



Honworld Group Limited

老恒和釀造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號: 2226

老
恒
和

Interim Report 中期報告

2018

* For identification purposes only 僅供識別

**“LAO HENG HE”, A BRAND WITH A HISTORY OF MORE THAN 130 YEARS.
PANAMA-PACIFIC INTERNATIONAL EXPOSITION GOLD AWARD FOR
CONDIMENT PRODUCTS.**

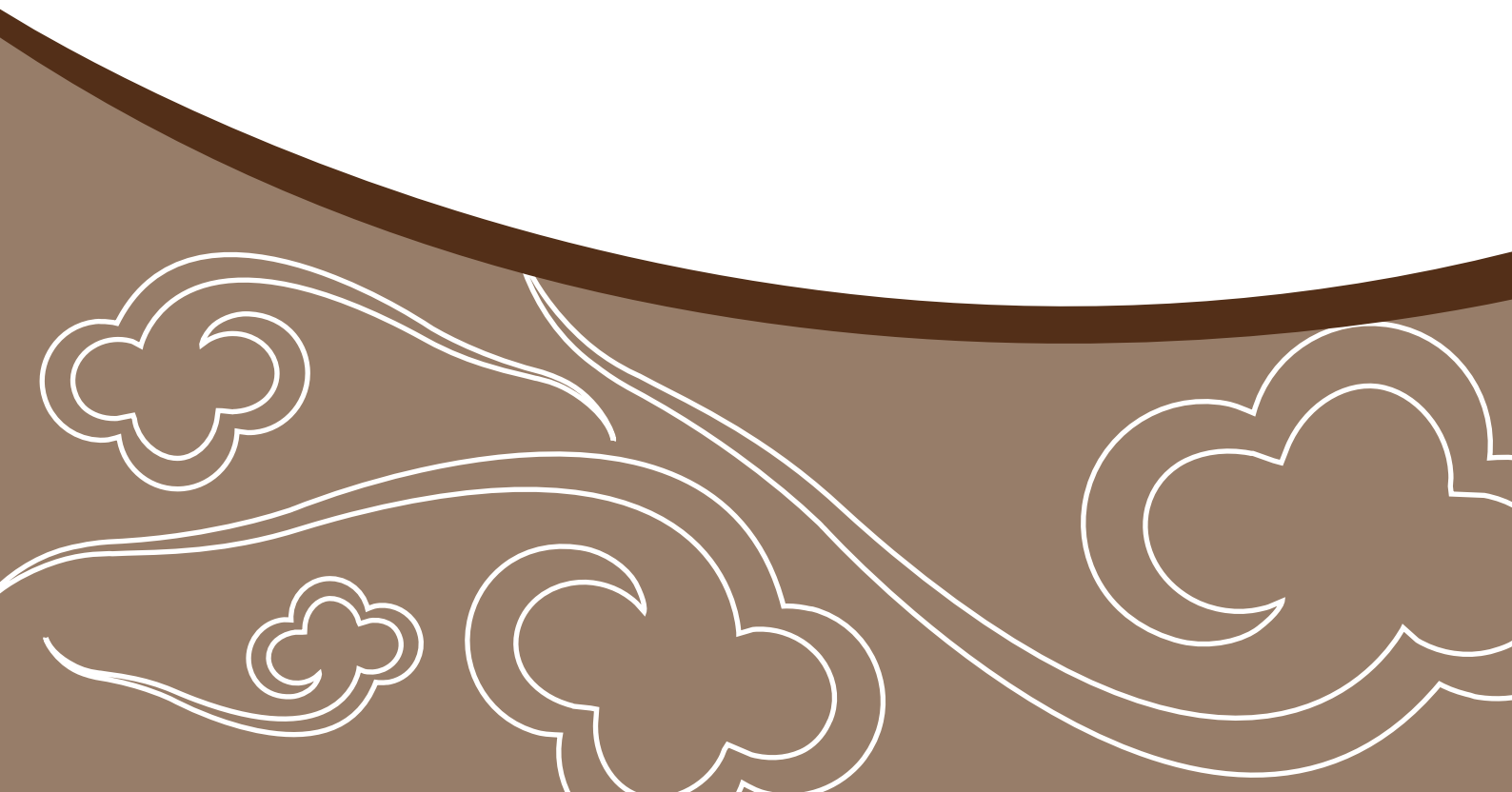
「老恒和」，源自傳承，品牌歷史超過130年
巴拿馬博覽會金獎產品



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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Qian Yinglan

Independent Non-executive Directors

Mr. Shen Zhenchang
Mr. Ng Wing Fai
Mr. Sun Jiong

COMPANY SECRETARY

Mr. Au Wai Keung

AUTHORISED REPRESENTATIVES

Mr. Chen Weizhong
Mr. Au Wai Keung

AUDIT COMMITTEE

Mr. Ng Wing Fai (*Chairman*)
Mr. Sun Jiong
Mr. Shen Zhenchang
Ms. Qian Yinglan

REMUNERATION COMMITTEE

Mr. Shen Zhenchang (*Chairman*)
Mr. Ng Wing Fai
Mr. Sun Jiong

NOMINATION COMMITTEE

Mr. Sun Jiong (*Chairman*)
Mr. Ng Wing Fai
Mr. Shen Zhenchang

董事會

執行董事

陳衛忠先生 (*主席及首席執行官*)
盛明健先生
王超先生

非執行董事

錢英嵐女士

獨立非執行董事

沈振昌先生
吳榮輝先生
孫頌先生

公司秘書

區偉強先生

授權代表

陳衛忠先生
區偉強先生

審核委員會

吳榮輝先生 (*主席*)
孫頌先生
沈振昌先生
錢英嵐女士

薪酬委員會

沈振昌先生 (*主席*)
吳榮輝先生
孫頌先生

提名委員會

孫頌先生 (*主席*)
吳榮輝先生
沈振昌先生

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

AUDITORS

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

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

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

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

核數師

安永會計師事務所
執業會計師
香港
中環
添美道1號
22樓

註冊辦事處

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

中華人民共和國(「中國」) 總部及主要營業地點

中國浙江省
湖州市吳興區
八里店鎮食品工業園
郵編：313000

香港主要營業地點

香港
上環
干諾道中152-155號
招商局大廈
6樓606-607室

主要往來銀行

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

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

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

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

中國銀行股份有限公司
湖州市分行
中國
浙江省湖州市
人民路208號

LEGAL ADVISER AS TO HONG KONG LAW

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

香港法律顧問

李偉斌律師行
香港中環
環球大廈22樓

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

主要股份過戶登記處

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

HONG KONG SHARE REGISTRAR

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

香港證券登記處

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

STOCK CODE

Stock code: 2226
Board lot: 500

股份代號

股份代號：2226
買賣單位：500

WEBSITE

<http://www.hzlaohenghe.com>

網址

<http://www.hzlaohenghe.com>

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

We are one of the leading manufacturers of condiment products in the People's Republic of China (the “PRC” or “China”). We offer high quality and healthy brewed cooking wine as well as other condiments, including naturally-brewed soy sauce, vinegar (white vinegar), soybean paste and fermented bean curd. In the first half of 2018, we attained the following achievements:

1. “Lao Heng He” was recognized as a well-known trademark in China by the Trademark Office of the State Administration for Industry and Commerce;
2. We signed the “Traditional Fermented Food Joint Research Center” (傳統發酵食品聯合研究中心) project agreement with the School of Biotechnology of Jiangnan University, aiming at conducting comprehensive cooperation with School of Biotechnology of Jiangnan University in research and development of our core brewing technology. Meanwhile, our technical innovation team was selected for the “Elite Project” in Nantaihu, Huzhou;
3. We hosted the “Hesong” 2018 China Condiment Industry First Cooking Wine (Taihu) Summit and released our new soy sauce product, “Brewed-twice Soy Sauce”;
4. We took the initiative to formulate two distinctive standards for the production of cooking wines, namely (i) “Made in Zhejiang Standard” with brewing as the core process; and (ii) brewing standard of the China Alcoholic Drinks Association. The aforesaid standards are conducive to the development of cooking wine industry standards and national standards which will enable our “naturally-produced” cooking wine products to stand out from other non-brewed products, in turn enhancing the market competitiveness of our products.

Affected by the downturn in the industry, the scale advantage of sales channels in supermarket became less prominent. In the first half of 2018, most of the Group's marketing resources continued to be placed in distribution channel as well as catering and e-commerce channels (the “New Sales Channels”). Therefore, sales from the New Sales Channels increased from RMB131.8 million in the first half of 2017 to RMB178.2 million in the first half of 2018, representing an increase of 35.2%. With the development of the New Sales Channels, the total number of our clients increased from 1,220 as at 31 December 2017 to 1,358 as at 30 June 2018, representing an increase of 11.3%. Among which, clients from the distribution channel increased from 1,089 as at 31 December 2017 to 1,255 as at 30 June 2018, representing an increase of 15.2%. Other New Sales Channels also recorded growth of various degrees.

業務回顧

我們是中華人民共和國(「中國」)的領先調味品生產商之一。我們供應優質、健康的釀造料酒以及其他調味品，包括原釀醬油、醋(白醋)、黃豆醬、腐乳等產品。於二零一八年上半年，我們取得如下成果：

1. 「老恒和」被國家工商行政管理總局商標局認定為中國馳名商標；
2. 我們與江南大學生物工程學院簽署「傳統發酵食品聯合研究中心」項目協議，成立院士工作站，旨在核心發酵技術研發方面進行全面合作。同時，我們的技術創新團隊入選湖州南太湖「精英計劃」；
3. 我們舉辦了「和頌」2018中國調味品行業首屆料酒(太湖)峰會，並發佈了我們的新醬油產品「雙曬醬油」；
4. 我們牽頭起草了料酒行業兩個以「釀造」為核心工藝的獨立標準：(i)《釀造料酒》「品字標浙江製造」團體標準；(ii)中國酒業協會釀造料酒標準。以上標準有利於推進料酒行業標準及國家標準的制定，提升消費者對我們「純天然」釀造料酒產品與其他非釀造料酒產品品質差異化的認知度，從而提升產品的市場競爭力。

受行業低迷的影響，商超渠道的銷售規模優勢已不明顯。於二零一八年上半年，本集團大部分的營銷資源仍繼續投放於流通渠道及餐飲、電商渠道(「新銷售渠道」)。因此，新銷售渠道的銷售額由二零一七年上半年的人民幣131.8百萬元上升至二零一八年上半年的人民幣178.2百萬元，增長35.2%。由於新銷售渠道的發展，我們客戶總數量從二零一七年十二月三十一日的1,220家增加至於二零一八年六月三十日的1,358家，增長幅度為11.3%。其中，流通渠道客戶從截至二零一七年十二月三十一日的1,089家增加至截至二零一八年六月三十日的1,255家，增長幅度為15.2%；其他新銷售渠道均有不同程度的增長。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

As a result of the above, as at 30 June 2018, the Group's revenue reached approximately RMB384.9 million (30 June 2017: RMB361.4 million), representing an increase of approximately 6.5% over the corresponding period in 2017. Profit attributable to the ordinary equity holders of the parent was approximately RMB92.2 million as at 30 June 2018 (30 June 2017: RMB82.8 million), representing an increase of approximately 11.4% over the corresponding period in 2017.

In the first half of 2018, cooking wine, our key product, remained a major source of revenue, representing 70% of the total revenue (corresponding period in 2017: 72%). We have a huge base wine stock and continuously made technological improvements to the production process to enhance the quality of our "naturally-brewed" cooking wine products. We believe that the future development of industry standards for "naturally-brewed" cooking wine products will further strengthen our leading position in the industry and contribute to a growing market demand for "naturally-brewed" cooking wine products.

On the other hand, in view of the growing demand from the clients of New Sales Channels and the anticipated sales growth of soy sauce, rice vinegar, fermented bean curd and other products, we continue to enhance our production capacity to diversify the portfolio of condiment products. Our new plant in Huzhou City, Zhejiang Province is near completion and will be put into operation in the second half of 2018. We believe that a diversified portfolio of condiment products can create synergies that facilitate the penetration of our products to different sales channels.

Our profitability mainly depends on product pricing and our cost of sales, marketing strategy and the product structure and mix. We are actively monitoring any potential risk factors that may have impact on our financial results, and trying to mitigate any increasing costs and expenses with more efficient operation, higher profit margins and better product mix and sales channels. The Group faces certain risks in its business development, including: (1) risk of significant increase in production cost, such as increase in the prices of subsidiary agricultural products, packaging cost or labour cost; (2) negative impact on our revenue due to declining customer flow in the sales channel; (3) the greater-than-expected increase in cost from market expansion and selling expenses; (4) the possible failure of our new products to obtain market recognition in the short run; and (5) increasing complexity of managing sales policies and credit terms due to rapid expansion of our distributors.

綜上原因，截至二零一八年六月三十日止，本集團收入約人民幣384.9百萬元(二零一七年六月三十日：人民幣361.4百萬元)，較二零一七年上升約6.5%。截至二零一八年六月三十日止，母公司普通股權益持有人應佔利潤約為人民幣92.2百萬元(二零一七年六月三十日：人民幣82.8百萬元)，較二零一七年同期增加約11.4%。

於二零一八年上半年，我們的主要產品料酒繼續成為我們的主要收入來源，佔總收入的70%(二零一七年同期：72%)。我們擁有龐大的基酒儲備並不斷對生產工藝進行技術改進來提升我們「純天然釀造」料酒產品的品質，我們相信未來「純天然釀造」料酒產品的行業標準的制定將會進一步鞏固我們的行業領先地位和提升「純天然釀造」料酒產品的市場需求。

另一方面，基於對現有不斷增長的新銷售渠道的客戶需求和隨之帶來的醬油、米醋、腐乳等產品的銷售增長預期，我們繼續不斷擴充產能來多元化我們的調味品產品結構。我們即將竣工位於浙江省湖州市內新車間的建設並計劃於二零一八年下半年投產。我們認為不同品類的調味品產品組合可以產生協同效應，可以讓我們的產品更容易地滲入不同的產品銷售渠道。

我們的盈利能力主要受產品訂價及我們的銷售成本、營銷策略及產品結構及組合所影響。我們正積極監控可能影響我們財務業績的任何潛在風險因素，並試圖憑藉更高效的營運及利潤率以更佳產品組合和銷售渠道緩和成本和費用的增加。本集團在業務發展過程中同樣面臨一定風險，包括：(1)生產成本大幅上漲的風險，如農副產品價格、包裝成本或勞工成本增加；(2)銷售渠道的客戶流量下降，對我們收入帶來的負面影響；(3)市場的拓展成本和銷售費用較本公司預期大幅上升；(4)我們的新產品短期內可能無法獲得市場認可；及(5)由於經銷商數量的快速增長，增加銷售政策及信貸期限管理的複雜性。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

GOALS AND STRATEGIES

In the second half of 2018, we will continue to follow the strategy of diversifying our channels, concentrating our marketing resources on market penetration of all sales channels. We will adhere to a consumer-oriented sales strategy and focus on providing consumers with safer and healthier naturally-brewed condiment products of premium quality, so as to achieve higher customer loyalty to our brand. With the gradual optimization of distribution channels, our marketing strategy will be shifted from market development to market penetration. We will have a deeper application of our current and future core product portfolio, establishing a regional sales center through allocation of the sharable resources to multiple channels, in order to fully explore and boost the demand for our products in the existing markets.

As for implementation of our sales strategy, we will further diversify our product portfolio and customise different product portfolio according to the consumption pattern of different regions for ongoing market penetration of New Sales Channels. On the other hand, we anticipate further growth in the Group's revenue through the synergy among diversified channels upon the establishment of New Sales Channels. More resources are expected to be allocated to sales channels in supermarket in the second half of 2018.

We will always pay close attention to and actively address any risks that may come along with growth. We have formulated and optimized our standardized production system to effectively respond to the launch of "naturally-brewed" standards at the same time upgraded the information technology system to cope with the fast expansion of scale of sales. Apart from that, we will establish a regional sales center to better manage and provide training to our expanding sales team in a more efficient manner, so as to better address the possible negative impact on the sales of our Group's products brought about by the deficiency of our sales teams. We will keep improving our credit risk management system to respond to the complexity of sales policies and credit terms management as a result of the increasing number of distributors. We will also continue to build an information sharing platform to strengthen internal communications to respond to the negative impact on our sales and our distributors, which is caused by the difference in pricing policy in different geographical locations that leads to cross-sales of products to other exclusively-authorized distribution areas.

"Lao Heng He" strives to become the preferred choice of consumers.

目標及策略

於二零一八年度下半年，我們繼續奉行多元化渠道戰略，將營銷資源用於全部銷售渠道的市場滲透。我們的銷售策略仍以消費者為中心，我們專注於向消費者提供更優質、更安全和更健康的天然釀造的調味品來實現較高的客戶品牌忠誠度。隨著流通渠道的建設逐步成熟，我們的營銷策略也從市場開發為主轉向市場滲透為主。我們將更深入利用我們當前和未來的核心產品組合，通過多渠道投放可共享資源並建立區域銷售中心，充分挖掘和提升現有市場對我們產品的需求。

在銷售策略執行上，我們一方面多元化產品結構，針對各區域消費特點，量身定制不同產品組合，持續對新銷售渠道進行市場滲透。另一方面在新銷售渠道發展成熟後，我們希望通過多元化渠道間的協同效應，來實現集團收入的進一步增長。我們預計於二零一八年下半年增加對商超渠道的銷售資源的投放。

我們亦時刻關注並積極應對增長可能帶來的風險。我們制定並完善了本公司生產的標準化體系以更好地應對「純天然釀造」標準的出台，並升級信息化管理系統來應對我們快速擴大的銷售規模。除此之外，我們將設立地區銷售中心來更好地管理和培訓不斷擴大的銷售隊伍以更好地應對銷售團隊素質不足而對本集團產品銷售產生的負面影響。我們繼續提升信用風險管理體系來應對經銷商增加而帶來的銷售政策及信貸期限管理複雜性。我們繼續建設信息共享平台，加強內部溝通來應對不同地區不同定價政策可能導致產品交叉銷售至其他獨家授權經銷地區而對銷售以及經銷商產生負面影響。

「老恒和」矢志成為消費者的首選。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

FINANCIAL REVIEW

Overview

The key financial indicators of the Group are as follows:

財務回顧

概覽

本集團主要財務指標如下：

		Six months ended 30 June 截至六月三十日止六個月 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	Period-to- period change 按期變動
Income statement items	收益表項目				
Sales	銷售額	384,943	361,355		6.5%
Gross profit	毛利	199,359	203,930		-2.2%
Profit attributable to owners of the parent	母公司擁有人應佔利潤	92,219	82,792		11.4%
EBITDA	除利息、稅項、折舊及攤銷前利潤	154,952	143,412		8.0%
Earnings per share (RMB cents) (Note a)	每股盈利(人民幣分) (附註a)				
— basic and diluted	— 基本及攤薄	15.9	14.3		11.2%
Selected financial ratios	節選財務比率				
Gross profit margin (%)	毛利率(%)	51.8%	56.4%		-8.2%
Net profit margin attributable to owners of the parent (%)	母公司擁有人應佔淨利潤率(%)	24.0%	22.9%		4.8%
EBITDA margin (%)	除利息、稅項、折舊及攤銷前 利潤率(%)	40.3%	39.7%		1.5%
		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元		Period-to- period change 按期變動
Gearing Ratio (Note b)	資本負債比率(附註b)	35.4%	35.2%		0.6%

Notes:

- (a) Please refer to Note 8 to the financial statements for the calculation of earnings per share.
- (b) The Gearing Ratio is based on net debt divided by total equity and net debt as at 30 June 2018. Net debt includes total debt net of cash and cash equivalents. Total debt include trade payables, other payables and accruals, interest-bearing bank and other borrowings and other long term liabilities.

附註：

- (a) 有關每股盈利的計算方法，請參閱財務報表附註8。
- (b) 於二零一八年六月三十日，資本負債比率按淨債務除以總權益及淨債務計算。淨債務包括總債務減現金及現金等價物。總債務包括應付貿易款項、其他應付款及應計項目、計息銀行及其他借款及其他長期負債。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Revenue

The revenue of the Group increased by 6.5% from RMB361.4 million for the six months ended 30 June 2017 to RMB384.9 million for the corresponding period of 2018, primarily reflecting an increase in sales of cooking wine products, soy sauce and other products.

Revenue from cooking wine products increased by 3.3% from RMB261.7 million for the six months ended 30 June 2017 to RMB270.4 million for the corresponding period of 2018. The increase is mainly attributable to continuous and extensive market penetration of distribution channels.

Revenue from the Group's soy sauce products increased by 17.5% from RMB49.1 million for the six months ended 30 June 2017 to RMB57.7 million for the corresponding period of 2018, mainly due to the fact that the Group has invested more marketing resources in soy sauce products.

Revenue from the Group's rice vinegar products slightly decreased by 2.3% from RMB32.3 million for the six months ended 30 June 2017 to RMB31.5 million for the corresponding period of 2018, basically same as the corresponding period of last year.

Revenue from the Group's other products increased by 38.1% from RMB18.3 million for the six months ended 30 June 2017 to RMB25.3 million for the corresponding period of 2018, primarily reflecting the further growth in the Group's sales of other products (such as fermented bean curd) resulting from the deepened penetration of the Group's distribution channels.

Cost of Sales

The Group's cost of sales, including raw materials, manufacturing overhead and salaries and benefits, increased by 17.9% from RMB157.4 million for the six months ended 30 June 2017 to RMB185.6 million for the corresponding period of 2018, mainly due to the combined effect of an increase in revenue and an increase of cost of raw material (mainly packaging materials).

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by 2.2% from RMB203.9 million for the six months ended 30 June 2017 to RMB199.4 million for the corresponding period of 2018, and the gross profit margin decreased from 56.4% for the six months ended 30 June 2017 to 51.8% for the corresponding period of 2018. The decrease in gross profit margin is due to the combined effect of an increase of cost of raw materials (mainly packaging materials) and lower proportion of high-end products in total sales.

收入

本集團的收入由截至二零一七年六月三十日止六個月的人民幣361.4百萬元增加6.5%至二零一八年同期的人民幣384.9百萬元，主要反映我們料酒產品、醬油和其他產品的銷售額上升的影響。

本集團料酒產品的收入由截至二零一七年六月三十日止六個月的人民幣261.7百萬元增加3.3%至二零一八年同期的人民幣270.4百萬元，該增長主要由於我們持續加強分銷渠道的市場滲透所致。

本集團醬油產品的收入由截至二零一七年六月三十日止六個月的人民幣49.1百萬元增加17.5%至二零一八年同期的人民幣57.7百萬元，主要由於本集團對醬油產品投入更多的營銷資源所致。

本集團米醋產品的收入由截至二零一七年六月三十日止六個月的人民幣32.3百萬元小幅下降2.3%至二零一八年同期的人民幣31.5百萬元，與上年同期基本持平。

本集團其他產品的收入由截至二零一七年六月三十日止六個月的人民幣18.3百萬元增加38.1%至二零一八年同期的人民幣25.3百萬元，主要反映本集團的腐乳產品等其他產品的銷量在本集團對分銷渠道的滲透下進一步增長。

銷售成本

本集團的銷售成本(包括原材料、製造費用及薪金福利)由截至二零一七年六月三十日止六個月的人民幣157.4百萬元增加17.9%至二零一八年同期的人民幣185.6百萬元，主要是由於收入上升和原材料成本(主要是包裝材料)上漲的綜合影響所致。

毛利及毛利率

本集團的毛利由截至二零一七年六月三十日止六個月的人民幣203.9百萬元減少2.2%至二零一八年同期的人民幣199.4百萬元，而毛利率由截至二零一七年六月三十日止六個月的56.4%減少至二零一八年同期的51.8%。毛利率下降乃由於原材料成本(主要是包裝材料)上漲及高端產品銷售佔比下降綜合影響。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Other Income and Gains

Other income and gains increased by 37.8% from RMB6.3 million for the six months ended 30 June 2017 to RMB8.6 million for the corresponding period of 2018. Other income and gains primarily include government subsidies received, gains from sales of materials and interest income. The increase in other income and gains for the period was primarily due to the increase in government subsidies received.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising expenses, marketing expenses, travelling expenses, and remuneration for our sales employees. The Group's selling and distribution expenses decreased by 25.2% from RMB49.7 million for the six months ended 30 June 2017 to RMB37.2 million for the corresponding period of 2018. The Group's selling and distribution expenses as a percentage of the Group's revenue decreased from 13.7% for the six months ended 30 June 2017 to 9.6% for the corresponding period of 2018, mainly due to a decrease in the advertising expenses relating to channel establishment upon the preliminary establishment of New Sales Channels.

Administrative Expenses

Administrative expenses decreased by 1.0% from RMB37.2 million for the six months ended 30 June 2017 to RMB36.9 million for the corresponding period of 2018, mainly due to the fact that the research and development of improving the technological contents of the manufacturing craftsmanship and quality of the cooking wine products of the Group have made initial achievements, resulting in a decrease in research and development investment. The Group's future directions of research and development will focus on the development of new products and new craftsmanship for the Group's New Sales Channels. Based on the existing budget of research and development, the Group is expected to increase its investment in research and development activities in the second half of the year.

Finance Costs

Finance costs decreased by 0.9% from RMB23.4 million for the six months ended 30 June 2017 to RMB23.2 million for the corresponding period of 2018, mainly due to a decrease in working capital requirements relating to channel establishment and production.

其他收入及收益

其他收入及收益由截至二零一七年六月三十日止六個月的人民幣6.3百萬元增加37.8%至二零一八年同期的人民幣8.6百萬元。其他收入及收益主要包括收到的政府補貼、物料銷售收益及利息收入。本期其他收入及收益之增長主要由於收到更多的政府補貼所致。

銷售及經銷開支

銷售及經銷開支主要包括廣告開支、營銷開支、差旅開支及我們銷售員工的酬金。本集團的銷售及經銷開支由截至二零一七年六月三十日止六個月的人民幣49.7百萬元減少25.2%至二零一八年同期的人民幣37.2百萬元。本集團的銷售及經銷開支佔本集團收入的百分比由截至二零一七年六月三十日止六個月的13.7%減少至二零一八年同期的9.6%，主要由於新銷售渠道已基本建成，故減少了渠道建設相關的廣告費用所致。

行政開支

行政開支由截至二零一七年六月三十日止六個月的人民幣37.2百萬元減少1.0%至二零一八年同期的人民幣36.9百萬元，主要由於本集團提高料酒產品的生產工藝和品質的技術含量的研發活動已取得階段性成果導致研發投入的減少所致。本集團未來的研發方向將主要於針對本集團的新銷售渠道開發新產品和新工藝，基於現有的研發預算，本集團預計將在下半年增加對研發活動的投入。

融資成本

融資成本由截至二零一七年六月三十日止六個月的人民幣23.4百萬元減少0.9%至二零一八年同期的人民幣23.2百萬元，主要由於渠道建設和生產相關的營運資金需求有所下降所致。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Profit before Tax

As a result of the foregoing, the profit before tax increased by 9.7% from RMB99.8 million for the six months ended 30 June 2017 to RMB109.5 million for the corresponding period of 2018.

Income Tax Expense

The corporate income tax of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2017: 25%) on the taxable profits, based on the existing legislation, interpretations and practices in respect thereof. Pursuant to the approval from the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition, Huzhou Laohenghe Brewery Co., Limited (湖州老恒和釀造有限公司) and Huzhou Laohenghe Wine Co., Limited (湖州老恒和酒業有限公司), both being wholly-owned subsidiaries of the Company, were granted the “New and Advanced Technology Enterprise” status and were entitled to the preferential tax rate of 15% for the three consecutive years commencing from 2016.

Income tax expenses increased by 1.5% from RMB17.1 million for the six months ended 30 June 2017 to RMB17.3 million for the corresponding period of 2018, which was mainly due to an increase in profit before tax.

Earnings per Share Attributable to Ordinary Equity Holders of the Parent

Basic earnings per share increased from RMB14.3 cents for the six months ended 30 June 2017 to RMB15.9 cents for the corresponding period of 2018. The increase in earnings per share was attributable to the increase in profit attributable to ordinary equity holders of the parent.

Net Profit Margin

Net profit margin increase by 4.6% from 22.9% for the six months ended 30 June 2017 to 24.0% for the corresponding period of 2018. The increase in net profit margin was mainly attributable to a decrease in selling and distribution expenses as a result of the aforesaid reasons.

除稅前利潤

由於上述原因，除稅前利潤由截至二零一七年六月三十日止六個月的人民幣99.8百萬元增加9.7%至二零一八年同期的人民幣109.5百萬元。

所得稅開支

有關本集團中國內地經營業務的企業所得稅，已經根據相關現行法律、詮釋及慣例按稅率25%（二零一七年：25%）對應課稅利潤作出撥備。根據全國高新技術企業認定管理工作領導小組辦公室之批准，湖州老恒和釀造有限公司及湖州老恒和酒業有限公司（均為本公司全資附屬公司）獲授「高新技術企業」資格，可自二零一六年起連續三年享有優惠稅率15%。

所得稅開支由截至二零一七年六月三十日止六個月的人民幣17.1百萬元增加1.5%至二零一八年同期的人民幣17.3百萬元，主要由於除稅前利潤增加所致。

母公司普通權益持有人應佔每股盈利

每股基本盈利由截至二零一七年六月三十日止六個月的人民幣14.3分增加至二零一八年同期的人民幣15.9分。每股盈利的上升乃由於母公司普通股權益持有人應佔淨利潤增加所致。

淨利潤率

淨利潤率由截至二零一七年六月三十日止六個月的22.9%增加4.6%至二零一八年同期的24.0%。淨利潤率上升主要由於上述原因導致銷售及經銷開支下降所致。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

FINANCIAL AND LIQUIDITY POSITION

Working Capital Management

Prepayments for Non-current Assets

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

Prepayments for non-current assets increased by 25.7% from RMB390.8 million as at 31 December 2017 to RMB491.4 million as at 30 June 2018. The increase in prepayments for non-current assets was mainly attributable to our plan to diversify our product structure and expand production capability of soy sauce and fermented bean curd products in the future, as well as an increase in prepayment to relevant facility providers and construction units.

Trade Receivables

Trade receivables primarily represented the receivables for goods sold to the distributors. Trade receivables turnover days increased from 65 days for the year ended 31 December 2017 to 81 days for the six months ended 30 June 2018, mainly because the Group was in the channel transforming period. As such, with the aim to solidify our customer base, the Group temporarily extended the credit terms of certain customers with intention to maintain long-term cooperation based on the sales expectation of such customers.

Inventories

Inventories increased from RMB1,190.0 million as at 31 December 2017 to RMB1,237.3 million as at 30 June 2018 primarily due to an increase in work in progress. A substantial part of our inventories were work in progress, which mainly represented base wine, base soy sauce, semi-finished soybean paste and fermented bean curd and base vinegar in the brewing period.

Due to the long production cycle and short sales cycle of cooking wine products, we need to keep an abundant stock of well-aged base wine to cope with the rapid sales growth in the future. On the other hand, given the growing demand from the customer of the New Sales Channels, we have produced more base soy sauce and base vinegar accordingly during the period.

財務及流動資金狀況

營運資金管理

非流動資產之預付款項

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

非流動資產之預付款項由二零一七年十二月三十一日的人民幣390.8百萬元增加25.7%至二零一八年六月三十日的人民幣491.4百萬元。非流動資產之預付款項的增加乃由於我們計劃於未來多元化產品結構擴大醬油及腐乳產品產能，向相關的設備供應商和工程施工單位的預付款項增加所致。

貿易應收款項

貿易應收款項主要指向經銷商售出貨品的應收款項。貿易應收款項的週轉天數由截至二零一七年十二月三十一日止年度的65天增至截至二零一八年六月三十日止六個月的81天，此乃主要由於本集團處於渠道轉型期，為鞏固我們的客戶基礎，本集團根據對該類客戶的銷售預期，暫時性地放寬了部分有長期合作意向的客戶的信用期所致。

存貨

存貨由截至二零一七年十二月三十一日的人民幣1,190.0百萬元增至截至二零一八年六月三十日的人民幣1,237.3百萬元，主要由於在製品增加。我們存貨的絕大部分為在製品，主要指處於釀造期的基酒、基醬油、黃豆醬半成品、腐乳半成品及基醋。

由於料酒類產品較長的生產週期及較短的銷售週期，我們需保持大量經過長年陳釀的基酒存貨，以應對未來的銷售增長。另一方面，基於不斷增長的新渠道客戶需求，我們相應地於本期增加了對基醬油和基醋的生產投入。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

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

Borrowings

As at 30 June 2018, the Group's total borrowings amounted to RMB983.0 million (31 December 2017: RMB954.8 million), including finance lease payables with a carrying amount of RMB102.7 million (31 December 2017: RMB102.0 million) and bearing fixed interests ranging from 4.79% to 5.99% per annum.

The Group's principal sources of liquidity include cash generated from business operations, bank and other borrowings. The cash from these sources was primarily used for the Group's working capital and the expansion of production capacity. Presently, the Group does not employ any financial instruments to hedge against the interest rate exposure.

Exchange Risk

The Group conducted its business primarily in China with the majority of its revenue and expenditures denominated in Renminbi. The Group does not have a foreign currency hedging policy. However, the management will monitor the situation and will consider hedging any significant foreign currency exposure should the need arise.

Liquidity and Financial Resources

As at 30 June 2018, the Group had cash and cash equivalents of RMB226.6 million (31 December 2017: RMB443.9 million). As at 30 June 2018, the Group had interest-bearing bank and other borrowings of an aggregate amount of RMB983.0 million (31 December 2017: RMB954.8 million), which were denominated in RMB, repayable within four years and bearing interests at 4.79% to 5.99% per annum. As at 30 June 2018, the gearing ratio was 35.4% (31 December 2017: 35.2%).

本集團定期監控其經銷商維持的存貨水平。本集團的銷售代表與其各個A類、B類、C類及D類經銷商保持緊密的電話或電郵聯繫、審閱其月度存貨報告並定期拜訪其倉庫。本集團的銷售代表至少每三個月拜訪一次其A類及B類經銷商的倉庫，以確保彼等維持最佳的存貨水平，並確保本集團的產品在保質期內出售予終端消費者。本集團通常期望其經銷商維持足以供應5至20天的存貨。倘若某經銷商所維持存貨的供應天數超過20天，相關銷售代表將協助該經銷商進行市場推廣及促銷活動，並建議在隨後期間下訂額較小的訂單，盡量降低過高的存貨。

借款

於二零一八年六月三十日，本集團借款總額為人民幣983.0百萬元(二零一七年十二月三十一日：人民幣954.8百萬元)，包括賬面值為人民幣102.7百萬元(二零一七年十二月三十一日：人民幣102.0百萬元)的融資租賃應付款項。前述借款按固定年利率介乎4.79%至5.99%計息。

本集團流動資金的主要來源包括業務經營產生的現金、銀行及其他借款。來自該等來源的現金主要用於本集團的營運資金及擴大產能。目前，本集團並無使用任何金融工具對沖利率風險。

外匯風險

本集團主要於中國展開其業務，其大部分收入及開支以人民幣計值。本集團並無外幣對沖政策。然而，管理層將監控有關情況，於必要時考慮對沖任何重大外幣風險。

流動資金及財務資源

於二零一八年六月三十日，本集團現金及現金等價物為人民幣226.6百萬元(二零一七年十二月三十一日：人民幣443.9百萬元)。於二零一八年六月三十日，本集團計息銀行及其他借款合共為人民幣983.0百萬元(二零一七年十二月三十一日：人民幣954.8百萬元)，均以人民幣計值，於四年內償還，年息介乎4.79%至5.99%。於二零一八年六月三十日，資本負債比率為35.4%(二零一七年十二月三十一日：35.2%)。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Capital Commitment

Capital commitment as at 30 June 2018 amounted to approximately RMB197.9 million (31 December 2017: RMB103.6 million), which was mainly related to the contracts of construction in progress relating to expansion of the condiment production plant.

Contingent Liabilities

As at 30 June 2018, the Group did not have any material contingent liability.

Pledge of Assets

Please refer to Note 18(a) of the interim condensed consolidated financial statements for details of pledge of assets of the Group.

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

FUTURE PROSPECTS

In the past five years, along with “naturally-brewed” cooking wine standards within the condiment and cooking wine industry to be announced and implemented, the Group, as a leading brand with advanced technology in “naturally-brewed” products, will continue to leverage on our own advantages in technology, production capacity and lower cost to maintain a stable and healthy development of our “naturally-brewed” cooking wine products.

On the other hand, in recent years, with the upgrading of household and catering consumption, more new products driving consumption and enhanced health awareness, the consumption expenditure of condiments per capita will increase steadily, which will promote the overall stable development of the condiment industry. Under such a general trend, our “Lao Heng He” products with outstanding brand awareness, modernized traditional craftsmanship, mature quality control mechanism and perfect product R&D system will gain more room for development.

In addition to maintaining the leading position of our cooking wine products, we will endeavor to adhere to our strategy of “Diversified” product structure and develop organic food so as to meet the diversified market demand for green, healthy and tasty condiment products. Furthermore, we will also keep expanding our production capacity, expecting to enhance our overall profitability by way of economy of scale.

資本承擔

於二零一八年六月三十日，資本承擔約為人民幣197.9百萬元(二零一七年十二月三十一日：人民幣103.6百萬元)，主要與調味品廠房擴建的在建工程合約有關。

或有負債

於二零一八年六月三十日，本集團並無任何重大或有負債。

資產質押

有關本集團資產質押情況，請參閱中期簡明綜合財務報表附註18(a)。

除本報告所披露者外，本集團並無訂立任何資產負債表外擔保或其他承擔，以擔保任何第三方的付款責任。本集團並不擁有向其提供融資、流動資金、市場風險或信貸支持，或為其從事租賃或對沖或研發或其他服務的任何未納入合併範圍的實體的任何權益。

未來前景

近五年來，調味品料酒行業品牌隨著「純天然釀造」料酒標準的即將公佈與實施，我們作為在行業中技術領先的實施「純天然釀造」的品牌企業，將會繼續依靠我們自身技術和產能壁壘及成本優勢，使得我們「純天然釀造」料酒產品繼續保持穩定而健康的發展。

另一方面，近年來隨著家庭和餐飲消費升級、更多新品引導消費以及健康意識的提高，人均調味品的消費支出會穩步提高，將促使調味品行業整體穩定發展。在這樣的大趨勢下，具有優秀的品牌知名度、現代化的傳統工藝、成熟的質量管控體系和完善的產品研發體系的「老恒和」品牌產品將會獲得更多的發展空間。

除了繼續保持料酒產品的龍頭地位外，我們仍舊不斷堅持「多元化」產品結構的戰略及開發有機食品以便應對市場上對綠色健康及口味優質的調味品多樣化的需求。我們亦將不斷擴大產能期望通過規模經濟效益提升我們的整體利潤率水平。

SUPPLEMENTARY INFORMATION

補充資料

SUPPLEMENTARY INFORMATION

Employees & Remuneration Policies

As at 30 June 2018, the Group had a total of approximately 658 employees (31 December 2017: 618). The employees' cost (excluding directors' and chief executive's remuneration) of the Group was RMB19.8 million during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB19.1 million). The remuneration policies, bonus and training programs for employees of our Group were implemented continuously according to the policies disclosed in the Group's annual report for the year ended 31 December 2017 (the "2017 Annual Report") and no change has been made during the six months ended 30 June 2018.

Use of Proceeds

On 23 June 2016, the Company completed a placing of 60,000,000 ordinary shares of US\$0.0005 each at a placing price of HK\$6 per share to Natural Seasoning (Hong Kong) Limited (the "Subscriber") in accordance with the subscription agreement dated 2 June 2016 (the "Subscription"). The Subscription can strengthen the Company's capital base and financial position. The Subscriber is a company incorporated in Hong Kong with limited liability and its principal activity is owning and operating companies or businesses focused in the condiments market in the PRC. The Subscriber and its ultimate beneficial owner are independent third parties. The net proceeds after deduction of relevant expenses (including but not limited to legal expenses and disbursements) from the Subscription were approximately HK\$356,100,000 (RMB304,507,000), representing a net price of approximately HK\$5.935 (RMB5.08) per share.

As at the report date, the breakdown of the use of net proceeds from the Subscription are as follows:

		Intended use		Amount utilised		The remaining balance	
		(Approximately HK\$ million)	(Approximately RMB million)	(Approximately HK\$ million)	(Approximately RMB million)	(Approximately HK\$ million)	(Approximately RMB million)
		(約百萬港元)	(約百萬人民幣)	(約百萬港元)	(約百萬人民幣)	(約百萬港元)	(約百萬人民幣)
Expansion of sales network	擴大銷售網絡	142.4	121.8	142.4	121.8	0	0
Expansion of production facilities	擴大生產設施	178.1	152.3	178.1	152.3	0	0
General working capital	一般營運資金	35.6	30.5	35.6	30.5	0	0
Total	總計	356.1	304.6	356.1	304.6	0	0

The Board considered that the net proceeds were applied in accordance with the intended uses.

補充資料

僱員及薪酬政策

於二零一八年六月三十日，本集團共聘有約658名僱員(二零一七年十二月三十一日：618名)。本集團截至二零一八年六月三十日止六個月的僱員成本(不包括董事及最高行政人員薪酬)為人民幣19.8百萬元(截至二零一七年六月三十日止六個月：人民幣19.1百萬元)。本集團僱員的薪酬政策、花紅及培訓計劃繼續按照本集團截至二零一七年十二月三十一日止年度的年度報告(「二零一七年度報告」)披露的政策執行且於截至二零一八年六月三十日止六個月並無變動。

所得款項用途

於二零一六年六月二十三日，本公司根據日期為二零一六年六月二日之認購協議完成向Natural Seasoning (Hong Kong) Limited(「認購方」)配售60,000,000股每股面值0.0005美元之普通股，配售價為每股6港元(「認購事項」)。認購事項能加強本公司之資本基礎及財務狀況。認購方為一家於香港註冊成立之有限公司，其主要業務為持有及運營中國調味品市場相關的企業或業務。認購方及其最終實益擁有人均為獨立第三方。扣除認購事項相關開支(包括但不限於法律開支及墊支)後，所得款項淨額約為356,100,000港元(人民幣304,507,000元)，代表認購價淨額約為每股股份5.935港元(人民幣5.08元)。

於報告日期，認購事項所得款項淨額用途詳情如下：

董事會認為，所得款項淨額已按擬定用途動用。

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

Events After Reporting Period

There are no material subsequent events undertaken by the Company or the Group after 30 June 2018.

Plans for Material Investments or Capital Assets

There is no future plan for material investments or capital assets as at 30 June 2018.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018.

Corporate Governance

The Company recognizes the importance of good corporate governance for enhancing the management structures and internal control procedures of the Company as well as preserving the interests of the shareholders as a whole.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) since the Listing Date as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time to maintain and improve the high standard of corporate governance practices.

Save for the deviations explained below, the Company has complied with the Code for the six months ended 30 June 2018.

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

During the six months ended 30 June 2018, the positions of the Chairman and the CEO of the Company are held by Mr. Chen Weizhong. Although this deviates from the practice in provision A.2.1 of the Code, where the two positions should be held by two different individuals, Mr. Chen has considerable and extensive experience in the cooking wine industry and management in general. The Board believes that it is in the best interest of the Company to have an executive chairman so the Board can benefit from his knowledge of the business and his capability in leading the Board in discussing the strategy and long-term development of the Group.

報告期後事項

於二零一八年六月三十日之後，本公司或本集團並無進行任何重大期後事項。

重大投資或資本資產計劃

於二零一八年六月三十日，概無就重大投資及資本資產的未來計劃。

中期股息

董事會議決不就截至二零一八年六月三十日止六個月宣派任何中期股息。

企業管治

本公司認同良好企業管治的重要性，其可加強本公司之管理架構及內部監控程序，同時保障整體股東利益。

自上市日期起，本公司已採納聯交所證券上市規則（「**上市規則**」）附錄十四所載企業管治守則（「**守則**」）所載的守則條文，以作為其本身管治其企業管治常規的守則。董事會亦會不時檢討並監察本公司之守則，以期維持並改善高水平的企業管治常規。

除下述偏離外，截至二零一八年六月三十日止六個月，本公司已遵守守則。

守則第A.2.1條規定，主席及首席執行官（「**首席執行官**」）的角色應有區分，並不應由一人同時兼任。應明確規定並以書面載列主席及首席執行官之間的責任劃分。

截至二零一八年六月三十日止六個月，本公司的主席及首席執行官職務乃由陳衛忠先生擔任。儘管該情況偏離守則第A.2.1條，即該兩個職務應由兩名不同人士擔任，但由於陳先生總體上在料酒行業及管理方面擁有相當豐富及廣博的經驗，董事會認為首席執行官擔任主席符合本公司的最佳利益，董事會因此可從彼對業務的了解及領導董事會討論本集團的策略及長遠發展的能力中獲益。

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the Chairman should not be able to monopolize the voting result. The Board considers that the balance of power between the Board and the senior management can still be maintained under the current structure. The remuneration committee and nomination committee of the Board also regularly review the structure and composition of the Board and will make appropriate recommendations to the Board regarding any proposed changes.

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

Model Code for Securities Transactions

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

Upon specific enquiry, all the Directors confirm that they have complied with the Model Code during the six months ended 30 June 2018. In addition, the Company is not aware of any noncompliance of the Model Code by the senior management of the Group during the six months ended 30 June 2018.

Change in Corporate Positions

With effect from 29 January 2018, (i) Ms. Zhao Yaqin has resigned as the Financial Controller; and (ii) Mr. Liu Chuanli has been appointed as the Financial Controller.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) is comprised of three independent non-executive Directors and one non-executive Director, namely Mr. Ng Wing Fai (chairman), Mr. Shen Zhenchang, Mr. Sun Jiong and Ms. Qian Yinglan.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial information, financial reporting system, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group’s policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the accounting principles and policies adopted by the Group together with the management and discussed auditing, internal controls and financial reporting matters.

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

董事會將繼續檢討及監控本公司的常規，旨在維持及實行高水平的企業管治常規。

證券交易標準守則

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

經過特定諮詢後，全體董事已確認彼等於截至二零一八年六月三十日止六個月已遵守標準守則。此外，本公司並無獲悉於截至二零一八年六月三十日止六個月本集團高級管理層有任何違反標準守則的行為。

公司職位變更

自二零一八年一月二十九日起，(i) 趙雅琴女士已辭任財務總監；及(ii) 劉傳禮先生已獲委任為財務總監。

審核委員會

本公司之審核委員會（「**審核委員會**」）由三位獨立非執行董事及一位非執行董事組成，即吳榮輝先生（主席）、沈振昌先生、孫頌先生及錢英嵐女士。

審核委員會的主要職責為協助董事會就本集團的財務資料、財務申報系統、內部監控及風險管理系統的有效性提供獨立審閱，以監督審核程序、制定及審閱本集團的政策，並履行董事會賦予的其他職責及責任。審核委員會已連同管理層審閱本集團所採納的會計準則及政策並已就審計、內部監控及財務申報等事宜進行討論。

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

As at 30 June 2018, the interests or short positions of the Directors, the chief executives of the Company (the “**Chief Executives**”) and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) (the “**Associated Corporations**”), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares of the Company as at 30 June 2018

董事及最高行政人員於證券的權益

於二零一八年六月三十日，董事、本公司最高行政人員（「最高行政人員」）及彼等的聯繫人於本公司或其相聯法團（「相聯法團」）（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所（包括根據證券及期貨條例有關該等條文彼等被視為或被當作擁有的權益及淡倉）；或(b)根據證券及期貨條例第352條須記錄於該條所述登記冊內；或(c)根據標準守則須知會本公司及聯交所的權益或淡倉如下：

於二零一八年六月三十日於本公司股份及相關股份的權益

Name of Director	Long/Short Position	Type of interest	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital
董事姓名	好倉／淡倉	權益類型	持有的股份或相關股份數目	佔本公司已發行股本的概約百分比
Chen Weizhong 陳衛忠	Long Position 好倉	Interest of a controlled corporation (Note) 受控法團權益(附註)	281,860,750	48.70%
		Beneficial interest 實益權益	362,500	0.06%

Note: These shares are held by Key Shine Global Holdings Limited (“**Key Shine**”). The entire issued share capital are held by Chen Weizhong. Chen Weizhong is deemed to be interested in the shares held by Key Shine under the SFO.

附註：該等股份由Key Shine Global Holdings Limited（「**Key Shine**」）持有。全部已發行股本則由陳衛忠持有。根據證券及期貨條例，陳衛忠被視為於Key Shine所持有股份中擁有權益。

Save as disclosed above, as at 30 June 2018, none of the Directors, the Chief Executives nor their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於二零一八年六月三十日，概無董事、最高行政人員及彼等的聯繫人於本公司或其任何相聯法團的股份、相關股份或債券中擁有根據證券及期貨條例第352條須予以記錄或根據標準守則須知會本公司及聯交所的權益或淡倉。

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 30 June 2018, the following corporations/persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

主要股東於證券的權益

據任何董事或本公司最高行政人員所知，於二零一八年六月三十日，下列法團／人士(不包括董事或本公司最高行政人員)於本公司根據證券及期貨條例第336條須備存的登記冊中登記的本公司股份及相關股份中擁有權益或淡倉，直接或間接擁有或被視為擁有本公司已發行股本5%或以上權益：

Long positions in the Shares and underlying Shares of the Company as at 30 June 2018

於二零一八年六月三十日於本公司股份及相關股份的好倉

Name	姓名	Nature of interests	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital ⁽¹⁾
		權益性質	持有股份或相關股份數目	佔本公司已發行股本概約百分比 ⁽¹⁾
Key Shine ⁽²⁾	Key Shine ⁽²⁾	Beneficial owner 實益擁有人	281,860,750	48.70%
Ms. Xing Liyu ⁽³⁾	邢利玉女士 ⁽³⁾	Interest of spouse 配偶權益	282,223,250	48.70%
China Construction Bank Corporation ⁽⁴⁾	中國建設銀行股份有限公司 ⁽⁴⁾	Person having a security interest in shares 擁有股份質押權益的人士	235,424,000	40.68%
Central Huijin Investment Ltd. ⁽⁴⁾	中央匯金投資責任公司 ⁽⁴⁾	Person having a security interest in shares 擁有股份質押權益的人士	235,424,000	40.68%
Hwabao Overseas Markets Investment No. 2 QDII Single Unit Trust Plan 32-8 ⁽⁵⁾	華寶•境外市場投資2號系列32-8期QDII單一資金信託計劃 ⁽⁵⁾	Beneficial owner 實益擁有人	72,625,000	12.55%
Chongqing Zhongxin Rongbang Investment Center (Limited Partnership) ⁽⁵⁾	重慶中新融邦投資中心(有限合夥) ⁽⁵⁾	Interest of a controlled corporation 受控法團權益	72,625,000	12.55%

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

Name	姓名	Nature of interests 權益性質	Number of shares or underlying shares held 持有股份或相關股份數目	Approximate percentage of the Company's issued share capital ⁽¹⁾ 佔本公司已發行股本概約百分比 ⁽¹⁾
Chongqing Zhongxin Rongchuang Investment Limited ⁽⁵⁾	重慶中新融創投資有限公司 ⁽⁵⁾	Interest of a controlled corporation 受控法團權益	72,625,000	12.55%
China Innovative Capital Management Limited ⁽⁵⁾	中新融創資本管理有限公司 ⁽⁵⁾	Interest of a controlled corporation 受控法團權益	72,625,000	12.55%
Beijing Zhonghai Jiacheng Capital Management Limited ⁽⁵⁾	北京中海嘉誠資本管理有限公司 ⁽⁵⁾	Interest of a controlled corporation 受控法團權益	72,625,000	12.55%
Mr. Xie Zhikun ⁽⁵⁾	解直錕先生 ⁽⁵⁾	Interest of a controlled corporation 受控法團權益	72,625,000	12.55%
Natural Seasoning International (HK) Limited (formerly known as China Seasoning International (HK) Limited) ⁽⁶⁾	Natural Seasoning International (HK) Limited (前稱 China Seasoning International (HK) Limited) ⁽⁶⁾	Beneficial owner 實益擁有人	60,000,000	10.37%
Natural Seasoning International Limited (formerly known as China Seasoning International Limited) ⁽⁶⁾	Natural Seasoning International Limited (前稱 China Seasoning International Limited) ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	60,000,000	10.37%
Lunar Capital Partners IV LP ⁽⁶⁾	Lunar Capital Partners IV LP ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	60,000,000	10.37%
Lunar Capital Partners IV GP, LP ⁽⁶⁾	Lunar Capital Partners IV GP, LP ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	60,000,000	10.37%
LCM-IV General Partner Ltd. ⁽⁶⁾	LCM-IV General Partner Ltd. ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	60,000,000	10.37%

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

Notes:

- (1) The percentage of shareholding is calculated on the basis of 578,750,000 issued shares of the Company as at 30 June 2018.
- (2) The entire issued share capital of Key Shine is legally and beneficially owned by Mr. Chen Weizhong.
- (3) Ms. Xing Liyu is the spouse of Mr. Chen Weizhong. Under the SFO, Ms. Xing Liyu is deemed to be interested in the same number of shares in which Mr. Chen is interested.
- (4) Key Shine Global Holdings Limited charged 235,424,000 Shares to China Construction Bank Corporation as security for its subscription of notes issued by Key Shine Global Holdings Limited. China Construction Bank Corporation is owned by Central Huijin Investment Ltd. as to approximately 57.11% and therefore Central Huijin Investment Ltd. is deemed to be interested in the 235,424,000 Shares which China Construction Bank Corporation is interested in.
- (5) These shares are held by Hwabao Overseas Markets Investment No. 2 QDII Single Unit Trust Plan 32-8 (華寶•境外市場投資2號系列32-8期QDII單一資金信託計劃) (“**Hwabao Trust**”), which is entrusted by Chongqing Zhongxin Rongbang Investment Center (Limited Partnership) (重慶中新融邦投資中心(有限合夥)) (“**Chongqing Zhongxin (LLP)**”), which is managed by Chongqing Zhongxin Rongchuang Investment Limited (重慶中新融創投資有限公司) (“**Chongqing Zhongxin**”). Chongqing Zhongxin is controlled by China Innovative Capital Management Limited (中新融創資本管理有限公司) (“**China Innovative Capital**”), as to 95.00%. China Innovative Capital is controlled by Beijing Zhonghai Jiacheng Capital Management Limited (北京中海嘉誠資本管理有限公司) (“**Beijing Zhonghai Jiacheng**”), as to 99.98%. Beijing Zhonghai Jiacheng is controlled by Mr. Xie Zhikun as to 99.00%. By virtue of the SFO, each of Mr. Xie Zhikun, Beijing Zhonghai Jiacheng, China Innovative Capital, Chongqing Zhongxin, Chongqing Zhongxin (LLP) is deemed to be interested in the shares held by Hwabao Trust.
- (6) These shares are held by Natural Seasoning International (HK) Limited. Natural Seasoning International (HK) Limited is a direct wholly-owned subsidiary of Natural Seasoning International Limited, which is a limited liability company incorporated in the British Virgin Islands and is majorly owned by Lunar Capital Partners IV LP. Lunar Capital Partners IV LP, a Cayman exempted limited partnership managed by Lunar Capital Partners IV GP, LP (as sole general partner), which is managed by LCM-IV General Partner Ltd. (as sole general partner). By virtue of the SFO, each of LCM-IV General Partner Ltd., Lunar Capital Partners IV GP, LP, Lunar Capital Partners IV LP and Natural Seasoning International Limited is deemed to be interested in the shares held by Natural Seasoning International (HK) Limited.

Save as disclosed above, as at 30 June 2018, there were no other corporations/persons (other than the Directors or Chief Executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

附註：

- (1) 股權百分比乃基於本公司於二零一八年六月三十日的578,750,000股已發行股份計算。
- (2) Key Shine的全部已發行股本由陳衛忠先生合法實益擁有。
- (3) 邢利玉女士為陳衛忠先生的配偶。根據證券及期貨條例，邢利玉女士被視為於陳先生所擁有股份中擁有相同股份數目的權益。
- (4) Key Shine Global Holdings Limited將235,424,000股股份質押予中國建設銀行股份有限公司，作為其認購Key Shine Global Holdings Limited所發行票據的抵押。中國建設銀行股份有限公司由中央匯金投資有限責任公司擁有約57.11%權益，因此，中央匯金投資有限責任公司被視為於中國建設銀行股份有限公司所擁有235,424,000股股份中擁有權益。
- (5) 該等股份由華寶•境外市場投資2號系列32-8期QDII單一資金信託計劃(「華寶信託」)持有，該計劃由重慶中新融邦投資中心(有限合夥)(「重慶中新(有限合夥)」)委託，而重慶中新(有限合夥)由重慶中新融創投資有限公司(「重慶中新」)管理。重慶中新由中新融創資本管理有限公司(「中新融創資本」)控制95.00%的權益。中新融創資本由北京中海嘉誠資本管理有限公司(「北京中海嘉誠」)控制99.98%的權益。北京中海嘉誠由解直錕先生控制99.00%的權益。根據證券及期貨條例，解直錕先生、北京中海嘉誠、中新融創資本、重慶中新及重慶中新(有限合夥)均被視為於華寶信託所持有股份中擁有權益。
- (6) 該等股份由Natural Seasoning International (HK) Limited持有。Natural Seasoning International (HK) Limited為Natural Seasoning International Limited的直接全資附屬公司，而Natural Seasoning International Limited為一家於英屬處女群島註冊成立的有限公司，並由Lunar Capital Partners IV LP擁有大部分權益。Lunar Capital Partners IV LP(一家開曼群島豁免的有限合夥企業)乃由Lunar Capital Partners IV GP, LP(作為唯一普通合夥人)管理，而Lunar Capital Partners IV GP, LP則由LCM-IV General Partner Ltd.(作為唯一普通合夥人)管理。根據證券及期貨條例，LCM-IV General Partner Ltd.、Lunar Capital Partners IV GP, LP、Lunar Capital Partners IV LP及Natural Seasoning International Limited均被視為於Natural Seasoning International (HK) Limited所持有股份中擁有權益。

除上文所披露者外，於二零一八年六月三十日，概無其他法團／人士(不包括董事或本公司最高行政人員)於本公司根據證券及期貨條例第336條須備存的登記冊中登記的本公司股份或相關股份中擁有權益或淡倉。

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

Arrangements to purchase shares or debentures

At no time during the six months ended 30 June 2018 was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of the Company or any other body corporate.

AUDIT COMMITTEE

The Audit Committee of the Company is comprised of three independent non-executive Directors and one non-executive Director, namely Mr. Ng Wing Fai (chairman), Mr. Shen Zhenchang, Mr. Sun Jiong and Ms. Qian Yinglan.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial information, financial reporting system, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group's policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the accounting principles and policies adopted by the Group together with the management and discussed auditing, internal controls and financial reporting matters including the review and pass of the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018.

REMUNERATION COMMITTEE

To comply with the Code, a remuneration committee has been established with specific written terms of reference which deal clearly with its authority and duties. The members of the remuneration committee comprises Mr. Shen Zhenchang (chairman), Mr. Ng Wing Fai and Mr. Sun Jiong. All members of the remuneration committee are independent non-executive directors.

NOMINATION COMMITTEE

To comply with the Code, a nomination committee has been established with specific written terms of reference which deal clearly with its authority and duties. The members of nomination committee comprises Mr. Sun Jiong (chairman), Mr. Ng Wing Fai and Mr. Shen Zhenchang. All members of the nomination committee are independent non-executive directors.

SUFFICIENCY OF PUBLIC FLOAT

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

購買股份或債券的安排

於截至二零一八年六月三十日止六個月內任何時間，本公司、其控股公司或其任何附屬公司概無參與任何安排，致令董事可藉購入本公司或任何其他法人團體的股份或債務證券(包括債券)而獲益。

審核委員會

本公司之審核委員會由三位獨立非執行董事及一位非執行董事，即吳榮輝先生(主席)、沈振昌先生、孫頌先生及錢英嵐女士組成。

審核委員會的主要職責為協助董事會就本集團的財務資料、財務申報系統、內部監控及風險管理系統的有效性提供獨立審閱，以監督審核程序、制定及審閱本集團的政策，並履行董事會賦予的其他職責及責任。審核委員會已連同管理層審閱本集團所採納的會計準則及政策並已就審計、內部監控及財務申報等事宜進行討論，其中包括審閱及通過本集團截至二零一八年六月三十日止六個月之未經審核中期簡明綜合財務報表。

薪酬委員會

為符合守則，本公司已成立薪酬委員會，並以書面清楚說明委員會的權限及職責。薪酬委員會成員包括沈振昌先生(主席)、吳榮輝先生及孫頌先生。薪酬委員會的全體成員均為獨立非執行董事。

提名委員會

為符合守則，本公司已成立提名委員會，並以書面清楚說明委員會的權限及職責。提名委員會成員包括孫頌先生(主席)、吳榮輝先生及沈振昌先生。提名委員會的全體成員均為獨立非執行董事。

足夠公眾持股量

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

中期簡明綜合損益表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)	
	Notes 附註			
REVENUE	收入	4	384,943	361,355
Cost of sales	銷售成本		(185,584)	(157,425)
Gross profit	毛利		199,359	203,930
Other income and gains	其他收入及收益	4	8,621	6,256
Selling and distribution expenses	銷售及經銷開支		(37,116)	(49,653)
Administrative expenses	行政開支		(36,874)	(37,242)
Other expenses	其他開支		(1,264)	(23)
Finance costs	融資成本	6	(23,205)	(23,425)
PROFIT BEFORE TAX	除稅前利潤	5	109,521	99,843
Income tax expense	所得稅開支	7	(17,302)	(17,051)
PROFIT FOR THE PERIOD	期內利潤		92,219	82,792
Attributable to: Owners of the parent	下列人士應佔： 母公司擁有人		92,219	82,792
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通權益持有人 應佔每股盈利			
Basic and diluted	基本及攤薄	8	RMB15.9 cents 人民幣 15.9 分	RMB14.3 cents 人民幣 14.3 分

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

中期簡明綜合全面收益表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
PROFIT FOR THE PERIOD	期內利潤	92,219	82,792
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:	於其後期間重新分類至損益的其他全面收益／(虧損)：		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	1,521	(6,785)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	期內全面收益總額	93,740	76,007
Attributable to: Owners of the parent	下列人士應佔： 母公司擁有人	93,740	76,007

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

中期簡明綜合財務狀況表

30 June 2018 二零一八年六月三十日

			30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
	Notes 附註			
NON-CURRENT ASSETS		非流動資產		
Property, plant and equipment	10	物業、廠房及設備	950,251	938,404
Prepaid land lease payments	11	預付土地租賃款項	52,612	53,249
Other intangible assets		其他無形資產	414	414
Prepayments for items of property, plant and equipment		物業、廠房及設備項目的預付款項	491,376	390,744
Deferred tax assets		遞延稅項資產	2,360	2,254
Total non-current assets		非流動資產總值	1,497,013	1,385,065
CURRENT ASSETS		流動資產		
Inventories	12	存貨	1,237,266	1,189,931
Trade receivables	13	應收貿易款項	217,755	129,547
Prepayments, deposits and other receivables	14	預付款項、按金及其他應收款項	266,045	191,271
Pledged deposits	15	已抵押存款	77,606	76,047
Cash and cash equivalents	15	現金及現金等價物	226,620	443,893
Total current assets		流動資產總值	2,025,292	2,030,689
CURRENT LIABILITIES		流動負債		
Trade payables	16	應付貿易款項	140,129	153,539
Other payables and accruals	17	其他應付款項及應計項目	109,969	85,628
Interest-bearing bank and other borrowings	18	計息銀行及其他借款	774,921	892,555
Tax payable		應繳稅項	37,639	28,168
Total current liabilities		流動負債總額	1,062,658	1,159,890
NET CURRENT ASSETS		流動資產淨值	962,634	870,799
TOTAL ASSETS LESS CURRENT LIABILITIES		資產總值減流動負債	2,459,647	2,255,864

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

中期簡明綜合財務狀況表(續)

30 June 2018 二零一八年六月三十日

			30 June 2018	31 December 2017
			二零一八年 六月三十日	二零一七年 十二月三十一日
		Notes 附註	RMB'000 人民幣千元 (Unaudited) (未經審核)	RMB'000 人民幣千元 (Audited) (經審核)
NON-CURRENT LIABILITIES				
	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借款	18	208,112	62,254
Other long term liabilities	其他長期負債	20	137,106	137,179
Deferred tax liabilities	遞延稅項負債		24,467	22,592
Total non-current liabilities	非流動負債總額		369,685	222,025
Net assets	資產淨值		2,089,962	2,033,839
EQUITY				
	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Share capital	股本	21	1,767	1,767
Reserves	儲備		2,088,195	2,032,072
Total equity	權益總額		2,089,962	2,033,839

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

中期簡明綜合權益變動表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Attributable to owners of the parent 母公司擁有人應佔							
		Issued capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total equity
		已發行股本	股份溢價	合併儲備	資本儲備	法定盈餘儲備	匯兌波動儲備	保留利潤	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018 (Audited)	於二零一八年一月一日(經審核)	1,767	934,688	(1,000)	7,003	24,262	10,612	1,056,507	2,033,839
Profit for the period	期內利潤	-	-	-	-	-	-	92,219	92,219
Other comprehensive income for the period:	期內其他全面收益:								
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	-	1,521	-	1,521
Total comprehensive income for the period	期內全面收益總額	-	-	-	-	-	1,521	92,219	93,740
Final 2017 dividend declared (note 9)	已宣派二零一七年末期股息(附註9)	-	37,619	-	-	-	-	-	(37,617)
At 30 June 2018 (Unaudited)	於二零一八年六月三十日(未經審核)	1,767	897,071*	(1,000)*	7,003*	24,262*	12,133*	1,148,726*	2,089,962

* These reserve accounts comprise the consolidated reserves of RMB2,088,195,000 in the consolidated statement of financial position as at 30 June 2018.

* 於二零一八年六月三十日，該等儲備賬戶包括綜合財務狀況表內的綜合儲備人民幣2,088,195,000元。

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

中期簡明綜合權益變動表(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Attributable to owners of the parent 母公司擁有人應佔							
		Issued capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve 法定 盈餘儲備	Exchange fluctuation reserve 匯兌 波動儲備	Retained profits	Total equity
		已發行股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	合併儲備 RMB'000 人民幣千元	資本儲備 RMB'000 人民幣千元	盈餘儲備 RMB'000 人民幣千元	波動儲備 RMB'000 人民幣千元	保留利潤 RMB'000 人民幣千元	權益總額 RMB'000 人民幣千元
At 1 January 2017 (Audited)	於二零一七年一月一日(經審核)	1,767	976,358	(1,000)	7,003	19,961	23,887	874,033	1,902,009
Profit for the period	期內利潤	-	-	-	-	-	-	82,792	82,792
Other comprehensive income for the period:	期內其他全面收益:								
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	-	(6,785)	-	(6,785)
Total comprehensive income for the period	期內全面收益總額	-	-	-	-	-	(6,785)	82,792	76,007
Final 2016 dividend declared	已宣派二零一六年末期股息	-	(41,670)	-	-	-	-	-	(41,670)
At 30 June 2017 (Unaudited)	於二零一七年六月三十日(未經審核)	1,767	934,688	(1,000)	7,003	19,961	17,102	956,825	1,936,346

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

中期簡明綜合現金流量表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
		Notes 附註	
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動的現金流量		
Profit before tax	除稅前利潤		109,521
Adjustments for:	就下列各項調整：		99,843
Finance costs	融資成本	6	23,205
Interest income	利息收入	4	(883)
Depreciation	折舊	10	21,589
Amortisation of prepaid land lease payments	攤銷預付土地租賃款項	11	637
			154,069
Increase in inventories	存貨增加		(47,335)
Increase in trade receivables	應收貿易款項增加		(88,208)
(Increase)/decrease in prepayments, deposits and other receivables	預付款項、按金及其他 應收款項(增加)/減少		(74,774)
Decrease in trade payables	應付貿易款項減少		1,362
Increase/(decrease) in other payables and accruals	其他應付款項及應計項目 增加/(減少)		(13,410)
Decrease in other long term liabilities	其他長期負債減少		10,143
			(25,081)
			(73)
Cash used in operations	用於經營的現金		(59,588)
Interest received	已收利息		883
Interest element of finance lease rental payments	融資租賃租金付款的利息部分		(2,026)
PRC tax paid	已付中國稅項		(6,063)
Net cash flows used in operating activities	用於經營活動的淨現金流量		(116,517)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

中期簡明綜合現金流量表(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
		Notes 附註	
Net cash flows used in operating activities	用於經營活動的淨現金流量		(66,794) (116,517)
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動的現金流量		
Prepayment for property, plant and equipment	預付物業、廠房及設備項目的款項		(100,632) (38,478)
Purchases of items of property, plant and equipment	收購物業、廠房及設備項目		(55,449) (57,658)
Addition in prepaid land lease payment	預付土地租賃款項增加		– (3,582)
Decrease/(increase) in time deposits	定期存款減少/(增加)		(1,559) 83,668
Net cash flows used in investing activities	用於投資活動的淨現金流量		(157,640) (16,050)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動的現金流量		
Addition in interest-bearing bank and other borrowings	新增計息銀行及其他借款		403,310 438,610
Repayment of interest-bearing bank and other borrowings	償還計息銀行及其他借款		(375,760) (420,110)
Capital element of finance lease rental payments	融資租賃租金付款的本金部分		(19,326) (14,082)
Proceeds from finance leases	融資租賃所得款項		20,000 –
Interest paid	已付利息		(22,584) (22,782)
Net cash flows from/(used in) financing activities	來自/(用於)融資活動的淨現金流量		5,640 (18,364)
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物減少淨額		(218,794) (150,931)
Cash and cash equivalents at beginning of the period	期初現金及現金等價物		443,893 291,815
Effect of foreign exchange rate changes, net	匯率變動的影響淨額		1,521 (6,785)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	期末現金及現金等價物	15	226,620 134,099

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

中期簡明綜合財務報表附註

30 June 2018 二零一八年六月三十日

1. CORPORATE INFORMATION

Honworld Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 December 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. In the opinion of the directors, the holding company and the ultimate holding company of the Company is Key Shine Global Holdings Limited, which was incorporated in the British Virgin Islands (“**BVI**”).

The Company is an investment holding company. During the six months ended 30 June 2018, the Company and its subsidiaries (collectively known as the “**Group**”) were principally engaged in the manufacture and sale of condiment products under the brand name of “Lao Heng He” in the People’s Republic of China (the “**PRC**”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”) since 28 January 2014.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2018 (“**the period**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“**the Listing Rules**”) and International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Committee.

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017.

The interim condensed consolidated financial statements have been prepared under the historical cost convention. The unaudited interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

1. 公司資料

老恒和釀造有限公司(「**本公司**」)於二零一二年十二月四日根據開曼群島法例第22章《公司法》(一九六一年第三號法例，經綜合及修訂)在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。董事認為，本公司控股公司及最終控股公司乃於英屬處女群島(「**英屬處女群島**」)註冊成立的Key Shine Global Holdings Limited。

本公司為一間投資控股公司。截至二零一八年六月三十日止六個月，本公司及其附屬公司(統稱「**本集團**」)主要於中華人民共和國(「**中國**」)從事「老恒和」牌調味品的製造與銷售業務。

本公司股份於二零一四年一月二十八日在香港聯合交易所有限公司(「**聯交所**」)主板上市。

2. 編製基準及會計政策

編製基準

本集團截至二零一八年六月三十日止六個月(「**本期間**」)的未經審核中期簡明綜合財務報表乃根據聯交所證券上市規則(「**上市規則**」)附錄十六的披露規定及國際會計準則委員會頒佈的國際會計準則第34號「中期財務報告」編製。

該等未經審核中期簡明綜合財務報表不包括年度財務報表所規定的全部資料及披露，且應與本集團截至二零一七年十二月三十一日止年度的年度財務報表一併閱覽。

中期簡明綜合財務報表乃根據歷史成本慣例編製而成。除另有說明的情況外，未經審核中期簡明綜合財務報表以人民幣(「**人民幣**」)列報，而當中所有金額均湊整至最接近的千位。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs", which also include International Accounting Standards and interpretations) that are relevant to the Group's operation for the preparation of the Group's interim condensed consolidated financial statements:

Changes in accounting policies and disclosures

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 40	Transfers of Investment Property
Annual Improvements to IFRSs 2014–2016 Cycle	Amendments to the following two IFRSs: — IFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — IAS 28 Investments in Associates and Joint Ventures

Other than as further explained below, the directors do not anticipate that the application of the new and revised IFRSs above will have a material effect on these interim condensed consolidated financial statements and the disclosure.

2. 編製基準及會計政策(續)

重大會計政策

除採納二零一八年一月一日生效的新訂準則及詮釋外，編製中期簡明綜合財務報表所採納會計政策與編製本集團截至二零一七年十二月三十一日止年度經審核綜合財務報表所遵從者一致。本集團並無提早採納任何其他已頒佈但尚未生效之準則、詮釋或修訂本。

於本中期期間，本集團於編製本集團中期簡明綜合財務報表時首次應用以下與本集團經營有關的國際財務報告準則(「國際財務報告準則」，亦包括國際會計準則及詮釋)修訂：

會計政策及披露變動

國際財務報告準則第9號	金融工具
國際財務報告準則第15號	客戶合約收益
國際財務報告準則第15號(修訂本)	對國際財務報告準則第15號「客戶合約收益」的澄清
國際財務報告詮釋委員會詮釋第22號	外幣交易及預收代價
國際財務報告準則第2號(修訂本)	以股份為基礎的支付交易的分類和計量
國際財務報告準則第4號(修訂本)	連同國際財務報告準則第4號「保險合同」一併應用國際財務報告準則第9號「金融工具」
國際會計準則第40號(修訂本)	轉讓投資物業
國際財務報告準則二零一四年至二零一六年週期的年度改進	下列兩項國際財務報告準則的修訂： — 國際財務報告準則第1號首次採用香港財務報告準則 — 國際會計準則第28號於聯營公司及合營企業的投資

除上文所闡述者外，董事預期，應用新訂及經修訂國際財務報告準則將不會對中期簡明綜合財務報表及披露事項產生重大影響。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Changes in accounting policies and disclosures (Continued)

IFRS 15

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption and it elected to apply that method to only those contracts that were not completed at the date of initial application. The comparative information for each of the primary financial statements would be presented based on the requirements of IAS 18 and related interpretations.

The Group has concluded that revenue from sale of its products should be recognised at the point in time when control of the assets is transferred to the customer, generally on delivery of these products. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition. The impact on the amount of revenue to be recognised was further explained below.

Advances from customers

Advance payment is sometimes required for the sales to customers. Prior to the adoption of IFRS 15, the advance payments from customers was recognised in the statement of financial position as "Advances from customers" within the account "Other payables and accruals". Upon the adoption of IFRS 15, the Group reclassified the advance payments from customers to "Contract liabilities" within the account "Other payable and accruals".

2. 編製基準及會計政策(續)

會計政策及披露變動(續)

國際財務報告準則第15號

國際財務報告準則第15號取代國際會計準則第11號建造合約、國際會計準則第18號收益及相關詮釋，適用於所有因與客戶簽訂合約而產生的收益，除非其他準則適用於該等合約。新訂準則建立五步模型，以將客戶合約收益入賬。根據國際財務報告準則第15號，收益按反映實體預期就換取向客戶轉讓貨品或服務而有權獲得的代價金額確認。

該準則要求實體在對其客戶合約應用有關模型各個步驟時，考慮所有相關事實及情況並作出判斷。該準則亦訂明將獲得合約的遞增成本及與履行合約直接相關的成本入賬。

本集團透過採用修改後的追溯調整法採納國際財務報告準則第15號，並選擇僅對於首次應用準則當日尚未完成的合約應用此方法。各主要財務報表的比較資料將根據國際會計準則第18號及相關詮釋的規定呈列。

本集團認為，其產品銷售收益須於資產控制權轉移至客戶(一般為產品交付)時確認。因此，採納國際財務報告準則第15號並未對收益確認的時間造成影響。下文將進一步闡述其對將予確認的收益金額所造成的影響。

客戶墊款

本公司有時會於向客戶作出銷售時要求其作出墊款。於採納國際財務報告準則第15號前，客戶墊款會於財務狀況表確認為「其他應付款項及應計項目」下的「客戶墊款」。於採納國際財務報告準則第15號後，本集團已將有關客戶墊款重新分類為「其他應付款項及應計項目」下的「合約負債」。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and sales of condiment products. For management purposes, the Group operates in one business unit and has one reportable operating segment as follows:

- the food segment that manufactures and sells condiment products

As all of the Group's revenue is derived from sales of its products to the customers in the PRC and all of the Group's identifiable non-current assets are located in the PRC, no geographical information as required by IFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue amounting to 10 percent or more of the Group's revenue derived from sales to a single customer for the six months ended 30 June 2018 is set out in the following table:

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Customer X	客戶X	48,674	53,122
Customer Y	客戶Y	40,282	47,026
Customer Z	客戶Z	—*	36,881
		88,956	137,029

* Revenue from the customer did not exceed 10% of the Group's revenue for the reporting period.

3. 經營分部資料

本集團主要從事調味品的生產及銷售業務。就管理而言，本集團以單一業務單位運營，且有一個可呈報經營分部如下：

- 生產及銷售調味品的食品分部

由於本集團全部收入均來自向於中國的客戶銷售其產品，且本集團全部可識別非流動資產均位於中國，故並無呈列國際財務報告準則第8號經營分部所規定的地域資料。

有關主要客戶之資料

下表載列截至二零一八年六月三十日止六個月，佔本集團收入10%或以上的個別客戶所產生的收入：

* 於報告期間，來自客戶的收益並無超過本集團收益的10%。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of the Group's revenue, other income and gains is as follows:

4. 收入、其他收入及收益

收入(亦即本集團的營業額)指扣除退貨撥備及貿易折扣後的售出貨品發票淨值。本集團收入、其他收入及收益分析如下:

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Revenue	收入		
Sales of condiment products	銷售調味品	384,943	361,355
Other income and gains	其他收入及收益		
Subsidy received	已收補貼	7,144	2,729
Interest income	利息收入	883	1,785
Exchange gain	匯兌收益	-	1,541
Gain from sale of materials	材料銷售收益	508	112
Rental income	租賃收入	86	86
Others	其他	-	3
		8,621	6,256

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

5. 除稅前利潤

本集團除稅前利潤乃經扣除/(計入)下列各項：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Notes		(Unaudited)	(Unaudited)
附註		(未經審核)	(未經審核)
	Cost of inventories sold	185,584	157,425
	Depreciation	21,589	19,536
	Amortisation of prepaid land lease payments	637	608
	Minimum lease payments under operating leases	958	1,405
	Auditor's remuneration	380	350
	Employee benefit expenses (excluding directors' remuneration):		
	Wages and salaries	17,695	16,762
	Pension scheme contributions	2,088	2,381
		19,783	19,143
	Foreign exchange loss/(gain), net	765	(1,541)
	Donations	100	—
	Research and development costs	17,978	19,838

6. FINANCE COSTS

6. 融資成本

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
	Interest on bank loans	21,179	22,361
	Interest on finance leases	2,026	1,064
		23,205	23,425

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

7. INCOME TAX EXPENSE

7. 所得稅開支

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Current — PRC	即期 — 中國		
Charge for the period	期內支出	15,533	15,506
Deferred	遞延	1,769	1,545
Tax charge for the period	期內稅務支出	17,302	17,051

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated. Pursuant to the rules and regulations of the Cayman Islands, the Group was not subject to any income tax in the Cayman Islands.

The income tax provision of the Group in respect of its operations in Mainland China has been provided on the taxable profits for the periods, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to the approval from the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition, Huzhou Laohenghe Brewery Co., Limited and Huzhou Laohenghe Wine Co., Limited, both being wholly-owned subsidiaries of the Company, were granted the “New and Advanced Technology Enterprise” status and were entitled to the preferential tax rate of 15% for the three consecutive years commencing from 2016.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2017 and 2018.

本集團須就本集團成員公司所處及經營業務的司法權區所產生或賺取的利潤，按實體基準繳納所得稅。根據開曼群島的規則及法規，本集團毋須繳納開曼群島所得稅。

有關本集團中國內地經營業務的企業所得稅，已經根據相關現行法律、詮釋及慣例對期內應課稅利潤作出撥備。

根據全國高新技術企業認定管理工作領導小組辦公室發出的批文，本公司全資附屬公司湖州老恒和釀造有限公司及湖州老恒和酒業有限公司獲得「高新技術企業」資格，並可自二零一六年起連續三個年度享有15%的優惠稅率。

由於本集團於截至二零一七年及二零一八年六月三十日止六個月並無任何於香港產生的應課稅利潤，故並無計提香港利得稅撥備。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 578,750,000 (six months ended 30 June 2017: 578,750,000) in issue during the six months ended 30 June 2018.

8. 母公司普通權益持有人應佔每股盈利

每股基本盈利金額的計算乃基於母公司普通權益持有人應佔期內利潤及截至二零一八年六月三十日止六個月已發行普通股加權平均數578,750,000股(截至二零一七年六月三十日止六個月：578,750,000股)。

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 (Unaudited) (未經審核)	2017 二零一七年 (Unaudited) (未經審核)
Profit attributable to ordinary equity holders of the parent (RMB'000)	母公司普通權益持有人應佔利潤 (人民幣千元)	92,219	82,792
Weighted average number of ordinary shares in issue (in thousands)	已發行普通股加權平均數(千股)	578,750	578,750
Earnings per share attributable to ordinary equity holders of the parent — Basic and diluted (RMB cents)	母公司普通權益持有人應佔 每股盈利 — 基本及攤薄(人民幣分)	15.9	14.3

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2018 and 2017 in respect of a dilution as the group has no potential dilutive ordinary shares in issue.

由於本集團期內並無已發行的具潛在攤薄作用的普通股，故並無就攤薄而對截至二零一八年及二零一七年六月三十日止期間呈列的每股基本盈利金額作出調整。

9. DIVIDEND

No interim dividend was proposed for the six months ended 30 June 2018.

The proposed 2017 final dividend of RMB6.5 cents per share, totalling RMB37,619,000, was approved by the Company's shareholders at the annual general meeting on 31 May 2018. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2018.

9. 股息

本公司並無就截至二零一八年六月三十日止六個月擬派發中期股息。

二零一七年建議末期股息每股人民幣6.5分(合共人民幣37,619,000元)已獲本公司股東於二零一八年五月三十一日在股東週年大會上批准。有關股息記入中期簡明綜合財務狀況表的「其他應付款項及應計項目」，並隨後於二零一八年七月派發。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

10. PROPERTY, PLANT AND EQUIPMENT 10. 物業、廠房及設備

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Opening balance	期初結餘	938,404	810,088
Additions	添置	33,436	166,524
Depreciation	折舊	(21,589)	(38,208)
Closing balance	期末結餘	950,251	938,404

11. PREPAID LAND LEASE PAYMENTS 11. 預付土地租賃款項

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Carrying amount at 1 January	於一月一日的賬面值	54,519	52,222
Additions during the period	於期內添置	-	3,581
Amortised during the period	於期內攤銷	(637)	(1,284)
Carrying amount at period end	期末賬面值	53,882	54,519
Less: Current portion included in prepayments, deposits and other receivables	減：計入預付款項、按金及其他應收款項的流動部分	(1,270)	(1,270)
Non-current portion	非流動部分	52,612	53,249

The leasehold land is situated in Mainland China and is held under a long term lease.

租賃土地位於中國內地，並根據長期租約持有。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

12. INVENTORIES

		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Raw materials	原材料	8,663	14,079
Work in progress	在製品	1,215,228	1,142,158
Finished goods	成品	13,375	33,694
Total inventories	存貨總額	1,237,266	1,189,931

13. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to six months, extending to longer periods for those long standing customers.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group based on the invoice date, is as follows:

		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within 1 month	1個月以內	84,525	60,548
1 to 3 months	1至3個月	85,395	51,936
3 to 6 months	3至6個月	45,876	16,279
6 months to 1 year	6個月至1年	1,388	617
Over 1 year	1年以上	571	167
Total	總計	217,755	129,547

Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

12. 存貨

	30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Raw materials	8,663	14,079
Work in progress	1,215,228	1,142,158
Finished goods	13,375	33,694
Total inventories	1,237,266	1,189,931

13. 應收貿易款項

本集團與客戶間的貿易條款以信貸交易為主。信貸期通常為一至六個月，而長期客戶的信貸期可獲延長。

本集團致力於對尚未收回的應收賬款維持嚴格監管，而過期未付的賬款亦由高級管理層定期檢討。應收貿易款項為不計息。

本集團應收貿易款項按發票日期的賬齡分析如下：

	30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within 1 month	84,525	60,548
1 to 3 months	85,395	51,936
3 to 6 months	45,876	16,279
6 months to 1 year	1,388	617
Over 1 year	571	167
Total	217,755	129,547

根據以往經驗，董事認為其信貸質素並無重大改變，且此等結餘仍視為可全數收回，因此毋須就此等結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品或採取其他改善信貸條件的措施。

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30 June 2018 二零一八年六月三十日

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

14. 預付款項、按金及其他應收款項

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Prepayments	預付款項	118,802	49,685
Deposits and other receivables	按金及其他應收款項	147,243	141,586
		266,045	191,271

The above balances are unsecured, interest-free and have no fixed terms of repayment. The directors are of the opinion that no provision for impairment of prepayments, deposits and other receivables is necessary.

上述結餘為無抵押、不計息及無固定還款期。董事認為毋須就預付款項、按金及其他應收款項作出減值撥備。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

15. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

15. 現金及現金等價物以及定期存款

		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Cash and bank balances	現金及銀行結餘	226,620	443,893
Time deposits	定期存款	77,606	76,047
		304,226	519,940
Less:	減：		
Pledged for bank loans	抵押以獲取銀行貸款	(77,606)	(76,047)
Cash and cash equivalents	現金及現金等價物	226,620	443,893
Cash and cash equivalents are dominated in:	現金及現金等價物以下列貨幣計值：		
RMB	人民幣	225,474	442,882
Hong Kong Dollar (HK\$)	港元	999	916
USD	美元	147	95
Cash and cash equivalents	現金及現金等價物	226,620	443,893

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

16. TRADE PAYABLES

An ageing analysis of the trade payables of the Group based on the invoice date, is as follows:

		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within 3 months	3個月以內	57,531	72,567
3 to 6 months	3至6個月	20,542	56,730
Over 6 months	6個月以上	62,056	24,242
		140,129	153,539

Trade payables of the Group are non-interest-bearing and are normally settled on terms of one to six months. The carrying amounts of the trade payables approximate to their fair values.

16. 應付貿易款項

本集團應付貿易款項按發票日期的賬齡分析如下：

		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within 3 months	3個月以內	57,531	72,567
3 to 6 months	3至6個月	20,542	56,730
Over 6 months	6個月以上	62,056	24,242
		140,129	153,539

本集團應付貿易款項為不計息且通常須於一至六個月內結清。應付貿易款項的賬面值與其公平值相若。

17. OTHER PAYABLES AND ACCRUALS

		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Other payables	其他應付款項	77,707	54,878
Accruals	應計項目	15,595	13,665
Contract liabilities	合約負債	16,667	-
Advances from customers	客戶墊款	-	17,085
		109,969	85,628

The above balances are unsecured, interest-free and other payables have an average term of three months.

17. 其他應付款項及應計項目

上述結餘為無抵押、不計息及其他應付款項的平均期限為三個月。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

18. 計息銀行及其他借款

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Current	即期		
Bank loans — secured ^(a)	銀行貸款 — 有抵押 ^(a)	717,310	852,760
Finance lease payables ^(a) (note 19)	應付融資租賃款項 ^(a) (附註19)	57,611	39,795
		774,921	892,555
Non-current	非即期		
Bank loans — secured ^(a)	銀行貸款 — 有抵押 ^(a)	163,000	—
Finance lease payables ^(a) (note 19)	應付融資租賃款項 ^(a) (附註19)	45,112	62,254
		208,112	62,254
Total	總計	983,033	954,809

The interest-bearing bank and other borrowings as at 30 June 2018 were all denominated in RMB, repayable within four years and bearing interests at 4.79%–5.99% per annum.

於二零一八年六月三十日的計息銀行及其他借款全部均以人民幣計值，須四年內償還及按照年利率4.79%至5.99%計息。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

18. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

- (a) The following assets were pledged as securities for interest-bearing bank and other borrowings:

18. 計息銀行及其他借款(續)

- (a) 以下資產已抵押作為計息銀行及其他借款的擔保：

		Carrying values 賬面值	
		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Property, plant, and equipment	物業、廠房及設備	428,412	141,180
Leasehold land	租賃土地	53,803	34,800
Inventories	存貨	646,326	803,488
Pledged deposits	已抵押存款	77,606	76,047
		1,206,147	1,055,515

In addition, the director of the Group, Mr. Chen Weizhong, has guaranteed certain of the Group's bank loans up to RMB470,310,000 (31 December 2017: Nil) as at 30 June 2018.

The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

此外，於二零一八年六月三十日，本集團董事陳衛忠先生已就本集團若干銀行貸款最多人民幣470,310,000元(二零一七年十二月三十一日：無)作出擔保。

本集團銀行及其他借款的賬面值與其公平值相若。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

19. FINANCE LEASE PAYABLES

The Group leased certain of its machinery and equipment in 2015, 2017 and 2018 and these leases are classified as finance leases with remaining lease terms from 1 year to 3 years (31 December 2017: 1 year to 3 years) as at 30 June 2018. According to the sales and lease back agreements, if no default occurs during the lease term, the ownership of the plant and machinery shall be automatically transferred to the lessee at a price of RMB1, RMB100 or RMB1,000.

Below table represents the loans borrowed by way of the sale and leaseback arrangements as at 30 June 2018:

Date of incurrence 發生日期	Principal amount 本金	Effective interest rate (%) 實際利率 (%)	Maturity 到期日	Guarantee deposit 保證金
2015/12/29 二零一五年十二月二十九日	RMB23,650,000 人民幣 23,650,000 元	5.99% 5.99%	2018/12/29 二零一八年十二月二十九日	RMB2,365,000 人民幣 2,365,000 元
2017/07/19 二零一七年七月十九日	RMB32,100,000 人民幣 32,100,000 元	4.79% 4.79%	2020/07/19 二零二零年七月十九日	RMB7,130,000 人民幣 7,130,000 元
2017/09/13 二零一七年九月十三日	RMB43,461,000 人民幣 43,461,000 元	4.79% 4.79%	2020/09/13 二零二零年九月十三日	RMB9,662,000 人民幣 9,662,000 元
2017/11/06 二零一七年十一月六日	RMB27,292,000 人民幣 27,292,000 元	4.79% 4.79%	2020/11/06 二零二零年十一月六日	RMB6,062,000 人民幣 6,062,000 元
2018/04/23 二零一八年四月二十三日	RMB20,000,000 人民幣 20,000,000 元	5.29% 5.29%	2019/04/22 二零一九年四月二十二日	Nil 無

As at 30 June 2018, the Group's machinery and equipment and construction in progress with a net carrying amount of RMB136,268,000 (31 December 2017: RMB117,164,000) were held under finance leases.

19. 融資租賃應付款項

本集團於二零一五年、二零一七年及二零一八年租賃若干機器和設備。於二零一八年六月三十日，此等租賃分類為融資租賃，剩餘租期介乎一年至三年(二零一七年十二月三十一日：一年至三年)。根據售後租回協議，倘於租期內未有違約，則廠房及機器之擁有權將以人民幣1元、人民幣100元或人民幣1,000元的價格自動轉移至承租人。

下表反映於二零一八年六月三十日以售後租回安排舉借的貸款：

於二零一八年六月三十日，本集團根據融資租賃持有賬面淨值為人民幣136,268,000元(二零一七年十二月三十一日：人民幣117,164,000元)的機器及設備和在建工程。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

19. FINANCE LEASE PAYABLES (continued)

As at 30 June 2018, the total future minimum lease payments under finance leases and their present values were as follows:

19. 融資租賃應付款項(續)

於二零一八年六月三十日，根據融資租賃的未來最低租賃款項總額及其現值如下：

		Minimum lease payments 最低租賃款項 30 June 2018 二零一八年六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	Minimum lease payments 最低租賃款項 31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)	Present value of minimum lease payments 最低租賃款項現值 30 June 2018 二零一八年六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	Present value of minimum lease payments 最低租賃款項現值 31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Amounts payable:	應付款項：				
Within one year	於一年內	60,905	43,545	57,611	39,795
In the second year	第二年內	35,844	36,663	34,296	34,292
In the third year	第三年內	11,004	28,718	10,816	27,962
Total minimum finance lease payments	最低融資租賃款項總額	107,753	108,926	102,723	102,049
Future finance charges	日後融資支出	(5,030)	(6,877)		
Total net finance lease payables	融資租賃應付款項淨額總計	102,723	102,049		
Portion classified as current liabilities (note 18)	分類為流動負債部分(附註18)	(57,611)	(39,795)		
Non-current portion (note 18)	非流動部分(附註18)	45,112	62,254		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

20. OTHER LONG TERM LIABILITIES

20. 其他長期負債

			30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
		Notes 附註		
Other long term payables	其他長期應付款項	(a)	133,000	133,000
Special payables	應付專項款項	(b)	4,106	4,179
			137,106	137,179

- (a) On 6 May 2016, two wholly-owned subsidiaries of the Company, Huzhou Chen Shi Tian Niang Management Consulting Co., Ltd (the “**Huzhou Chenshi**”) and Huzhou Laohenghe Brewery Co., Limited (“**Huzhou Laohenghe**”, which is also the wholly-owned subsidiary of Huzhou Chenshi) entered into an investment agreement with China Development Fund Co., Ltd (“**CD Fund**”) (the “**Investment Agreement**”). Pursuant to the Investment Agreement, CD Fund agreed to subscribe for 3.5% of equity interest of Huzhou Laohenghe for a total cash consideration of RMB133 million (the “**Capital Investment**”) and Huzhou Laohenghe shall pay CD Fund fix annual return equal to 1.2% of the Capital Investment from the date of the agreement. In additions, Huzhou Chenshi has contractual obligation to repurchase all the equity interest of Huzhou Laohenghe held by CD Fund within 8 years according to the repayment schedule under the Investment Agreement. Further details of the Investment Agreement have been disclosed in the announcements of the Company dated 9 May 2016 and 29 June 2016, respectively.

As Huzhou Chenshi does not have the unconditional right to avoid delivering cash to CD Fund pursuant to the Investment Agreement, the Capital Investment of RMB133 million was recorded as a financial liability.

- (a) 於二零一六年五月六日，本公司兩間全資附屬公司湖州陳氏天釀管理諮詢有限公司(「湖州陳氏」)及湖州老恒和釀造有限公司(「湖州老恒和」，亦為湖州陳氏的全資附屬公司)與國開發展基金有限公司(「國開發展基金」)訂立注資協議(「注資協議」)。根據注資協議，國開發展基金同意以人民幣133百萬元的現金總代價認購湖州老恒和3.5%的股本權益(「資本投入」)，而湖州老恒和須自該協議日期起每年按相當於資本投入1.2%的固定金額向國開發展基金支付回報。此外，湖州陳氏承擔合約責任，須根據注資協議的還款時間表於八年內購回國開發展基金所擁有湖州老恒和的全部股本權益。有關注資協議的進一步詳情已分別披露於本公司日期為二零一六年五月九日及二零一六年六月二十九日的公佈。

由於湖州陳氏並無根據注資協議避免向國開發展基金支付現金的無條件權利，因此人民幣133百萬元的資本投入被記賬為金融負債。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

20. OTHER LONG TERM LIABILITIES

(Continued)

(a) (Continued)

The balance of other long term payables was analysed as follows:

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Amounts repayable:	應償還款項：		
Over five years	五年以上	133,000	133,000

(b) As at 30 June 2018, the actuarial liabilities existing in relation to the retirement benefit obligations for employees who retired prior to the acquisition of Huzhou Laohenghe Brewery Co., Limited by the controlling shareholders and the early retirement obligations for employees who early retired were RMB4,106,000 (31 December 2017: RMB4,179,000). The benefit obligations arising from the plans were unfunded.

The movements of the actuarial liabilities recognised in the statement of financial position are as follows:

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Carrying amount at the beginning of the period	期初的賬面值	4,179	4,333
Benefits paid	已付福利	(73)	(154)
At the end of the period	於期末	4,106	4,179

20. 其他長期負債(續)

(a) (續)

其他長期應付款項結餘的分析如下：

	30 June 2018	31 December 2017
	二零一八年 六月三十日	二零一七年 十二月三十一日
	RMB'000	RMB'000
	人民幣千元	人民幣千元
	(Unaudited)	(Audited)
	(未經審核)	(經審核)
Amounts repayable:		
Over five years	133,000	133,000

(b) 於二零一八年六月三十日，有關於控股股東收購湖州老恒和釀造有限公司前退休的僱員的退休福利責任及提早退休僱員的提早退休責任而存在的精算負債為人民幣4,106,000元(二零一七年十二月三十一日：人民幣4,179,000元)。計劃產生的福利責任為未置存基金。

於財務狀況表內按精算方法計算確認的負債變動如下：

	30 June 2018	31 December 2017
	二零一八年 六月三十日	二零一七年 十二月三十一日
	RMB'000	RMB'000
	人民幣千元	人民幣千元
	(Unaudited)	(Audited)
	(未經審核)	(經審核)
Carrying amount at the beginning of the period	4,179	4,333
Benefits paid	(73)	(154)
At the end of the period	4,106	4,179

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

21. SHARE CAPITAL

Shares

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Authorised:	法定：		
1,000,000,000 ordinary shares of US\$0.0005 (RMB0.00305) each	1,000,000,000 股每股面值 0.0005 美元 (人民幣 0.00305 元) 的普通股	3,050	3,050
Issued and fully paid:	已發行及繳足：		
578,750,000 ordinary shares of US\$0.0005 (RMB0.00305) each	578,750,000 股每股面值 0.0005 美元 (人民幣 0.00305 元) 的普通股	1,767	1,767

21. 股本

股本

22. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its land and buildings under operating lease arrangements. Leases for land and buildings are negotiated for terms ranging between one to ten years.

At 30 June 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

22. 經營租賃安排

本集團根據經營租賃安排租用若干土地及樓宇。土地及樓宇的協定期限介乎一至十年。

於二零一八年六月三十日，本集團根據到期的不可撤銷經營租賃支付的未來最低租賃款項總額如下：

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Within one year	一年內	2,099	2,093
In the second to fifth years, inclusive	第二年至第五年內(包括首尾兩年)	1,992	2,456
After five years	五年後	1,327	1,819
		5,418	6,368

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

22. OPERATING LEASE ARRANGEMENTS (Continued)

Upon adoption of IFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

23. COMMITMENTS

In addition to the operating lease commitments detailed in note 22 above, the Group had capital commitments as follows:

22. 經營租賃安排(續)

採納國際財務報告準則第16號後，其中部分金額可能需要確認為新使用權資產及租賃負債。然而，需要進一步分析以確定新使用權資產及租賃負債須予確認的數額，包括但不限於涉及低價值資產租賃和短期租賃的任何數額、所選擇的其他實用替代方法和緩解措施，以及在採納日期之前訂立的新租約。

23. 承擔

除上文附註22所詳述的經營租賃承擔外，本集團擁有下列資本承擔：

		30 June 2018	31 December 2017
		二零一八年 六月三十日	二零一七年 十二月三十一日
		RMB'000	RMB'000
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Contracted, but not provided for:	已訂約但未計提撥備：		
Plant and machinery	廠房及機器	197,877	103,583

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2018 二零一八年六月三十日

24. RELATED PARTY TRANSACTIONS

24. 與關聯方交易

(a) Compensation of key management personnel of the Group

(a) 本集團主要管理人員的酬金

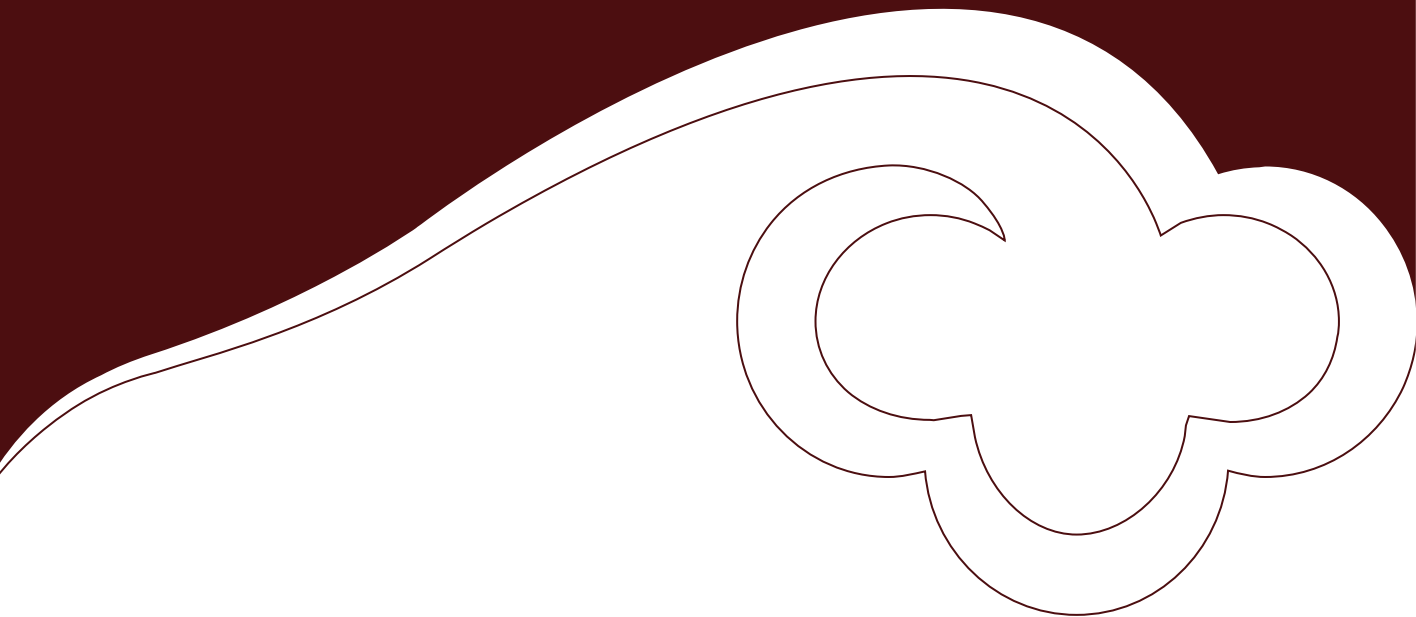
		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	293	248
Pension scheme contributions	退休金計劃供款	38	35
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	331	283

(b) Transactions with related parties:

The director of the Group, Mr. Chen Weizhong, has guaranteed certain bank loans made to the Group of up to RMB470,310,000 (31 December 2017: Nil) as at the end of the reporting period, as further detailed in note 18 to the financial statement.

(b) 與關聯方的交易

於報告期末，本集團董事陳衛忠先生已就本集團若干銀行貸款最多人民幣470,310,000元(二零一七年十二月三十一日：無)作出擔保，進一步詳情載於財務報表附註18。



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