS COMBINATIONS

In August 2017, Yancheng Huading Technology Co., LTD, a non-wholly owned subsidiary of the Company, entered into an agreement with three independent third parties to acquire 95% equity interest in Jiangxi Xianghai, a company incorporated in the PRC, for a cash consideration of RMB25,208,000.

Jiangxi Xianghai is principally engaged in the production and sales of synthetic perfume. It is expected that sales revenue of the Group will increase, product variety will be expanded and the market position of the Group in this industry will be strengthened through merger and acquisition.

Jiangxi Xianghai had become a non-wholly owned subsidiary of the Group in September 2017. The goodwill of RMB13,505,000 arising from the acquisition is attributable to the synergy expected from combining the operations of the Group and Jiangxi Xianghai. None of the goodwill recognised is expected to be deductible for income tax purposes.

Details of net assets acquired and goodwill are as follows:

29. 業務合併

於二零一七年八月，本公司之非全資附屬公司，鹽城華鼎科技有限公司與三名獨立第三方簽署協議，以現金代價人民幣25,208,000元收購一家於中國成立的公司，江西香海的95%權益。

江西香海主要從事合成香料的生產及銷售。通過收購，本集團預期可增加營業額，擴大產品品種，並加強其在市場上之地位。

江西香海已於二零一七年九月成為本集團的非全資附屬公司。收購產生的商譽人民幣13,505,000元來自購入的人力資源以及整合經營後預期產生的協同效應和經營效益。確認的商譽預期不可扣除所得稅。

收購產生之淨資產及商譽詳情如下：

		Amount
		金額
Consideration – cash paid	收購代價－現金支付	22,422
– other payable	– 其他應付款	2,786
Less: fair value of identifiable net assets acquired	減：收購可辨認淨資產之公允價值	
– shown below	– 詳列下文	(11,703)
Goodwill (Note 8)	商譽 (附註8)	13,505

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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)

29. BUSINESS COMBINATIONS (CONTINUED)**29. 業務合併 (續)**

The fair value of assets and liabilities as at the respective acquisition dates arising from the acquisitions are as follows:

於收購日，因收購而產生之資產及負債的公允價值如下：

		Amount
		金額
Net assets acquired	收購之資產淨值	
Property, plant and equipment	機器及設備	16,014
Intangible assets	無形資產	653
Inventories	存貨	89
Trade and other receivable	貿易及其他應收款項	12,932
Cash and cash equivalents	現金及現金等價物	76
Trade and other payables	貿易及其他應付款項	(16,665)
Deferred income tax liabilities	遞延所得稅負債	(780)
<hr/>		
Total identifiable net assets	收購之資產淨值	12,319
<hr/>		
Less: non-controlling interest	減：非控制性權益	(616)
<hr/>		
Fair value of identifiable net assets acquired	收購之資產公允價值	11,703
<hr/>		
Outflow of cash to acquire business, (net of cash acquired)	收購業務之現金流出 (扣除收購之淨現金)	
Consideration – cash paid	以現金支付收購代價	22,422
Cash and cash equivalents in subsidiaries acquired	收購附屬公司內的現金及現金等價物	(76)
<hr/>		
Net cash outflow on acquisition	收購的淨現金流出	22,346

Non-controlling interests in Jiangxi Xianghai are measured at the present ownership interests' proportionate share in the recognised amounts of Jiangxi Xianghai's identifiable net assets.

江西香海的非控制權益乃按其擁有人的現有股權比例根據江西香海之可供辨識淨資產計算。

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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)

30. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Issue of new shares to non-controlling interests of Huabao Flavours

On 1 March 2018, Huabao Flavours independently listed on ChiNext of Shenzhen Stock Exchange. Huabao Flavours issued 61,590,000 new shares (accounting for 10% of all presently issued shares) at the price of RMB38.6 per share, amounting to RMB2,377,374,000 (the net value is RMB2,311,842,000 after deducting cost of issuance). After the listing of Huabao Flavours, the Group's interest (through its subsidiaries) in Huabao Flavours decreased from 90.21% to 81.103%.

The effect of changes in ownership interest in Huabao Flavours on the equity attributable to owners of the Company during the year is summarised as follows:

30. 附屬公司所有者權益的變動（不改變控制權）

華寶股份發行新股予非控制性權益

於二零一八年三月一日，華寶股份於中國深圳證券交易所創業板作獨立上市。華寶股份發行61,590,000股新股（佔擴大後全部已發行股份約10%），每股為人民幣38.6元，共計為人民幣2,377,374,000元，扣除發售成本後，發售籌措之所得款項淨額為人民幣2,311,842,000元。華寶股份上市後，本公司（透過其附屬公司）於華寶股份所持權益由90.21%減少至約81.103%。

年內就華寶股份所有者權益的變動對本公司權益持有人應佔權益的影響概要如下：

		Amount 金額
Consideration received from non-controlling interests	從非控制性權益收到的對價	2,311,842
Net assets attributable to non-controlling interests	歸屬非控制性權益淨資產值	(965,981)
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	1,345,861

The Group recognised an increase in non-controlling interests of RMB965,981,000.

集團確認非控制性權益增加人民幣965,981,000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)

31. CASH GENERATED FROM OPERATIONS**31. 經營活動產生的現金****(a) Reconciliation of profit before tax to cash generated from operations****(a) 除稅前盈利與經營業務所得現金淨額調節表**

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2018 二零一八年	2017 二零一七年
Profit before income tax	除稅前盈利		1,745,807	1,409,112
Adjustments for:	調整：			
– Depreciation	– 折舊	6	132,612	135,614
– Provision for impairment of property, plant and equipment	– 固定資產減值撥備	6	–	2,768
– Amortisation	– 攤銷	7,8	74,215	80,566
– Provision for impairment of goodwill	– 商譽減值撥備	8	61,056	22,710
– Provision for impairment of inventories	– 存貨減值撥備	13	1,261	7,014
– Provision for impairment of trade and other receivables	– 貿易及其他應收款項減值撥備	14	21,947	6,514
– Provision for impairment of other non-current assets	– 其他非流動資產減值撥備		36,000	–
– Interest expense	– 利息費用	25	23,424	4,793
– Interest income	– 利息收入	25	(122,757)	(57,140)
– Share-based payment	– 股份為基礎的支付		–	1,000
– Share of profit of associates	– 應佔聯營公司之盈利	9	(8,232)	(17,243)
– (Gain)/Loss on disposal of property, plant and equipment	– 出售物業、機器及設備(收益)/虧損		(1,948)	3,450
– Gain on disposal of available-for-sale assets	– 出售可供出售金融資產之收益	22	(3,987)	(5,305)
– Gain on disposal of a subsidiary	– 出售附屬公司之投資收益		(454)	–
– Investment income of available-for-sale assets	– 可供出售金融資產之投資收益		–	(105)
– 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	–	(44,910)
– 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		–	190,938
– Foreign exchange (gain)/loss – net	– 匯兌(收益)/虧損–淨額	22	(2,623)	5,365
Changes in working capital:	營運資金變動：			
– Inventories	– 存貨		(73,687)	(5,553)
– Trade and other receivables	– 貿易及其他應收款項		(64,398)	(208,840)
– Trade and other payables	– 貿易及其他應付款項		32,066	(13,341)
Net cash generated from operations	經營業務所得現金淨額		1,850,302	1,517,407

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(除另有指明者外，所有金額均以人民幣千元列示)

31. CASH GENERATED FROM OPERATIONS (CONTINUED)

31. 經營活動產生的現金 (續)

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

(b) 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		
		Note 附註	2018 二零一八年	2017 二零一七年
Net book amount	賬面淨值	6	5,864	4,776
Gain/(loss) on disposal of property, plant and equipment	出售物業、機器及設備收益／(虧損)		1,948	(3,450)
Currency translation differences	貨幣換算差額		(73)	(897)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備的所得款		7,739	429

(c) Reconciliation of liabilities arising from financing activities

(c) 融資負債對賬表

This section sets out an analysis of the movements in liabilities from financing activities:

本節載列融資負債變動之分析：

		Year ended 31 March 2018 截至二零一八年 三月三十一日 止年度
Borrowings – repayable within one year	貸款 – 一年內償還	210,000
Liabilities from financing activities	融資負債	210,000
Borrowings – fixed interest rates	貸款 – 固定利率	190,000
Borrowings – variable interest rates	貸款 – 浮動利率	20,000
Liabilities from financing activities	融資負債	210,000

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(除另有指明者外，所有金額均以人民幣千元列示)

31. CASH GENERATED FROM OPERATIONS (CONTINUED)

31. 經營活動產生的現金 (續)

(c) Reconciliation of liabilities arising from financing activities (Continued)

(c) 融資負債對賬表 (續)

		Liabilities from financing activities Borrowings due within 1 year 融資負債 一年內到期的借款
Liabilities from financing activities as at 1 April 2017	於二零一七年四月一日之 融資負債	75,500
Proceeds from borrowings	借貸所得款	210,000
Repayments of borrowings	償還貸款	(75,500)
<hr/>		
Liabilities from financing activities as at 31 March 2018	於二零一八年三月三十一日之 融資負債	210,000

32. COMMITMENTS

32. 承擔

(a) Capital commitments

(a) 資本承擔

Capital expenditure contracted for but not yet incurred at the end of the year are as follows:

於結算日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	
		2018 二零一八年	2017 二零一七年
Property, plant and equipment	物業、機器及設備	83,358	14,733
Investment in associates	於聯營公司之投資	43,420	43,420
Available-for-sale financial assets	可供出售金融資產	133,099	91,176
<hr/>		259,877	149,329

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(除另有指明者外，所有金額均以人民幣千元列示)

32. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

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

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
Land and buildings:	土地及樓宇：		
Not later than 1 year	不超過1年	31,556	34,047
Later than 1 year and not later than 5 years	超過1年但不超過5年	66,944	73,864
Later than 5 years	超過5年	30,385	43,781
		128,885	151,692

32. 承擔（續）

(b) 營運租賃承擔

於結算日根據不可撤銷營運租賃，未來最低租賃付款總額如下：

33. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name
名稱

Huangguoshu Golden Leaf

黃果樹金葉

33. 關聯人士交易

(a) 關聯人士名稱與關係

Relationship
關係

An associate indirectly held by the Company

本公司間接持有的聯營公司

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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)

33. RELATED PARTY TRANSACTIONS (CONTINUED)**33. 關聯人士交易 (續)****(b) Key management compensation**

Key management includes directors (executive, non-executive and independent non-executive) and senior management. The amounts of compensation paid and payable to directors is disclosed in Note 36(a). The amounts of compensation paid and payable to senior management for employee services is shown below:

(b) 主要管理人員酬金

主要管理人員包括董事(執行董事、非執行董事與獨立非執行董事)和高級管理人員。應付及已付予董事的酬金已在附註36(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	
		2018 二零一八年	2017 二零一七年
Fees, salaries and bonus	工資、薪酬及花紅	18,220	19,098
Employer's contributions to retirement benefit scheme	僱主就退休計劃供款	373	362
		18,593	19,460

(c) Balances with related parties**(c) 關聯人士結餘**

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
Balances due from related parties:	應收關聯人士結餘：		
– Huangguoshu Golden Leaf	– 黃果樹金葉		
– trade and other receivables	– 貿易及其他應收款	4,504	24

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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)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

34. 主要附屬公司之詳情

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/ registered capital 已發行普通股／註冊資本面值	Effective interest 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
Aromascape Development Centre GmbH ^{FC1, ADI}	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 ^{ZH1, YX1, YX2}	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 ^{XQ1, SJ1, YX1, ZH2, ZH1}	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 ^{X1}	PRC, Limited liability company 中國，有限責任公司	RMB10,000,000 人民幣10,000,000元	100	Research, development, manufacturing & sales of flavours & fragrances in the PRC 研發、生產及銷售香精，中國
Guangzhou Hua Fang Tobacco Flavors Ltd. 廣州華芳煙用香精有限公司 ^{C1, FC1}	PRC, Limited liability company 中國，有限責任公司	RMB23,380,000 人民幣23,380,000元	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 ^{C1, FC1}	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

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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)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED) 34. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股/註冊資本面值	Effective interest 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
Huabao Flavours & Fragrances Co., Ltd 華寶香精股份有限公司 ^{ZH1, S11, FC1, C1, YX1, X1, X2}	PRC, Joint stock limited company 中國·股份有限公司	RMB615,880,000 人民幣615,880,000元	81.103	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 ^{XQ1, S11, S12}	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
Huabao Qianqi Leasing (Shenzhen) Co., Ltd. 華寶千祺租賃(深圳)有限公司 ^{X1, XQ1, XQ2}	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 (Guangzhou) Co., Ltd. 澳華達香精(廣州)有限公司 ^{S11}	PRC, Limited liability company 中國·有限責任公司	HKD60,000,000 港幣60,000,000元	100	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精產品·中國
Shanghai Danhua Science and Technology Co., Ltd. 上海丹華香化科技有限公司 ^{S11}	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 Flavors & Fragrances Co., Ltd. 上海華寶孔雀香精有限公司 ^{YX1, YX2, X1, CC1}	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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(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. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED) 34. 主要附屬公司之詳情(續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Effective interest 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
Shanghai Huabao Biological Technology Co., Ltd. 上海華寶生物科技 有限公司 ^{ZH1, ZH2, X1}	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
Standpoint Electronic Technology Development (Shanghai) Co., Ltd. 立場電子科技發展(上海) 有限公司 ^{L1, L2, DX1}	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, and business management services 研發及銷售電子產品、日用品、及企業管理諮詢
Wuxi Huahai Flavors & Fragrances Co., Ltd. 無錫華海香精有限公司 ^{YX1}	PRC, Limited liability company 中國·有限責任公司	USD650,000 美元650,000	100	Production and sale of 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 ^{YX1, YX2, XQ1}	PRC, Joint stock limited company 中國·股份有限公司	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 ^{CC1, DX1}	PRC, Limited liability company 中國·股份有限公司	RMB15,000,000 人民幣15,000,000元	87	Production and sale of food flavours and fragrances in the PRC 生產及銷售食用香精·中國
Yancheng City Chunzhu Aroma Co., Ltd. 鹽城市春竹香料有限公司 ^{X1}	PRC, Limited liability company 中國·有限責任公司	RMB6,000,000 人民幣6,000,000元	100	Production and sales of aroma raw materials in the PRC 生產及銷售香原料·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)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED) 34. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股/註冊資本面值	Effective interest 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
Yingtian Huabao Flavors & Fragrances Co., Ltd. 鷹潭華寶香精有限公司 ^{FC1, FC2, ZH1}	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 flavours & fragrances in the PRC 生產及銷售香精·中國
Yongzhou Shanxiang 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	94.14	Production and sale of aroma raw materials in the PRC 生產及銷售香原料·中國
Yunnan Tianhong Flavors Co., Ltd. 雲南天宏香精有限公司 ^{C1, S11, SJ2}	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 flavours & fragrances in the PRC 生產及銷售煙用香精·中國
VMR Products, LLC, ^{L1, DX1}	USA, Limited partnership 美國·有限責任合夥企業	–	61.3	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) 廣東省肇慶香料廠有限公司 ^{ZH1}	PRC, Limited liability company 中國·有限責任公司	RMB11,000,000 人民幣11,000,000元	100	Manufacturing & sales of aroma raw materials in the PRC 生產及銷售香原料·中國
Jiangxi Xianghai Biological Technology Co., Ltd. 江西省香海生物科技有限公司	PRC, Limited liability company 中國·有限責任公司	RMB10,010,000 人民幣10,010,000元	95	Produce, research and sale of synthetic perfume in the PRC 生產及銷售合成香料·中國

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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)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

34. 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 2018 is RMB125,094,000 (2017: RMB46,623,000), of which RMB145,937,000 (2017: RMB71,836,000) is from Huabao Flavours and its subsidiaries ("Huabao Flavours Group") and loss of RMB34,306,000 (2017: 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 :

Summarised balance sheet of Huabao Flavours Group

(a) 重大非控制性權益

截至二零一八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125,094,000元(二零一七年：人民幣46,623,000元)，其中人民幣145,937,000元(二零一七年：人民幣71,836,000元)來自華寶股份及其附屬公司(「華寶股份集團」)及人民幣34,306,000元(二零一七年：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：

華寶股份集團之資產負債表概要

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
Current	流動		
Assets	資產	7,064,301	3,888,613
Liabilities	負債	(396,065)	(384,088)
Total current net assets	淨流動資產總額	6,668,236	3,504,525
Non-current	非流動		
Assets	資產	1,639,947	1,692,265
Liabilities	負債	(5,630)	(8,935)
Total non-current net assets	淨非流動資產總額	1,634,317	1,683,330
Net assets	資產淨額	8,302,553	5,187,855

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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)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

34. 主要附屬公司之詳情 (續)

(a) Material non-controlling interests (Continued) Summarised balance sheet of VMR

(a) 重大非控制性權益 (續) VMR之資產負債表概要

		As at 31 March 於三月三十一日	
		2018 二零一八年	2017 二零一七年
Current	流動		
Assets	資產	50,381	66,601
Liabilities	負債	(117,237)	(83,535)
Total current net assets		(66,856)	(16,934)
Non-current	非流動		
Assets	資產	9,777	9,653
Liabilities	負債	(31,111)	(23,068)
Total non-current net assets		(21,334)	(13,415)
Net assets	資產淨額	(88,190)	(30,349)

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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)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

34. 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 of Huabao Flavours Group

華寶股份集團之收益表及全面收益表概要

		Year ended at 31 March 截至三月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Sales	營業額	2,233,830	2,314,006
Profit before income tax	除稅前盈利	1,397,853	1,333,802
Income tax expense	所得稅費用	(201,089)	(219,633)
Profit for the year	本年度盈利	1,196,764	1,114,169
Other comprehensive income	其他全面收益	(28,490)	24,489
Total comprehensive income	全面收益總額	1,168,274	1,138,658
Total comprehensive income allocated to non-controlling interests	分配予非控制性權益的全面收益總額	145,937	71,836
Dividends paid to non-controlling interests	向非控制性權益派付之股利	20,954	186,886

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(除另有指明者外，所有金額均以人民幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

34. 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 of VMR

VMR之收益表及全面收益表概要

		Year ended at 31 March 截至三月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Sales	營業額	220,510	260,603
Loss before income tax	除稅前虧損	(89,267)	(99,728)
Income tax expense	所得稅費用	-	-
Loss for the year	本年度虧損	(89,267)	(99,728)
Other comprehensive income/(loss)	其他全面收益/(虧損)	204	(64)
Total comprehensive loss	全面虧損總額	(89,063)	(99,792)
Total comprehensive loss allocated to non-controlling interests	分配予非控制性權益的全面虧損總額	(34,306)	(33,011)
Dividends paid to non-controlling interests	向非控制性權益派付之股利	-	-

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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)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(CONTINUED)

34. 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 of Huabao Flavours Group

華寶股份集團之現金流量概要

		Year ended at 31 March 截至三月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Cash flows from operating activities	經營活動之現金流量		
Cash generated from operations	營運產生之現金	1,475,741	1,386,971
Income tax paid	已付所得稅	(204,606)	(186,197)
Net cash generated from operating activities	營運活動產生之現金淨額	1,271,135	1,200,774
Net cash generated from investing activities	投資活動產生之現金淨額	61,719	2,360,159
Net cash generated from/ (used in) financing activities	融資活動產生/(所用)之現金淨額	1,934,122	(3,012,719)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	3,266,976	548,214
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物	2,636,124	2,082,796
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	(13,608)	5,114
Cash and cash equivalents at 31 March	於三月三十一日之現金及現金等價物	5,889,492	2,636,124

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(除另有指明者外，所有金額均以人民幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

34. 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 of VMR

VMR之現金流量概要

		Year ended at 31 March 截至三月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Cash flows from operating activities	經營活動之現金流量		
Cash generated from/(used in) operations	營運產生/(所用)之現金	7,441	(58,754)
Income tax paid	已付所得稅	-	-
Net cash generated from/ (used in) operating activities	營運活動產生/(所用)之現金淨額	7,441	(58,754)
Net cash generated from/ (used in) investing activities	投資活動產生/(所用)之現金淨額	2	(6,311)
Net cash (used in)/generated from financing activities	融資活動(所用)/產生之現金淨額	(19,846)	58,175
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(12,403)	(6,890)
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物	19,134	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	-	-
Cash and cash equivalents at 31 March	於三月三十一日之現金及現金等價物	6,731	19,134

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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)

35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

35. 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	
		2018 二零一八年	2017 二零一七年
	Note 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	997,624	1,105,374
Current assets	流動資產		
Trade and other receivables	貿易及其他應收款項	86,277	96,646
Amounts due from subsidiaries	應收附屬公司款項	1,357,837	1,510,377
Cash and cash equivalents	現金及現金等價物	881,100	1,184,016
		2,325,214	2,791,039
Total assets	總資產	3,322,838	3,896,413
EQUITY	權益		
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備		
Share capital	股本	318,647	318,647
Reserves	儲備	352,170	688,398
Retained earnings	保留盈利	2,313,125	2,508,636
		2,983,942	3,515,681
Total equity	總權益	2,983,942	3,515,681
LIABILITIES	負債		
Current liabilities	流動負債		
Amounts due to subsidiaries	應付附屬公司款項	337,751	378,746
Trade and other payables	貿易及其他應付款項	1,145	1,986
		338,896	380,732
Total liabilities	總負債	338,896	380,732
Total equity and liabilities	總權益及負債	3,322,838	3,896,413

The balance sheet of the Company was approved by the Board of Directors on 20 June 2018 and was signed on its behalf.

本公司之資產負債表已於二零一八年六月二十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)

35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

35. 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	Other 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	其他儲備	貨幣換算儲備	總計
At 1 April 2016	於二零一六年四月一日	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	-	-	-	-	1,000	-	-	1,000
- Value of consultancy services	- 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	於二零一七年三月三十一日	296,853	429,861	2,411	4,749	39,120	-	(84,596)	688,398
At 1 April 2017	於二零一七年四月一日	296,853	429,861	2,411	4,749	39,120	-	(84,596)	688,398
Employee share option scheme	僱員購股權計劃	-	-	-	-	(39,120)	39,120	-	-
- Lapsed of share options	- 購股權失效	-	-	-	-	(39,120)	39,120	-	-
Currency translation differences	貨幣匯兌差異	-	-	-	-	-	-	(336,228)	(336,228)
At 31 March 2018	於二零一八年三月三十一日	296,853	429,861	2,411	4,749	-	39,120	(420,824)	352,170

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)

36. BENEFITS AND INTERESTS OF DIRECTORS

36. 董事的利益和權益

(a) Directors' and chief executive's emoluments

(a) 董事及行政總裁酬金

The remuneration of each director and chief executive of the Company for the year ended 31 March 2018 and 2017 are set out below:

本公司各董事及行政總裁於截至二零一八年及二零一七年三月三十一日止年度之酬金如下：

Name of directors	Note	2018 二零一八年				Total	2017 二零一七年				Total
		Fees	Salaries	Bonus	Employer's contribution to pension scheme		Fees	Salaries	Bonus	Employer's contribution to pension scheme	
董事姓名	附註	袍金	薪金	花紅	僱主就退休計劃供款	總計	袍金	薪金	花紅	僱主就退休計劃供款	總計
Executive directors: 執行董事:											
Ms. Chu Lam Yiu	(i)	8,731	-	-	-	8,731	8,913	-	-	-	8,913
Mr. Poon Chiu Kwok		-	2,054	-	507	2,561	-	2,276	-	338	2,614
Mr. Xia Li Qun		-	5,091	3,394	15	8,500	-	5,197	3,465	16	8,678
Mr. Lam Ka Yu		2,545	-	-	-	2,545	2,599	-	-	-	2,599
Mr. Xiong Qing	(ii)	-	1,951	-	15	1,966	-	80	-	-	80
Independent non-executive directors: 獨立非執行董事:											
Dr. Ding Ningning		204	-	-	-	204	208	-	-	-	208
Mr. Lee Luk Shiu		204	-	-	-	204	208	-	-	-	208
Ms. Ma Yun Yan		204	-	-	-	204	208	-	-	-	208
Mr. Wu Chi Keung		204	-	-	-	204	208	-	-	-	208
		12,092	9,096	3,394	537	25,119	12,344	7,553	3,465	354	23,716

(i) Ms. Chu Lam Yiu is also the chief executive officer of the Company.

(i) 朱林瑤女士兼任本公司的首席執行官。

(ii) Appointed as Executive Director on 17 March 2017.

(ii) 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 2018 and 2017.

截至二零一八年及二零一七年三月三十一日止年度，無董事放棄任何酬金。

During the year ended 31 March 2018 and 2017, no emoluments had been paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

截至二零一八年及二零一七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。

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)

36. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

36. 董事的利益和權益 (續)

(b) Directors' retirement benefit

During the year ended 31 March 2018 and 2017, 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

截至二零一八年及二零一七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 2018 and 2017, no payments to the directors of the Company as compensation for the early termination of the appointment.

(c) 董事離職福利

截至二零一八年及二零一七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 2018 and 2017, 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

截至二零一八年及二零一七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 2018 and 2017, 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

截至二零一八年及二零一七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 2018 and 2017, 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				2018
		截至三月三十一日止年度				二零一八年
		2014	2015	2016	2017	
		二零一四年	二零一五年	二零一六年	二零一七年	
Turnover	營業額	3,365,235	3,431,077	3,200,436	3,482,894	3,848,626
Gross Profit	毛利	2,381,016	2,399,198	2,203,988	2,270,823	2,586,529
Profit before income tax	除稅前盈利	1,919,704	1,892,390	1,493,331	1,409,112	1,745,807
Income tax expenses	所得稅	(333,854)	(310,122)	(297,686)	(294,573)	(349,687)
Profit for the year	本年度盈利	1,585,850	1,582,268	1,195,645	1,114,539	1,396,120

ASSETS AND LIABILITIES

資產及負債

		As at 31 March				2018
		於三月三十一日				二零一八年
		2014	2015	2016	2017	
		二零一四年	二零一五年	二零一六年	二零一七年	
Total assets	總資產	8,254,387	8,634,468	9,654,219	11,497,751	14,300,910
Total liabilities	總負債	(1,116,755)	(1,185,779)	(879,748)	(890,839)	(1,182,573)
Shareholders' fund	淨資產	7,137,632	7,448,689	8,774,471	10,606,912	13,118,337

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

		As at 31 March				
		於三月三十一日				
		2014	2015	2016	2017	2018
		二零一四年	二零一五年	二零一六年	二零一七年	二零一八年
Earnings per share, basic	每股盈利·基本					
(RMB cents)	(人民幣分)	50.64	50.77	38.04	34.29	40.66
Earnings per share, diluted	每股盈利·攤薄					
(RMB cents)	(人民幣分)	50.60	50.70	38.01	34.29	40.66
Aggregated dividend per share	每股全年累計股息					
(HK cents)	(港仙)	19.17	9.52	–	22.00	25.30
Aggregated special dividend	每股全年累計特別股息					
per share(HK cents)	(港仙)	9.88	22.20	–	–	5.70
Fiscal year-end share prices	財政年度結算日股價					
(HKD)	(港元)	3.56	5.77	2.92	4.54	5.20
EBIT ratio	EBIT率	56.1%	53.6%	44.5%	38.5%	42.6%
EBITDA ratio	EBITDA率	60.7%	58.2%	50.1%	44.7%	47.9%
ROE	ROE	24.8%	22.3%	15.0%	11.6%	12.0%

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	The People's Republic of China	中國或國內	中華人民共和國
Company or Huabao	Huabao International Holdings Limited	本公司或華寶	華寶國際控股有限公司
Dianhua Benxiang	Yunnan Dianhua Benxiang Technology Co. Ltd.	滇華本香	雲南滇華本香科技有限公司
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
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 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 Jinye Group	Guangdong Jinye and its subsidiaries and affiliated companies	廣東金葉集團	廣東金葉及其附屬公司及聯營公司
Guangdong Zhaoqing	Zhaoqing Perfumery Co., Ltd (Guangdong)	廣東肇慶	廣東省肇慶香料廠有限公司
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	聯交所	香港聯合交易所有限公司
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

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
Jiangxi Xianghai	Jiangxi Xianghai Biological Technology Co., Ltd	江西香海	江西香海生物科技有限公司
Jiangxi Xinhui	Jiangxi Huabao Xinhui Technology Company Limited	江西芯薈	江西雀華寶芯薈科技有限公司
Listing Rules	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange	上市規則	聯交所主板證券上市規則
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
Spin-off	the spin-off of the shares of Huabao Flavours for listing on the Shenzhen Stock Exchange	分拆	分拆華寶股份的股份於深圳證券交易所上市
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 Share Option Scheme and any other share option scheme(s) of the Company	計劃授權限額	與根據購股權計劃及任何其他本公司購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
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 HKD 0.10 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
Huabao Flavours	Huabao Flavours & Fragrances Co., Ltd., a joint stock limited company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company	華寶股份	華寶香精股份有限公司·於中國成立的股份有限公司·為本公司間接非全資附屬公司
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

Glossary

詞彙

USD	US dollars, the lawful currency of the United States of America	美元	美元·美國法定貨幣
VMR	VMR Products, LLC	VMR	VMR Products, LLC
Xiamen Amber	Xiamen Amber Daily Chemical Technology Co., Ltd.	廈門琥珀	廈門琥珀日化科技股份有限公司
Yancheng Chunzhu	Yancheng City Chunzhu Aroma Co., Ltd.	鹽城春竹	鹽城市春竹香料有限公司
Yongzhou Shanxiang	Yongzhou Shanxiang Flavour Co., Ltd.	永州山香	永州山香香料有限公司
Yunnan Tianhong	Yunnan Tianhong Flavour & Fragrance Co., Ltd.	雲南天宏	雲南天宏香精香料有限公司
Yunnan Tobacco New Materials	Yunnan Tobacco New Materials Technology Co. Ltd.	雲南中煙新材料	雲南中煙新材料科技有限公司



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