



Honworld Group Limited

老恒和釀造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號: 2226

老
恒
和

Annual Report 年報

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



目錄

CONTENTS

財務摘要	02	Financial Highlights
五年財務概要	03	Five Year Financial Summary
主席報告	05	Chairman's Statement
公司資料	09	Corporate Information
董事及高級管理人員履歷	13	Profile of Directors and Senior Management
管理層討論與分析	19	Management Discussion and Analysis
企業管治報告	31	Corporate Governance Report
董事會報告	54	Directors' Report
獨立核數師報告	73	Independent Auditor's Report
綜合損益表	82	Consolidated Statement of Profit or Loss
綜合全面收益表	83	Consolidated Statement of Comprehensive Income
綜合財務狀況表	84	Consolidated Statement of Financial Position
綜合權益變動表	86	Consolidated Statement of Changes in Equity
綜合現金流量表	88	Consolidated Statement of Cash Flows
財務報表附註	90	Notes to Financial Statements

FINANCIAL HIGHLIGHTS

財務摘要

- Revenue for the year ended 31 December 2018 amounted to RMB874.4 million, representing an increase of 8.9% from RMB803.1 million recorded in 2017.
 - Gross profit for the year ended 31 December 2018 amounted to RMB457.0 million, representing an increase of 6.4% from RMB429.5 million recorded in 2017.
 - Profit attributable to ordinary equity holders of the parent for the year ended 31 December 2018 amounted to RMB201.7 million, representing an increase of 8.0% from RMB186.8 million recorded in 2017.
 - The Board has recommended the payment of a final dividend of RMB7.0 cents per ordinary share for 2018.
- 截至二零一八年十二月三十一日止年度的收入為人民幣874.4百萬元，較二零一七年人民幣803.1百萬元增加8.9%。
 - 截至二零一八年十二月三十一日止年度的毛利為人民幣457.0百萬元，較二零一七年人民幣429.5百萬元增加6.4%。
 - 截至二零一八年十二月三十一日止年度的母公司普通權益持有人應佔利潤為人民幣201.7百萬元，較二零一七年人民幣186.8百萬元增加8.0%。
 - 董事會建議就二零一八年派付期末股息每股普通股人民幣7.0分。

FIVE YEAR FINANCIAL SUMMARY

五年財務概要

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

本集團過去五個財政年度的業績、資產及負債摘要（摘錄自己公佈的經審核財務報表及招股章程）載列如下：

		Year ended 31 December 截至十二月三十一日止年度				
		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	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
RESULTS	業績					
REVENUE	收入	874,410	803,141	831,149	798,861	668,426
Cost of sales	銷售成本	(417,448)	(373,615)	(385,453)	(347,989)	(281,928)
GROSS PROFIT	毛利	456,962	429,526	445,696	450,872	386,498
Other income and gains	其他收入及收益	11,652	19,755	8,426	11,875	5,877
Selling and distribution expenses	銷售及經銷開支	(102,610)	(110,985)	(81,225)	(75,073)	(40,338)
Administrative expenses	行政開支	(74,747)	(71,906)	(83,065)	(80,265)	(81,444)
Impairment losses on financial assets	金融資產減值虧損	(682)	-	-	-	-
Other expenses	其他開支	(4,523)	(1,465)	(1,271)	(105)	(1,512)
Finance costs	融資成本	(50,427)	(48,840)	(40,606)	(32,609)	(22,858)
PROFIT BEFORE TAX	除稅前利潤	235,625	216,085	247,955	274,695	246,223
Income tax expense	所得稅開支	(33,919)	(29,310)	(41,319)	(46,167)	(34,620)
PROFIT FOR THE YEAR	年內利潤	201,706	186,775	206,636	228,528	211,603
Attributable to: Owners of the parent	下列人士應佔： 母公司擁有人	201,706	186,775	206,636	228,528	211,603

FIVE YEAR FINANCIAL SUMMARY (CONTINUED)

五年財務概要(續)

ASSETS, LIABILITIES AND EQUITY

資產、負債及權益

		As at 31 December				
		於十二月三十一日				
		2018	2017	2016	2015	2014
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
TOTAL ASSETS	資產總值	3,711,471	3,415,754	3,164,133	2,298,666	1,936,466
TOTAL LIABILITIES	負債總額	(1,507,541)	(1,381,915)	(1,262,124)	(875,335)	(682,062)
TOTAL EQUITY	總權益	2,203,930	2,033,839	1,902,009	1,423,331	1,254,404

CHAIRMAN'S STATEMENT

主席報告

It is a great honour for me, on behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Honworld Group Limited (the “**Company**” or “**Lao Heng He**”), to present the annual report of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the financial year ended 31 December 2018.

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, naturally-brewed vinegar, soybean paste and fermented bean curd. In 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 applied for the provincial-level key research institutes in the second half of 2018 and was granted the notice and approval from the Zhejiang Province's Department of Science and Technology. Meanwhile, our technical innovation team was selected as the “Elite Project” (精英計劃) in Nantaihu, Huzhou;
3. We hosted the “Hesong” 2018 China Condiment Industry First Cooking Wine (Taihu) Summit (「和頌」二零一八中國調味品行業首屆料酒(太湖)峰會) and released our new soy sauce product, “Brewed-twice Soy Sauce”;
4. We were assessed by the District Committee of Wuxing District and the People's Government of Wuxing District as the “2018 Scientific and Technological Innovation Advanced Enterprise” (二零一八年度科技創新先進企業) and our new production base was graded as the first batch of municipal-level green factories in Huzhou City by Huzhou's Committee of Economic and Information Technology;
5. In 2018, we applied for the project named “Research on the Control of Rancid Microorganisms in rice wine tanks and the Research on Flavor Enhancement Technology” jointly with Jiangnan University and won the Science and Technology Advancement Award of China Alcoholic Drinks Association;
6. The formulation of the association standards for brewing of cereal based cooking wine.

本人非常榮幸地代表老恒和釀造有限公司(「本公司」或「老恒和」)董事(「董事」)會(「董事會」)，提呈本公司及其子公司(統稱「本集團」)或(「我們」)截至二零一八年十二月三十一日止財年的年報。

業績回顧

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

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. 我們於二零一八下半年申報省級企業重點研究院，並取得浙江科學技術廳的公示與批准。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」二零一八中國調味品行業首屆料酒(太湖)峰會，並發佈了我們的新產品「雙曬醬油」；
4. 我們被中共吳興區委、吳興區人民政府評定為二零一八年度科技創新先進企業及我們新的生產基地被湖州市經濟和信息化委員會評定為湖州市第一批市級綠色工廠；
5. 二零一八年我們與江南大學共同申報《黃酒貯藏陳釀酸敗微生物控制及風味品質提升技術研究》項目獲得中國酒業協會科學技術進步獎；
6. 穀物釀造料酒團體標準的制定。

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告(續)

We have been taking proactive action to involve in and is committed to promoting the formulation of the standards for cooking wine, aiming to play the role as a leading wine company and lead the product upgrade of the entire cooking wine industry. The standards for cooking wine aims to enable consumers to distinguish “brewed cooking wines” from “integrated cooking wines” to differentiate our high-quality brewed cooking wine products from integrated cooking wine produced by other competitors, so that the chaos of the current cooking wine market can be rationalized. Therefore, we expect that the highly fragmented cooking wine market will offer us with a broader room for market integration after the introduction of the standards for cooking wine, which will be an important driving force for our future performance improvement. Having taking into account the extensive reserve of base wine, our leading status in the cooking wine industry is free from challenge in a short period of time.

Since the setup of distribution channels, catering channels and e-commerce channels (the New Sales Channels) in 2016, our New Sales Channel build up progress has reached an important milestone and successfully covered 30 provinces, autonomous regions and municipalities across the country with 1,297 customers in total. The Group's sales from distribution channels and catering channels increased from RMB359.9 million in 2017 to RMB411.7 million in 2018, representing an increase of 14.4%. The sales from the e-commerce channel increased by 12.6% from RMB10.3 million in 2017 to RMB11.6 million in 2018.

In 2018, given the maturity of our New Sales Channel, the Group's marketing resources are more evenly allocated between New Sales Channels and supermarket channels. Meanwhile, the synergy brought by New Sales Channels and the existing supermarket channels emerged in the year, and therefore the downward trend of the supermarket channels can be effectively alleviated. The sales from supermarket channels increased by 4.2% from RMB432.9 million in 2017 to RMB451.1 million in 2018.

For the above reasons, the Group recorded a revenue of approximately RMB874.4 million (2017: RMB803.1 million) for the year ended 31 December 2018, representing an increase by approximately 8.9% as compared to the revenue in 2017. The profit for the year attributable to ordinary equity holders of the parent was approximately RMB201.7 million (2017: RMB186.8 million), representing an increase by approximately 8.0% as compared to that in 2017. Along with the maturity of the New Sales Channels, we have reduced the expenditure in advertising costs, and recorded growth in revenue and profits.

In 2018, we launched certain new products, such as 1.28L Lao Heng He Naturally-brewed Wine, 1.9L Lao Heng He Handmade Cooking Wine, 500ML Lao Heng He Brewed-twice Soy Sauce and 410ML Lao Heng He Seasoned Soy Sauce, which were well patronized by our consumers with excellent sales.

我們一直積極參與並致力於推動料酒標準的制定，旨在發揮我們料酒龍頭企業的作用及引領整個料酒行業產品的升級。料酒標準旨在通過區分「釀造型料酒」和「配製型料酒」，從而使消費者可以更直觀地將本公司高質量的釀造料酒產品與其他競爭企業的配製料酒產品進行區分，以此來打破現今料酒市場的亂象。因此，我們預計低集中度的料酒市場將在標準出台後給我們提供廣闊的市場整合空間，這將是我們未來業績提升的重要推動力。考慮到我們龐大的基酒儲備，我們在料酒行業的領導地位在短時間內難以動搖。

經過二零一六年以來對流通渠道、餐飲渠道及電商渠道(新銷售渠道)的建設，我們新銷售渠道的建設已經達到了一個重要的節點，我們的新銷售渠道已經成功覆蓋全國三十個省、自治區及直轄市，客戶總數量達到1,297家，流通及餐飲渠道的銷售額由二零一七年的人民幣359.9百萬元上升至二零一八年的人民幣411.7百萬元，增長14.4%。電商渠道的銷售額由二零一七年的人民幣10.3百萬元上升至二零一八年的人民幣11.6百萬元，增長為12.6%。

二零一八年，隨著我們新銷售渠道的成型，本集團營銷資源更為均衡地在新銷售渠道和商超渠道之間進行分配，另一方面，新銷售渠道與我們原有的商超渠道的協同效應已於本年初步呈現，商超渠道的下降趨勢得到了很好的抑制。商超渠道的銷售額由二零一七年的人民幣432.9百萬元上升至二零一八年的人民幣451.1百萬元，增長為4.2%。

綜上原因，截至二零一八年十二月三十一日止年度，本集團收入約人民幣874.4百萬元(二零一七年：人民幣803.1百萬元)，較二零一七年上升約8.9%，母公司普通權益持有人應佔年內利潤約為人民幣201.7百萬元(二零一七年：人民幣186.8百萬元)，較二零一七年上升約8.0%。隨著新銷售渠道的日趨成熟，我們降低了廣告費用的投入，銷售收入及利潤都得到了了一定的增長。

我們於二零一八年推出如下新產品，如1.28L老恒和原釀料酒、1.9L老恒和手工料酒、500ML老恒和雙曬醬油、410ML老恒和味極鮮醬油等產品，都受到市場上消費者的青睞，並取得很好的銷售業績。

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告(續)

In 2018, our key products, cooking wine, remained a major source of our revenue, representing 69.6% of the total revenue. As our production capacity of soy sauce continued to increase, our sales revenue from soy sauce increased by 45.7% in 2018 compared with that in 2017 and accounted for 17.1% of our total revenue. In view of our customers' growing demand from the New Sales Channels and the anticipated sales growth of soy sauce, rice vinegar, fermented bean curd brought along by the further development of the New Sales Channels, we consider that a rich and diversified condiment portfolio would be more beneficial to the business development of the Group in the coming years. Thus, we will enhance the production capacity of soy sauce, rice vinegar, fermented bean curd and other products, so as to diversify the existing portfolio of condiment products of the Group. We believe that cooking wine products are complementary with other products in terms of resource usage, such that we will be able to develop an in-depth industry chain for the Group's condiment products at multiple levels, thereby turning Lao Heng He into a diversified condiment manufacturer with cooking wine as a dominant product.

Our construction project for the major buildings in the new plant in Huzhou, Zhejiang Province has been completed and received final acceptance. New production line of soy sauce and fermented bean curds was installed and the plant now entered into the trial production stage and was expected to launch products in the second half of 2019.

Our profitability mainly depends on the product price, our cost of sales, marketing strategies, product structure and product mix. We are now taking proactive action in monitoring any potential risks that may affect our financial performance with the attempt to mitigate any increase in costs and expenses with a better product mix and employment of different sales channels together with enhanced operation efficiency and profit margins. However, the Group also faces some risks in its business development, including: (1) the risk of a substantial increase in production costs, such as the increase in prices of agricultural and by-products, packaging costs or labor costs; (2) the change in consumers' consuming patterns on condiment products that may pose adverse impact to our sales; (3) the market's expansion costs and sales expenses are significantly higher than the Group's expectations; (4) our new products may not be well received by the market within a short period of time; and (5) more complicated sales policies and management over credit terms due to the rapid growth in the number of distributors.

於二零一八年，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69.6%。隨著我們醬油產能的陸續釋放，二零一八年我們醬油銷售收入較二零一七年增長45.7%，佔總收入的17.1%。基於對現有不斷增長的新銷售渠道的客戶需求和對銷售渠道進一步發展而帶來的醬油、米醋、腐乳等產品的銷售增長預期，我們認為豐富而又多元化的調味品結構將更有利於本集團未來幾年的業務發展。因此我們將繼續提升醬油、米醋、腐乳等產品的產能來對本集團現有的調味品產品組合進行擴充。我們認為料酒產品可以與其他產品進行資源優勢互補，多層次地深度開發本集團的調味品產業鏈，將老恆和打造以料酒為主導產品的多元化調味品製造商。

我們位於浙江省湖州市內新車間的建設主體工程已經完工及驗收並購置了新的醬油、腐乳生產線，現已處於試生產階段，預計在二零一九年下半年新車間生產的產品能在市場推出。

我們的盈利能力主要受產品定價及我們的銷售成本、營銷策略、產品架構及組合所影響。我們正積極監控可能影響我們財務業績的任何潛在風險因素，並試圖憑藉更高效的營運及利潤率以更佳產品組合和銷售渠道緩和任何成本和費用的增加。然而，本集團在業務發展過程中同樣面臨一定風險，包括：(1)生產成本大幅上漲的風險，如農副產品價格、包裝成本或勞工成本增加；(2)消費者消費調味產品的習慣的轉變，為我們的銷售帶來負面影響；(3)市場的拓展成本和銷售費用較本集團預期大幅上升；(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，銷售政策及信貸期限管理更加複雜。

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告(續)

APPRECIATION

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

Chen Weizhong

Chairman of the Board

29 March 2019

致謝

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

陳衛忠

董事會主席

二零一九年三月二十九日

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

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

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

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

NOMINATION COMMITTEE

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

AUDITORS

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

提名委員會

孫頌先生(主席)
吳榮輝先生
沈振昌先生

核數師

安永會計師事務所
執業會計師
香港
中環
添美道1號
22樓

註冊辦事處

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

中國總部及主要營業地點

中國浙江省
湖州市吳興區
八里店鎮食品工業園
郵編：313000

香港主要營業地點

香港
上環
干諾道中152-155號
招商局大廈6樓
606-607室

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

PRINCIPAL BANKERS

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

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

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

LEGAL ADVISER AS TO HONG KONG LAW

Chungs Lawyers
28/F, Henley Building
5 Queen's Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

主要往來銀行

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

中國銀行股份有限公司
湖州市分行
中國
浙江省湖州市
人民路208號

中國農業銀行股份有限公司
湖州分行
中國
浙江省湖州市
人民路88號

香港法律顧問

鍾氏律師事務所
香港中環
皇后大道中5號
衡怡大廈28樓

主要股份過戶登記處

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

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

HONG KONG SHARE REGISTRAR

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

STOCK CODE

Stock code: 2226
Board lot: 500 shares

WEBSITE

<http://www.hzlaohenghe.com>

香港證券登記處

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

股份代號

股份代號：2226
買賣單位：500 股

網址

<http://www.hzlaohenghe.com>

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷

Below are brief profiles of the current directors (“Directors”, each a “Director”) and senior management of the Group. 以下載列本集團現任董事(「董事」)及高級管理層的簡介。

Name 姓名	Age 年齡	Position 職位	Date of appointment as Director 獲委任為董事日期
Executive Directors 執行董事			
Chen Weizhong 陳衛忠	47	Chairman of the Board, executive Director and chief executive officer 董事會主席、執行董事及首席執行官	13 May 2013 二零一三年五月十三日
Sheng Mingjian 盛明健	44	Executive Director and vice general manager 執行董事及副總經理	17 December 2013 二零一三年十二月十七日
Wang Chao 王超	41	Executive Director and managing director of sales and marketing 執行董事及銷售及市場推廣董事總經理	17 December 2013 二零一三年十二月十七日
Non-executive Director 非執行董事			
Qian Yinglan 錢英嵐	35	Non-executive Director 非執行董事	12 September 2017 二零一七年九月十二日
Independent non-executive Directors 獨立非執行董事			
Shen Zhenchang 沈振昌	72	Independent non-executive Director 獨立非執行董事	17 December 2013 二零一三年十二月十七日
Ng Wing Fai 吳榮輝	60	Independent non-executive Director 獨立非執行董事	29 June 2017 二零一七年六月二十九日
Sun Jiong 孫頴	78	Independent non-executive Director 獨立非執行董事	29 June 2017 二零一七年六月二十九日

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員履歷(續)

EXECUTIVE DIRECTORS

Mr. Chen Weizhong (陳衛忠), aged 47, is the chairman of the Board, founder, chief executive officer (“CEO”) of the Group and the executive Director. He is primarily responsible for our Group’s overall strategic planning, recipes use and control, distribution network expansion and overall business operations. He has over 20 years of experience in the condiment industry in the PRC and possesses unique information regarding the research, development and intellectual property related to our products, including the trade-secret recipes of fermentation starter and cooking wine spices.

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

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

Mr. Sheng Mingjian (盛明健), aged 44, is our vice general manager and executive Director. Mr. Sheng is primarily responsible for the management of our Group’s financing activities and assisting Mr. Chen to manage the overall business operations. He has more than 10 years of experience in the condiment industry, and has extensive management experience in capital and business operations. Before joining our Group in 2006, he was the general manager of Zhong Wei from 2001 to 2006.

Mr. Wang Chao (王超), aged 41, is our managing director of sales and marketing and executive Director. Mr. Wang is primarily responsible for our Group’s sales and marketing. He has 15 years of experience in the condiment industry. Mr. Wang joined Huzhou Lao Heng He Brewing Factory (湖州老恒和釀造廠) (currently Huzhou Lao Heng He Brewery Co., Ltd. (“**Huzhou Lao Heng He**”) in 1998 where he worked in various departments, including business operation department and finance department. Since 2006, Mr. Wang worked in management positions in Huzhou Lao Heng He’s customer service centre and sales and marketing department. Mr. Wang graduated from Zhejiang Electronic Polytechnic School (浙江省電子工業學校), a technical middle school in 1998.

執行董事

陳衛忠先生，47歲，為董事會主席、本集團創始人、首席執行官(「**首席執行官**」)及執行董事。彼主要負責本集團的整體策略規劃、配方運用及控制、經銷網絡擴張及總體業務經營。彼在中國的調味品行業擁有逾20年的經驗，並在與我們產品有關的研究、開發及知識產權方面擁有獨家資料，包括酒藥及料酒香辛料的商業秘密配方。

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

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

盛明健先生，44歲，為我們的副總經理及執行董事。盛先生主要負責管理本集團的融資活動及協助陳先生管理總體業務經營。彼在調味品行業擁有逾10年經驗，並在資本及業務營運方面擁有豐富的管理經驗。在於二零零六年加入本集團之前，彼於二零零一年至二零零六年期間擔任中味的總經理。

王超先生，41歲，為我們的銷售及市場推廣董事總經理及執行董事。王先生主要負責本集團的銷售及市場推廣事務。彼在調味品行業擁有15年的經驗。王先生於一九九八年加入湖州老恒和釀造廠(現稱湖州老恒和釀造有限公司(「**湖州老恒和**」))，曾於該廠的多個部門工作，包括業務營運部門及財務部門。自二零零六年起，王先生於湖州老恒和的客戶服務中心以及銷售及市場推廣部擔任管理職務。王先生於一九九八年畢業於一所中等專業學校浙江省電子工業學校。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員履歷(續)

NON-EXECUTIVE DIRECTOR

Ms. Qian Yinglan (錢英嵐), aged 35, is our non-executive Director and a member of the audit committee of the Company. Ms. Qian is a vice president of Lunar Capital Partners IV L.P. ("**Lunar Capital**"). Lunar Capital, a substantial shareholder of the Company, is a leading private equity fund focused on investing in China related consumer businesses. Ms. Qian focuses on consumer and retail industry related investment. Prior to joining Lunar Capital, from July 2005 to April 2015, Ms. Qian has worked in the PRC team of KPMG Huazhen Certified Public Accountants and PricewaterhouseCoopers Consulting respectively and served as senior manager, and executed multiple types of capital market deals domestically and overseas. Ms. Qian received a bachelor of economics degree in June 2005 from the Shanghai International Studies University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shen Zhenchang (沈振昌), aged 72, is our independent non-executive Director. Mr. Shen has more than 40 years of experience in the cooking wine industry. From 1971 to 2006, Mr. Shen worked with China Shaoxing Rice Wine Group (中國紹興黃酒集團有限公司) (previously known as Shaoxing City Rice Wine Corporation (紹興市釀酒總公司)). Before his retirement from China Shaoxing Rice Wine Group in 2006, Mr. Shen was the director of its office of general affairs.

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

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

非執行董事

錢英嵐女士，35歲，為我們的非執行董事及本公司審核委員會成員。錢女士為Lunar Capital Partners IV L.P. (「**Lunar Capital**」)副總裁。本公司主要股東Lunar Capital為一家專注中國消費者市場的領先私募股權基金。錢女士專注於有關消費者及零售行業的投資。於加入Lunar Capital之前，錢女士自二零零五年七月至二零一五年四月期間先後任職於畢馬威華振會計師事務所及普華永道諮詢公司的中國團隊及擔任高級經理，並完成國內外多種資本市場的交易。錢女士於二零零五年六月獲得上海外國語大學的經濟學學士學位。

獨立非執行董事

沈振昌先生，72歲，為我們的獨立非執行董事。沈先生在料酒行業擁有逾40年經驗。自一九七一年至二零零六年，沈先生於中國紹興黃酒集團有限公司(前稱為紹興市釀酒總公司)任職。於二零零六年從中國紹興黃酒集團有限公司退休之前，沈先生擔任該公司總務處主任。

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

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

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員履歷(續)

Mr. Ng Wing Fai (吳榮輝), aged 60, is our independent non-executive Director. Mr. Ng is also the chairman of the audit committee, and a member of the remuneration committee and a member of the nomination committee of the Company. Mr. Ng has over 18 years of experience in audit, taxation and consultancy in government and non-government institutes. Mr. Ng holds a bachelor's of arts degree in accountancy and a master's degree of arts in international accounting from City University of Hong Kong. He also holds a bachelor's degree with Honour in UK and Hong Kong law from The Manchester Metropolitan University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Institute of Chartered Accountants in England and Wales, a past president of the Society of Chinese Accountants & Auditors (2011), and a member of the Hong Kong Securities Institute. Mr. Ng is an independent non-executive director of China Automation Group Limited (stock code: 569) since June 2007, a company listed on the Stock Exchange; and an independent non-executive director of Evergreen International Holdings Limited (stock code: 238) since June 2016, a company listed on the Stock Exchange.

Mr. Sun Jiong (孫頌), aged 78, is our independent non-executive Director. Mr. Sun is also the chairman of the nomination committee, and a member of the remuneration committee and a member of the audit committee of the Company. Mr. Sun is a senior postgraduate engineer. Mr. Sun graduated from fermentation engineering profession of Wuxi Institute of Light Industry (無錫輕工業學院) in 1963. Mr. Sun served as an engineer and the topic responsible officer (課題負責人) of the Food Fermentation Institute of the Department of Light Industry of the PRC (中國輕工業部食品發酵所) from 1963 to 1979, and a senior engineer and officer of the Environmental Protection Research Institute of the Department of Light Industry of the PRC (中國輕工業部環境保護研究所) from 1979 to 1988. Mr. Sun also served as the deputy general manager of the Food Engineering Technological Development Company (中國食品工業技術開發總公司) from 1988 to 1991 and the deputy general manager and senior postgraduate engineer of China National Food Industry (Group) Corporation (中國食品工業(集團)公司) from 1991 to 1997. He has also served as the head of institute, professor and tutor of PhD students of the Food Fermentation Industry Research Institute (中國食品發酵工業研究院) from 1997 to 2002. Mr. Sun has been the instructor of PhD students of Jiangnan University since December 2001 and has also acts as part-time professor of various universities including Zhongshan University, Shandong University, South China University of Technology, Tianjin University of Science and Technology and Shanghai University. Mr. Sun has been a senior consultant of the Chinese Institute of Food Science and Technology (中國食品科學技術學會) and a food safety expert of the State Food and Drug Administration since 2002.

吳榮輝先生，60歲，為我們的獨立非執行董事。吳先生亦為本公司審核委員會主席以及薪酬委員會及提名委員會成員。吳先生擁有逾18年在政府及非政府機構之核數、稅務及諮詢方面之經驗。吳先生持有香港城市大學會計文學士學位及國際會計學文學碩士學位，並持有曼徹斯特都會大學之英國及香港法律榮譽學士學位。彼為香港會計師公會資深會員、英格蘭及威爾斯特許會計師公會資深會員、香港華人會計師公會前任會長(二零一一年)及香港證券學會會員。吳先生自二零零七年六月起出任聯交所主板上市公司中國自動化集團有限公司(股份代號：569)的獨立非執行董事；及自二零一六年六月起出任聯交所主板上市公司長興國際(集團)控股有限公司(股份代號：238)的獨立非執行董事。

孫頌先生，78歲，為我們的獨立非執行董事。孫先生亦為本公司提名委員會主席以及薪酬委員會及審核委員會成員。孫先生為研究員級高級工程師。孫先生於一九六三年在無錫輕工業學院以發酵工學專業畢業。孫先生於一九六三年至一九七九年在中國輕工業部食品發酵所任職工程師及課題負責人，並於一九七九年至一九八八年在中國輕工業部環境保護研究所任職高級工程師及室主任。孫先生亦於一九八八年至一九九一年在中國食品工業技術開發總公司出任副總經理，並於一九九一年至一九九七年在中國食品工業(集團)公司擔任副總經理及研究員級高級工程師。彼亦於一九九七年至二零零二年在中國食品發酵工業研究院任職院長、教授及博士研究生導師。孫先生自二零零一年十二月起擔任江南大學博士生指導教師，並於中山大學、山東大學、華南理工大學、天津科技大學及上海大學等多家大學擔任客座教授。孫先生自二零零二年起為中國食品科學技術學會高級顧問及國家食品藥品監督管理局食品安全專家。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員履歷(續)

SENIOR MANAGEMENT

高級管理層

Name 姓名	Age 年齡	Year joined 加入年份	Position 職位
Chen Weizhong 陳衛忠	47	2005 二零零五年	Chairman of the Board, executive Director and chief executive officer 董事會主席、執行董事及首席執行官
Sheng Mingjian 盛明健	44	2006 二零零六年	Executive Director and vice general manager 執行董事及副總經理
Wang Chao 王超	41	2006 二零零六年	Executive Director and managing director of sales and marketing 執行董事及銷售及市場推廣董事總經理
Wan Peiyao 萬培耀	47	2005 二零零五年	Director of production 生產部主管
Liu Chuanli 劉傳禮	38	2012 二零一二年	Financial controller 財務總監

Mr. Chen Weizhong (陳衛忠), aged 47, is the chairman of the Board, CEO and executive Director. His biographical details are set out above under the section headed “Profile of Directors and Senior Management – Executive Directors” to this annual report.

陳衛忠先生，47歲，為董事會主席、首席執行官及執行董事。彼之履歷詳情載於本年報上文「董事及高級管理人員履歷 – 執行董事」一節。

Mr. Sheng Mingjian (盛明健), aged 44, is our vice general manager and executive Director. His biographical details are set out above under the section headed “Profile of Directors and Senior Management – Executive Directors” to this annual report.

盛明健先生，44歲，為我們的副總經理及執行董事。彼之履歷詳情載於本年報上文「董事及高級管理人員履歷 – 執行董事」一節。

Mr. Wang Chao (王超), aged 41, is our managing director of sales and marketing and executive Director. His biographical details are set out above under the section headed “Profile of Directors and Senior Management – Executive Directors” to this annual report.

王超先生，41歲，為我們的銷售及市場推廣董事總經理及執行董事。彼之履歷詳情載於本年報上文「董事及高級管理人員履歷 – 執行董事」一節。

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員履歷(續)

Mr. Wan Peiyao (萬培耀), aged 47, is our director of production department. He is primarily responsible for the Group's production management. He has more than 11 years of experience in the condiment and cooking wine industry. Mr. Wan joined our Group in 2005, and has worked in various departments including workshop operation department, cooking wine production department and plant operation department. Prior to joining our Group, Mr. Wan was the plant manager and executive assistant to the general manager of Huzhou Ganchang Wine Company (湖州乾昌酒業有限公司) from 2000 to 2005. Mr. Wan passed the test for first-class sommelier of PRC (國家一級品酒師) in December 2012.

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

Mr. Liu Chuanli (劉傳禮), aged 38, is our financial controller. Mr. Liu joined our Group in July 2012 and served as the deputy financial controller of Huzhou Lao Heng He, a wholly-owned subsidiary of the Company and had more than 11 years of experience in financial management. He obtained a bachelors' degree majoring in accounting and e-commerce from Hefei University (合肥學院) in 2003.

萬培耀先生，47歲，為我們的生產部主管。彼主要負責本集團的生產管理。彼於調味料及料酒行業擁有逾11年經驗。萬先生於二零零五年加入本集團，曾於工場經營部、料酒生產部及工廠經營部等多個部門任職。於加入本集團前，自二零零零年至二零零五年期間，萬先生曾任湖州乾昌酒業有限公司工廠經理及總經理執行助理。萬先生於二零一二年十二月通過國家一級品酒師測試。

萬先生於一九九五年畢業於浙江工業大學，獲得工業工程(生物化學)學士學位。

劉傳禮先生，38歲，為我們的財務總監。劉先生於二零一二年七月加入本集團，擔任本公司全資附屬公司湖州老恒和副財務總監，擁有逾11年的財務管理經驗。彼於二零零三年取得合肥學院會計及電子商務專業學士學位。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

For details of our business review, please refer to the section on “Chairman’s Statement” on pages 5 to 8 to this annual report.

FINANCIAL REVIEW

Overview

The key financial indicators of the Group are as follows:

業務回顧

有關我們業務回顧之詳情，請參閱本年報第5至8頁的「主席報告」一節。

財務回顧

概覽

本集團的主要財務指標如下：

		Year ended 31 December		Year-on-year
		截至十二月三十一日止年度	2017	Change
		2018	2017	按年變動
		二零一八年	二零一七年	%
		RMB'000	RMB'000	%
		人民幣千元	人民幣千元	%
Income statement items	收益表項目			
Sales	銷售額	874,410	803,141	8.9%
Gross profit	毛利	456,962	429,526	6.4%
Profit attributable to owners of the parent	母公司持有人應佔利潤	201,706	186,775	8.0%
Earnings before interest, taxes, depreciation and amortization (“EBITDA”)	除利息、稅項、折舊及攤銷前利潤（「除利息、稅項、折舊及攤銷前利潤」）	328,801	304,417	8.0%
Earnings per share (RMB cents) (Note (a))	每股盈利（人民幣分）（附註(a)）	34.9	32.3	8.0%
Selected financial ratios	節選財務比率			
Gross profit margin (%)	毛利率(%)	52.3%	53.5%	(2.2%)
Net profit margin attributable to ordinary equity holders of the parent (%)	母公司普通權益持有人應佔淨利潤率(%)	23.1%	23.3%	(0.9%)
EBITDA margin (%)	除利息、稅項、折舊及攤銷前利潤率(%)	37.6%	37.9%	(0.8%)
Return on equity holders' equity (%)	權益持有人權益回報(%)	9.2%	9.2%	-
Gearing ratio (Note (b))	資本負債比率(附註(b))	33.0%	30.4%	8.6%

Notes:

- (a) Please refer to Note 12 to the consolidated financial statements of this report for the calculation of earnings per share.
- (b) The gearing ratio is based on net debt divided by total equity and net debt as at 31 December 2018. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, interest-bearing bank and other borrowings and other long term liabilities.

附註：

- (a) 有關每股盈利的計算方法，請參閱本報告的綜合財務報表附註12。
- (b) 於二零一八年十二月三十一日，資本負債比率按淨債務除總權益及淨債務計算。淨債務包括總債務減現金及現金等價物。總債務包括應付貿易款項、其他應付款項及應計項目、計息銀行及其他借款以及其他長期負債。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Revenue

The revenue of the Group increased by 8.9% from RMB803.1 million in 2017 to RMB874.4 million in 2018, primarily attributable to the development of New Sales Channels and the growth of the supermarket channel brought by the synergy effect from diversified sales channels.

Revenue from cooking wine products increased by 4.9% from RMB580.2 million in 2017 to RMB608.8 million in 2018, primarily due to the increase in the sales of low-end and mid-range cooking wine products arising from the Group's persistently increasing the market penetrating of distribution channels.

Revenue from the Group's soy sauce products increased by 45.7%, from RMB102.6 million in 2017 to RMB149.5 million in 2018. This mainly reflects our effort in devoting more marketing resources to soy sauce products and additional sales brought forth by new product "Brewed-twice Soy Sauce".

While introducing new products to the market, we have also adjusted our product portfolio by reducing the production volume of low-performing rice vinegar products and other products this year. As a result, the revenue from the Group's rice vinegar products and other products decreased slightly from RMB74.7 million and RMB45.6 million in 2017 to RMB73.3 million and RMB42.8 million in 2018, respectively.

Cost of Sales

Our cost of sales increased by 11.7% from RMB373.6 million in 2017 to RMB417.4 million in 2018. The increase in cost of sales was primarily attributable to the combined effect of growing revenue and rising prices for packaging materials.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 6.4% from RMB429.5 million in 2017 to RMB457.0 million in 2018. The gross profit margin decreased from 53.5% in 2017 to 52.3% in 2018, primarily due to the combined effect of rising prices for packaging materials and a decline in the proportion of sales from high-end products.

Other Income and Gains

Other income and gains decreased by 40.9% from RMB19.8 million in 2017 to RMB11.7 million in 2018. Other income and gains primarily include subsidies received, gains from sales of materials, interest income and foreign exchange gains. The decrease in other income and gains was primarily due to decrease in foreign exchange gain brought by the fluctuation in exchange rate.

收入

本集團的收入由二零一七年的人民幣803.1百萬元增加8.9%至二零一八年的人民幣874.4百萬元，主要由於新銷售渠道的進一步發展以及多元化渠道間的協同效應所帶來的商超渠道的增長所致。

料酒產品的收入由二零一七年的人民幣580.2百萬元增加4.9%至二零一八年的人民幣608.8百萬元，主要反映本集團持續加強分銷渠道的市場滲透而帶來的中低端料酒產品的銷量增加所致。

本集團醬油產品的收入由二零一七年的人民幣102.6百萬元增加45.7%至二零一八年的人民幣149.5百萬元，主要反映我們對醬油產品投入更多的營銷資源以及新產品「雙曬醬油」新增的銷售額所致。

在向市場投放新產品的同時，我們於本年也對我們的米醋和其他產品的產品結構進行調整，縮減了市場表現不好的產品的產量。因此，本集團的米醋產品的收入和其他產品的收入分別從二零一七年的人民幣74.7百萬元和人民幣45.6百萬元小幅下降至二零一八年度的人人民幣73.3百萬元和42.8百萬元。

銷售成本

我們的銷售成本由二零一七年的人民幣373.6百萬元增加11.7%至二零一八年的人民幣417.4百萬元。銷售成本的增加主要是由於收入上升和包裝材料價格上漲的綜合影響所致。

毛利及毛利率

由於上述原因，我們的毛利由二零一七年的人民幣429.5百萬元增加6.4%至二零一八年的人民幣457.0百萬元。毛利率由二零一七年的53.5%下跌至二零一八年的52.3%，主要由於包裝材料價格上漲以及高端產品銷售佔比下降的綜合影響所致。

其他收入及收益

其他收入及收益由二零一七年的人民幣19.8百萬元減少40.9%至二零一八年的人民幣11.7百萬元。其他收入及收益主要包括收到的補貼、物料銷售收益、利息收入及滙兌收益等。其他收入及收益減少主要由於受匯率變動影響，滙兌收益下降所致。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Selling and Distribution Expenses

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

Our selling and distribution expenses decreased from RMB111.0 million in 2017 to RMB102.6 million in 2018, and the distribution expenses as a percentage of the Group's revenue decreased from 13.8% in 2017 to 11.7% in 2018, primarily as a result of the combined effect from the following two factors: (i) advertising expenses related to channel building were reduced due to the maturity of our New Sales Channels; and (ii) the Group had devoted more marketing resources to the supermarket channels.

Administrative Expenses

The administrative expenses increased by 4.0% from RMB71.9 million in 2017 to RMB74.7 million in 2018. The increase in administrative expenses was due to the increase in research and development expenses to improve the quality of our products.

Finance Costs

Finance costs increased by 3.2% from RMB48.8 million in 2017 to RMB50.4 million in 2018. The increase in finance costs primarily reflected the increase in interest expenses from RMB48.8 million in 2017 to RMB50.4 million in 2018 as a result of an increase in the average balance of our bank and other borrowings in 2018 to support the expansion of our business.

Profit before Tax

Due to the aforesaid reasons, the profit before tax increased by 9.0% from RMB216.1 million in 2017 to RMB235.6 million in 2018.

銷售及經銷開支

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

我們的銷售及經銷開支由二零一七年的人民幣111.0百萬元減少至二零一八年的人民幣102.6百萬元，而經銷開支佔本集團收入的百分比由二零一七年的13.8%減少至二零一八年的11.7%，乃主要由於(i)新銷售渠道已成熟，故減少渠道建設相關的廣告費用的投入；(ii)對商超渠道投入更多的營銷資源兩個因素的綜合影響所致。

行政開支

行政開支由二零一七年的人民幣71.9百萬元增加4.0%至二零一八年的人民幣74.7百萬元。行政開支增加乃由於本集團提升產品品質導致研發費用增加所致。

融資成本

融資成本由二零一七年的人民幣48.8百萬元增加3.2%至二零一八年的人民幣50.4百萬元。融資成本增加主要反映利息費用由二零一七年的人民幣48.8百萬元增加至二零一八年的人民幣50.4百萬元，歸因於我們為擴展業務而於二零一八年加大平均銀行和其他借款結餘。

除稅前利潤

由於上述原因，除稅前利潤由二零一七年的人民幣216.1百萬元增加9.0%至二零一八年的人民幣235.6百萬元。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

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 laws, 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 three consecutive years commencing from 2016, remained stable as compared to that of 2017 (2017: 15%).

Income tax expense increased by 15.7% from RMB29.3 million in 2017 to RMB33.9 million in 2018, mainly due to the increase in profit before tax.

Profit Attributable to Owners of the Parent

Profit attributable to ordinary equity holders of the parent increased by 8.0% from RMB186.8 million in 2017 to RMB201.7 million in 2018, which is mainly attributable to the aforesaid reasons.

Earnings per Share Attributable to Ordinary Equity Holders of the Parent

Basic earnings per share increased from RMB32.3 cents in 2017 to RMB34.9 cents in 2018. Increase in earnings per share was attributable to the increase in profit attributable to ordinary equity holders of the parent.

Net Profit Margin

The net profit margin remained stable in 2018 as compared to that in 2017.

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計連續三個年度享受15%的優惠稅率，與二零一七年相比保持平穩（二零一七年：15%）。

所得稅開支由二零一七年的人民幣29.3百萬元增加15.7%至二零一八年的人民幣33.9百萬元，主要由於除稅前利潤增加所致。

母公司擁有人應佔利潤

母公司普通股權益持有人應佔利潤由二零一七年的人民幣186.8百萬元增加8.0%至二零一八年的人民幣201.7百萬元，主要是由於上述原因所致。

母公司普通權益持有人應佔每股盈利

每股基本盈利由二零一七年的人民幣32.3分增加至二零一八年的人民幣34.9分，每股盈利的增加乃由於母公司普通股權益持有人應佔利潤增加所致。

淨利潤率

與二零一七年相比，二零一八年的淨利潤率保持平穩。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

FINANCIAL AND LIQUIDITY POSITION

Prepayments

Details of the Group's prepayments as at 31 December 2018 and 2017 are as follows:

財務及流動資金狀況

預付款項

本集團於二零一八年及二零一七年十二月三十一日的預付款項詳情如下：

			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
		Notes 附註		
Prepayments for non-current assets	非流動資產的預付款項	(i)	415,746	390,744
Prepayments for procurements of condiment products	採購調味品的預付款項	(ii)	100,000	-
Prepayments for procurements of raw materials	採購原材料的預付款項	(iii)	83,220	42,021
Other prepayments	其他預付款項		4,394	7,664
			603,360	440,429

Notes:

- (i) Prepayments for non-current assets primarily included the following two aspects: (1) prepayments to equipment manufacturers in respect of customised equipment for the Group; and (2) prepayments to major contractors of the projects according to the framework construction contracts. The directors estimated that RMB118,237,000 and RMB297,509,000 of the prepayments for non-current assets would be settled in a period of 12 months and 24 months upon commencement of the corresponding construction/installation projects, respectively. Prepayments for non-current assets increased by 6.4% from RMB390.7 million as at 31 December 2017 to RMB415.7 million as at 31 December 2018. The increase in prepayments for non-current assets was mainly attributable to the fact that we will increase the payment to related construction units and equipment suppliers as we plan to expand the production capacity of soy sauce and fermented bean curd products and enriches the product structure in the future.
- (ii) Prepayments for procurements of condiment products primarily included prepayments for procurements of condiment products from an independent third party manufacturer under a poverty alleviation program led by China Development Bank Zhejiang Branch. RMB63,590,000 and RMB36,410,000 of prepayments for procurements of condiment products would be settled in a period of 12 months and 24 months according to the procurement schedule between the manufacturer and the Group, respectively.
- (iii) Prepayments for procurements of raw material primarily included the prepayments for procurements of raw materials from independent third party suppliers to ensure the steady supplies of agriculture products, which would be settled in a period of 12 months according to the procurement schedules between the suppliers and the Group. Prepayments for procurements of raw materials increased by 98.0% from RMB42.0 million as at 31 December 2017 to RMB83.2 million as at 31 December 2018, which was primarily due to the addition in prepayments to suppliers of soy beans to cope with the future production needs of our new plant in Huzhou.

附註：

- (i) 非流動資產的預付款項主要包括如下兩個方面：(1) 為本集團定制設備而向設備製造商預付的款項；以及(2) 根據框架工程協議向工程主要的承建單位支付的預付款項。董事估計人民幣118,237,000元及人民幣297,509,000元的非流動資產的預付款項分別將於相關建設/安裝工程施工後12個月及24個月內核銷完畢。非流動資產的預付款項由二零一七年十二月三十一日的人民幣390.7百萬元增加6.4%至二零一八年十二月三十一日的人民幣415.7百萬元。非流動資產的預付款項的增加乃主要由於我們計劃於未來擴大醬油及腐乳產品產能，豐富產品結構，對相關工程施工單位及設備供應商的預付款項增加所致。
- (ii) 採購調味品的預付款項主要包括按照國家開發銀行浙江省分行領導的扶貧計劃向獨立第三方製造商採購調味品的預付款項。為數人民幣63,590,000元及人民幣36,410,000元的採購調味品的預付款項將根據製造商與本集團之間的採購時間表分別於12個月及24個月內核銷。
- (iii) 採購原材料的預付款項主要包括從獨立第三方供應商採購原材料的預付款項，以確保農產品的穩定供應，而此將根據供應商與本集團之間的採購時間表於12個月內核銷。採購原材料的預付款項由二零一七年十二月三十一日的人民幣42.0百萬元增加98.0%至二零一八年十二月三十一日的人民幣83.2百萬元，乃主要由於我們向大豆供應商增加預付款項以應對我們湖州新車間的未來生產需求。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Trade receivables

Trade receivables increased from RMB129.5 million as at 31 December 2017 to RMB194.7 million as at 31 December 2018 and the turnover days of trade receivables increased from 65 days in 2017 to 67 days in 2018, mainly reflecting the increase in the proportion of sales to supermarket channel with longer credit period. Details of the ageing analysis of trade receivables are set out in Note 16 to the consolidated financial statements in this report.

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

Inventories

Inventories increased from RMB1,189.9 million as at 31 December 2017 to RMB1,276.5 million as at 31 December 2018, primarily due to the increase in work in progress. A substantial part of our inventories are work in progress, mainly representing base wine, base soy sauce, semi-finished soybean paste and base vinegar in the brewing period. Due to the long production cycle and short sales cycle, we need to keep an abundant stock of well-aged base wine to cope with the rapid sales growth in the future. As at 31 December 2018, we increased the inventories of base soy sauce to cope with the future growth in sales.

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

As at 31 December 2018, our inventories with a carrying amount of RMB703.4 million (31 December 2017: RMB803.5 million) were pledged as floating charge to secure general banking facilities granted to us.

應收貿易款項

應收貿易款項由二零一七年十二月三十一日的人民幣129.5百萬元增加至二零一八年十二月三十一日的人民幣194.7百萬元，應收貿易款項週轉天數從二零一七年的65天增至二零一八年的67天，主要反映向信貸期較長的商超渠道作出的銷售佔比增加。應收貿易款項賬齡分析詳情載於本報告的綜合財務報表附註16。

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

存貨

存貨由二零一七年十二月三十一日的人民幣1,189.9百萬元增至二零一八年十二月三十一日的人民幣1,276.5百萬元，主要由於在製品增加。我們存貨的絕大部分為在製品，主要指處於釀造期的基酒、基醬油、黃豆醬半成品及基醋。由於較長的生產週期及較短的銷售週期，我們需保持大量經過長年陳釀的基酒存貨，以應對未來快速的銷售增長。於二零一八年十二月三十一日，我們還增加了基醬油的存量，來應對未來的銷售增長。

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

於二零一八年十二月三十一日，我們已將賬面值人民幣703.4百萬元(二零一七年十二月三十一日：人民幣803.5百萬元)作為授予我們一般銀行融資的浮動抵押。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Borrowings

As at 31 December 2018, our total borrowings amounted to RMB1,030.7 million (31 December 2017: RMB954.8 million), including finance lease payables with a carrying amount of RMB62.6 million (31 December 2017: RMB102.0 million).

Our principal sources of liquidity include cash generated from business operation and bank borrowings. The cash from these sources are primarily used for our working capital, the expansion of production capacity, other capital expenditures and debt service requirements.

As at 31 December 2018, the Group's bank loans amounting to approximately RMB660.9 million were not in compliance with certain financial loan covenants, among which a balance of RMB88.0 million that is repayable after one year from the end of 2018 has been classified as a current liability. No further reclassification is needed regarding the rest of the aforesaid bank loans since their maturity were all within 12 months and have already been classified as current liabilities.

Foreign currency risks

The Group mainly operates in the PRC and its operations mainly settled in Renminbi. The Group will closely monitor the fluctuations of the Renminbi exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. For the year ended 31 December 2018, the Group was not engaged in hedging activities for managing foreign exchange rate risk.

Liquidity and Financial Resources

As at 31 December 2018, we had cash and cash equivalents of RMB345.2 million (31 December 2017: RMB443.9 million). As at 31 December 2018, we had interest-bearing bank and other borrowings of an aggregate amount of RMB1,030.7 million (31 December 2017: RMB954.8 million), which were denominated in RMB with interest rates from 3.92% to 6.09% per annum.

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

借款

於二零一八年十二月三十一日，我們借款總額為人民幣1,030.7百萬元(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62.6百萬元(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。

我們的流動資金主要來源包括從業務營運產生的現金及銀行借款。自該等來源獲得的現金主要用作我們的營運資金、擴張產能、其他資本開支及債務服務需求。

於二零一八年十二月三十一日，本集團的銀行貸款約人民幣660.9百萬元並不符合若干金融貸款契約，當中結餘人民幣88.0百萬元須於二零一八年底起計一年後償還，並獲分類為流動負債。上述銀行貸款毋須進一步重新分類，此乃由於其均會在12個月內到期，並已獲分類為流動負債。

外幣風險

本集團主要在中國營運，大部分業務以人民幣進行結算。本集團將密切監察人民幣匯率的波動，並審慎考慮於適當時候進行貨幣掉期安排，以對沖相應的風險。截至二零一八年十二月三十一日止年度，本集團並未進行管理外匯匯率風險的對沖活動。

流動資金及財務資源

於二零一八年十二月三十一日，我們的現金及現金等價物為人民幣345.2百萬元(二零一七年十二月三十一日：人民幣443.9百萬元)。於二零一八年十二月三十一日，我們的計息銀行及其他借款合共為人民幣1,030.7百萬元(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，按年利率介乎3.92%至6.09%計息。

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

GEARING RATIO

The gearing ratio of the Group was 33.0% as at 31 December 2018, representing an increase of 2.6 percentage points over 2017.

The gearing ratio is based on net debt divided by total equity and net debt as at 31 December 2018. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, interest-bearing bank and other borrowings and other long term liabilities.

CAPITAL COMMITMENT

Capital commitment as at 31 December 2018 amounted to RMB133.3 million (31 December 2017: RMB103.6 million), which was mainly related to the construction projects for expansion of plant and increase of machinery.

CONTINGENT LIABILITIES

As at 31 December 2018, we did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2018, our inventories with a carrying amount of RMB703.4 million, property, plant and equipment with a carrying amount of RMB257.2 million, leasehold land with a carrying amount of RMB53.2 million, and deposits with a carrying amount of RMB69.7 million were pledged to secure general banking facilities granted to us.

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

MATERIAL ACQUISITION AND DISPOSAL

The Company has no material acquisition and disposal as at 31 December 2018.

資本負債比率

於二零一八年十二月三十一日，本集團資本負債比率為33.0%，較二零一七年增加2.6個百分點。

資本負債比率按二零一八年十二月三十一日之淨債務除以總權益及淨債務計算得出。淨債務包括總債務減現金及現金等價物。總債務包括應付貿易款項、其他應付款項及應計項目、計息銀行及其他借款及其他長期負債。

資本承擔

於二零一八年十二月三十一日的資本承擔為人民幣133.3百萬元(二零一七年十二月三十一日：人民幣103.6百萬元)，主要與擴建廠房及增加機械的工程項目有關。

或有負債

於二零一八年十二月三十一日，我們並無任何重大或有負債。

資產質押

於二零一八年十二月三十一日，我們抵押賬面值為人民幣703.4百萬元的存貨、賬面值為人民幣257.2百萬元的物業、廠房及設備、賬面值為人民幣53.2百萬元的租賃土地及賬面值為人民幣69.7百萬元的存款，作為授予我們一般銀行融資的質押。

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

重大收購及出售事項

於二零一八年十二月三十一日，本公司概無任何重大收購及出售事項。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

FUTURE PROSPECTS

Although the trade war and de-leveraging policies gave tremendous impact to China's economy, we believe that the demand for condiments, as a kind of inelastic demands, will not be affected. On the other hand, China's economy has been shifting from high-speed development stage to a more quality-oriented one; the optimization of economic structure is underway. The scenario of the condiment industry, a highly fragmented market with the development levels of industry players varied from each other will be changed.

As for the cooking wine market, we believe that the benefit from demographic structure as well as the growing knowledge of consumers' using habits will lead to an increase in the sales of our products. Apart from that, there is an increase in price of cooking wine market brought by the introduction of the standards of cooking wine brewing, the further regulation over the cooking wine market, the replacement of existing integrated and inferior wine products with naturally brewing ones, our influence on the consumers from the aspects of raw materials, aging and quality. Cooking wine market has evolved into a stage of rapid surge in both sale volume and prices.

With the maturity of our New Sales Channels and the requirements of diversified customers' needs, the Group constantly enriches its existing product portfolio to meet the market needs in the future. In 2018, the Group launched new products such as Brewed-twice Soy Sauce and Seasoned Soy Sauce, which contributed a growth by 45.7% in the annual sales of soy sauce. Given the increased production capacity of the new plant and customer's recognition of soy sauce products, we envisaged that the Group's soy sauce products will capture a larger market share.

Under such general trend, our "Lao Heng He" products with outstanding brand awareness, modernized traditional craftsmanship, mature quality control mechanism and outstanding research and development system may strike for greater development. Leveraging on our product quality and technology as our core-competitiveness, we will stand out amid fierce market competition through differentiation in product quality.

In addition to maintaining the leading position of our cooking wine products, we will endeavor to adhere to our strategy of "Diversified" product structure 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 through economy of scale.

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

未來前景

雖然貿易戰與降槓桿對國內經濟帶來了較大衝擊，但我們認為，作為剛性需求的調味品並不會受到影響。另一方面我國經濟現已由高速增長階段轉向高質量發展階段，正處在優化經濟結構的轉型期。集中度低和發展水平差異較大的調味品行業的格局將會被打破。

而對於料酒市場，我們認為人口結構性紅利及消費者使用習慣的教育會帶來使用量的增加，另一方面釀造料酒標準的出台，料酒市場的進一步規範，純釀造取代現有的配製及劣質產品已經成為趨勢，加上我們從原料、年份、酒質等方面影響消費者能夠帶來料酒市場的價格提升。料酒市場已經進入了量價齊升的高速發展階段。

隨著我們新銷售渠道的成型及客戶需求多元化的要求，本集團也在不斷豐富現有產品結構，以滿足未來市場的需求。於二零一八年，本集團推出新品雙曬醬油、味極鮮等醬油新品，全年醬油銷售額增長為45.7%。在新車間的產能提升及客戶對醬油產品的認可下，我們預期本集團的醬油產品會佔有更多的市場份額。

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。我們將以產品質量和技術含量為核心競爭力，通過產品品質的差異化在激烈的市場競爭中脫穎而出。

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來通過規模經濟效益提升我們整體利潤率水平。

因此，我們認為我們的「老恒和」品牌的產品在中國將繼續增長。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

GOALS AND STRATEGIES

In 2019, we will continue to pursue the “Diversified” strategy, concentrating our investment and resources on exploring sales channels and product offerings. We will adhere to a consumer-oriented sales strategy and endeavor to achieve higher customer loyalty. We focus on providing consumers with safer and healthier naturally-brewed condiment products of premium quality.

We are determined to consolidate our position in the condiments industry by diversifying our sales channels and promoting the sales of combined products, leveraging on our leading position in the cooking wine industry. On one hand, we will further increase the investment in the establishment of the marketing team and staff training. On the other hand, we will enrich the product structure of the Company and offer a variety of quality products that are in line with the consuming power of the general public. In respect of the expansion of distributors, we will continue to cooperate with capable distributors through our diversified channels, and continue to actively improve the market share of our “Lao Heng He” brand in the PRC market.

In addition, we also take proactive approach in building up our internet sale platform and embrace New Sales Channel. To name a few, we have opened up lives with internet celebrities, internet lives of Lunar New Year Taobao shopping and create more interactive marketing approach to familiarize more younger consumers to our time-honored brand with the attempt to bring forth a renewed image for our brand. We would also cooperate with local educational institutions to familiarize children to the natural brewing of condiments.

We will always pay close attention to and actively address any risks that may come along with growth in sales. In 2018, we upgraded the digitalized management system and launch a more comprehensive ERP system to cope with the more complicated management brought by our fast expansion. Apart from that, we will continue to provide more comprehensive and systematic training to our expanding sales team in respond to 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 in 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 in respond to the negative impact on our sales and our distributors, which maybe caused by the difference in pricing policy in different 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

於二零一九年，我們將繼續奉行「多元化」策略，將投資及資源用於拓展銷售渠道和產品供應。我們的銷售策略仍以消費者為中心，致力實現較高的客戶忠誠度。我們專注於向消費者提供更優質、更安全和更健康的天然釀造的調味品。

我們的經營目標為通過我們在料酒行業的龍頭地位拓展多元化的銷售渠道，進行組合產品的銷售，提升本公司在調味品行業的市場地位。一方面，我們將更進一步增加對營銷團隊建設的投入和員工培訓。另一方面，我們將豐富本公司的產品結構，推出更多優質的並且符合大眾消費能力的各類別產品。在經銷商拓展方面，我們將不斷地在多元化發展的渠道中與有實力的經銷商合作，繼續積極地提升「老恒和」品牌在中國市場的市場佔有率。

我們亦積極建設網路銷售平台，積極擁抱新零售。通過網紅直播、年貨淘寶直播、建立與消費互動的各種新營銷手段讓更多年輕消費者瞭解老字號品牌煥發新的活力。通過與地方教育機構合作，培養小朋友從小對調味品的原釀意識。

我們亦時刻關注並積極應對銷售增長可能帶來的風險。於二零一八年，我們升級信息化管理系統，上線更為全面的ERP系統來應對我們快速擴大而帶來管理複雜性。除此之外，我們繼續對不斷擴大的銷售隊伍採取更全面系統的培訓並進行一定的整合來應對銷售團隊素質不足可能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)

EMPLOYEES AND WELFARE CONTRIBUTION

As at 31 December 2018, the Group had approximately 605 full-time employees (31 December 2017: 606). The employees' remuneration packages are determined with reference to their experience and qualifications and general market conditions. The remuneration policies, bonus, evaluation systems and training programs for employees of our Group were implemented continuously according to policies disclosed in the 2017 annual report and no change has been made in 2018.

The total remuneration paid to the Group's employees (excluding Directors' and chief executive's remuneration) for the year ended 31 December 2018 amounted to approximately RMB51.8 million (2017: approximately RMB50.8 million), which included the Group's contribution to the employee benefit plan for the year 2018 of RMB8.5 million (2017: RMB7.8 million). Details of the employee benefit expense are disclosed in Note 6 to the financial statements in this annual report.

The following table sets forth the Group's full-time employees by function as at 31 December 2018:

僱員及福利繳費

於二零一八年十二月三十一日，本集團共聘有大約605名全職僱員(二零一七年十二月三十一日：606名)。僱員薪酬方案乃參考彼等的經驗及資質以及總體市況而釐定。本集團僱員的薪酬政策、花紅、評估體系及培訓計劃繼續按照於二零一七年年報披露的政策執行，且於二零一八年概無變動。

於截至二零一八年十二月三十一日止年度支付予本集團僱員之薪酬總額(不包括董事及最高行政人員薪酬)為約人民幣51.8百萬元(二零一七年：約人民幣50.8百萬元)，包括本集團於二零一八年就僱員福利計劃作出的供款人民幣8.5百萬元(二零一七年：人民幣7.8百萬元)。僱員福利開支詳情披露於本年報財務報表附註6。

下表載列本集團截至二零一八年十二月三十一日按職能劃分的全職僱員：

As at 31 December 2018
截至二零一八年十二月三十一日

Number of employees	% of total
僱員人數	佔總數百分比

Production	生產	246	40.7
Management and administration	管理及行政管理	22	3.6
Sales and marketing	銷售及營銷	226	37.4
Quality control, research and development and others	質量控制、研發及其他	111	18.3
Total	總計	605	100.00

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year of 2018.

CHARITABLE DONATIONS

During the year of 2018, the Group made charitable donations of RMB167,000.

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

購買、贖回或出售本公司上市證券

於二零一八年內，本公司及其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

慈善捐款

於二零一八年內，本集團作出慈善捐款人民幣167,000元。

CORPORATE GOVERNANCE REPORT

企業管治報告

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

(A) CORPORATE GOVERNANCE PRACTICES

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

During the year ended 31 December 2018, the Company has complied with the code provisions set out in the Governance Code except the deviations as set out below in this report.

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

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

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

Upon specific enquiry, all the Directors confirmed that they have complied with the Model Code during the year ended 31 December 2018. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended 31 December 2018.

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

(A) 企業管治常規

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

截至二零一八年十二月三十一日止年度，本公司已遵守管治守則所載之守則條文，惟本報告下文所載之偏離事項除外。

為達到及維持高標準的企業管治常規，董事會將不斷檢討及監察本公司的常規。

(B) 董事及高級管理層之證券交易

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

經過具體詢問後，全體董事確認彼等於截至二零一八年十二月三十一日止年度已遵守標準守則。此外，本公司並無發現本集團高級管理層於截至二零一八年十二月三十一日止年度有任何違反標準守則的行為。

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

(C) THE BOARD OF DIRECTORS

Board Responsibilities

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

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

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

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

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

(C) 董事會

董事會的責任

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

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

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

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

本公司已就因企業活動而對董事採取的法律行動為全體董事安排合適的保險。

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

Functions and Duties of the Board

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

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

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

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

Board Members

During the year ended 31 December 2018 and as at the date of this annual report, the Board consist of the following seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors:

Executive Directors

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

董事會的職能及職責

董事會監督本公司業務及事務的管理。董事會的主要職責包括：

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

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

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

董事會成員

截至二零一八年十二月三十一日止年度及於本年報日期，董事會由以下七名董事組成，包括三名執行董事、一名非執行董事及三名獨立非執行董事：

執行董事

陳衛忠先生(主席兼首席執行官)
盛明健先生
王超先生

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

Non-executive Director

Ms. Qian Yinglan

Independent Non-executive Directors

Mr. Shen Zhenchang

Mr. Ng Wing Fai

Mr. Sun Jiong

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

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

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

Director Nomination Policy

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would review the implementation of the Board Diversity Policy in achieving the objectives set for the benefits of the Company.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

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

本公司各董事之間概無財務、業務、家族或其他重大或相關關係。

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

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

董事提名政策

在評估董事會的組成時，提名委員會將考慮董事會多元化政策中規定的各個方面，包括但不限於性別、年齡、文化和教育背景、專業資格、技能、知識和行業以及區域經驗。提名委員會將審核董事會多元化政策的實施狀況，以實現以本公司得益為重的目標。

在確定及物色合適的董事候選人時，提名委員會會在考慮候選人的特徵、資格、經驗、獨立性和旨在補足企業策略及實現董事會多元化(如適用)的其他相關標準後，方向董事會提出建議。

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

Independent Non-executive Directors

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

Mr. Ng Wing Fai, chairman of the Company's Audit Committee and being one of the independent non-executive Director, possesses over 18 years of experience in audit, taxation and consultancy in government and non-government institutions. Together with another two independent non-executive Directors, Mr. Shen Zhenchang and Mr. Sun Jiong, all of whom have wide exposure and experience in the cooking food industry and provide the Group with diversified expertise and experience.

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

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

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

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

獨立非執行董事

本公司一直遵守上市規則第3.10A條之規定，該規定要求發行人之董事會至少有三分之一成員為獨立非執行董事。此外，本公司已妥為遵守上市規則第3.10(1)條及第3.10(2)條，該條規定發行人之董事會必須包括至少三名獨立非執行董事及至少有一名獨立非執行董事擁有適當專業資格或會計或相關財務管理專業知識。

本公司審核委員會主席兼其中一名獨立非執行董事吳榮輝先生於審計、稅務及於向政府及非政府機構提供顧問服務方面擁有逾18年的經驗。連同其他兩名獨立非執行董事沈振昌先生及孫頌先生，彼等全部於料理烹調行業領域擁有廣泛接觸及經驗，為本集團帶來多元化的專業知識及經驗。

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

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

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

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

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

Appointment, Re-election and Removal of Directors

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

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

In accordance with the Company's Articles, Mr. Chen Weizhong, Mr. Sheng Mingjian and Mr. Shen Zhenchang will retire from office as Director by rotation at the forthcoming 2019 AGM and, being eligible, offer themselves for re-election.

董事的委任、重選及罷免

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

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

根據本公司細則，陳衛忠先生、盛明健先生及沈振昌先生將於應屆二零一九年股東週年大會輪席退任，並符合資格膺選連任。

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

Directors' Continuing Professional Development

The Company has regularly provided the Directors with information of relevant training courses. Updates on the amendments of applicable rules and regulations have been given to the Directors from time to time. The Directors have provided the Company with a record of their training received in 2018. A summary of the Directors participation in continuous professional training for the year ended 31 December 2018 is as follows:

Name of Director	董事姓名	Attending briefings/ seminars/ conferences 出席簡介會/ 座談會/會議	Reading materials/ Regulatory updates 閱覽資料/ 法律更新資料
<i>Executive Directors</i>			
Mr. Chen Weizhong	陳衛忠先生	✓	✓
Mr. Sheng Mingjian	盛明健先生	✓	✓
Mr. Wang Chao	王超先生	✓	✓
<i>Non-executive Director</i>			
Ms. Qian Yinglan	錢英嵐女士	✓	✓
<i>Independent non-executive Directors</i>			
Mr. Shen Zhenchang	沈振昌先生	✓	✓
Mr. Ng Wing Fai	吳榮輝先生	✓	✓
Mr. Sun Jiong	孫頴先生	✓	✓

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

董事之持續專業發展

本公司定期為董事提供相關培訓課程的資料。適用之規則和法規的修訂更新資料亦會不時提供給董事。董事向本公司提供彼等於二零一八年所接受培訓的記錄。董事於截至二零一八年十二月三十一日止年度參與的持續專業培訓概列如下：

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

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

Board and Board Committee Meetings

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

A tentative schedule for regular Board meetings for 2019 has been provided to the Directors. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors must be given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying Board papers will be sent to all Directors at least three days in advance of every regular Board meeting.

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

During the year ended 31 December 2018, the Board convened a total of 4 Board meetings, 1 Remuneration Committee meeting, 1 Nomination Committee meeting, 2 Audit Committee meetings, based on the need of the operation and business development of the Company. Besides, the Directors also attended the 2018 AGM, which is the only general meeting held in 2018, to understand the views of the shareholders.

董事會及董事委員會會議

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

本公司已向董事提供董事會二零一九年常規會議的初擬時間表。所有董事將在所有董事會常規會議至少14天前接獲會議通知，且全體董事須有機會提出商討項目或事項列入會議議程。如屬所有其他董事會會議，將會給予合理通知。相關議程及相關董事會文件將在舉行每次常規董事會會議前至少三天送交所有董事。

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

截至二零一八年十二月三十一日止年度，基於本公司營運及業務發展需要，董事會共召開4次董事會會議、1次薪酬委員會會議、1次提名委員會會議及2次審核委員會會議。此外，董事亦曾出席二零一八年股東週年大會，其乃於二零一八年舉行的唯一一次股東大會，以了解股東意見。

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

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

During the year ended 31 December 2018, the Board considers that all meetings have been legally and properly convened in compliance with the relevant laws and regulations (including the Listing Rules and the Articles). With the assistance of the company secretary, the chairman of the Board takes the lead to ensure that Board meetings and Board committee meetings are convened in accordance with the requirements set out in the Articles, the terms of reference of the respective Board committees and the Listing Rules. The Director's attendance at the Board meetings is set out in the section headed "Attendance at Board and Board Committee Meetings" below.

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

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

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

截至二零一八年十二月三十一日止年度，董事會認為所有會議均遵循相關法律及法規（包括上市規則及細則）依法及妥善召開。在公司秘書的協助下，董事會主席領導董事會，以確保董事會會議及董事委員會會議均根據細則所載規定、各董事委員會的職權範圍及上市規則召開。董事出席董事會會議之情況載於下文「出席董事會及董事委員會會議」一節。

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

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

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

Attendance at Board and Board Committee Meetings

Attendance of each Director at all the Board meetings, Board committee meetings and 2018 AGM held during 2018 is set out as follows.

出席董事會及董事委員會會議

各董事出席於二零一八年舉行的全部董事會會議、董事委員會會議及二零一八年股東週年大會的情況載列如下。

Name of Director	董事姓名	Board meeting 董事會會議	Audit Committee meeting 審核委員會會議	Nomination Committee meeting 提名委員會會議	Remuneration Committee meeting 薪酬委員會會議	2018 AGM 二零一八年股東週年大會
<i>Executive Directors</i> 執行董事						
Mr. Chen Weizhong (Chairman of the Board)	陳衛忠先生 (董事會主席)	4/4	不適用	不適用	不適用	1/1
Mr. Sheng Mingjian	盛明健先生	3/4	不適用	不適用	不適用	0/1
Mr. Wang Chao	王超先生	4/4	不適用	不適用	不適用	1/1
<i>Non-executive Director</i> 非執行董事						
Ms. Qian Yinglan	錢英嵐女士	4/4	2/2	不適用	不適用	1/1
<i>Independent non-executive Directors</i> 獨立非執行董事						
Mr. Shen Zhenchang	沈振昌先生	3/4	1/2	1/1	1/1	1/1
Mr. Ng Wing Fai	吳榮輝先生	4/4	2/2	1/1	1/1	1/1
Mr. Sun Jiong	孫頌先生	3/4	2/2	1/1	1/1	1/1

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

Corporate Governance Responsibilities

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

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

(D) CHAIRMAN AND CHIEF EXECUTIVE

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

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

企業管治職責

董事會負責履行以下企業管治職責：

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

(D) 主席及最高行政人員

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

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

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

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

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

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

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

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

In the year ended 31 December 2018, Mr. Chen, the chairman of the Board has met with the independent non-executive Directors (without the presence of the executive Directors) once to discuss, and obtain independent views of, the Board affairs.

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

董事會將繼續檢討及監控本公司的常規，旨在維持及實行高水平的企業管治常規。

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

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

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

截至二零一八年十二月三十一日止年度，董事會主席陳先生曾在執行董事避席的情況下與獨立非執行董事進行一次會議，以商討董事會事務及聽取有關方面的獨立意見。

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

(E) NON-EXECUTIVE DIRECTOR

The term of Ms. Qian Yinglan, the Company's incumbent non-executive director, shall last for two years from 12 September 2017.

(F) BOARD COMMITTEES

Delegation by the Board

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

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

Audit Committee

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

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

(E) 非執行董事

本公司現時非執行董事錢英嵐女士的任期為由二零一七年九月十二日起計兩年。

(F) 董事委員會

董事會授權

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

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

審核委員會

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

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

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

During the year ended 31 December 2018, the Audit Committee has convened two meetings, with all members present in person or through telephonic conferencing, during which the following works were performed:

- Assessed the independence of the Company's auditors;
- Discussed with external auditors about the scope of work and fees in respect of their audit work for the year ended 31 December 2018;
- Met with the Company's external auditor to discuss the audit procedures and accounting issues;
- Reviewed and discussed the audited annual results for the year ended 31 December 2017 and the unaudited interim results for the six months ended 30 June 2018 with the senior management of the Company and external auditor;
- Reviewed the financial controls, internal control and risk management systems of the Group;
- Reviewed the accounting policies adopted by the Group and other issues related to the Company's accounting practice; and
- Appointment of external auditors (subject to AGM approval) and arrangements for the employees to raise concerns about possible improprieties.

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

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

截至二零一八年十二月三十一日止年度，審核委員會曾召開兩次會議，全體成員親身或以電話會議方式出席會議，在此期間，進行下列工作：

- 評估本公司核數師的獨立性；
- 與外聘核數師討論有關其於截至二零一八年十二月三十一日止年度審核工作的工作範圍及費用；
- 與本公司的外聘核數師會面，商討審核程序及會計事宜；
- 與本公司高級管理層及外聘核數師審閱及討論截至二零一七年十二月三十一日止年度的經審核年度業績及截至二零一八年六月三十日止六個月的未經審核中期業績；
- 檢討本集團的財務控制、內部控制及風險管理體系；
- 檢討本集團所採納的會計政策及有關本公司會計常規的其他事宜；及
- 委任外聘核數師(須獲股東週年大會批准)及安排僱員提高對不當行為的關注。

審核委員會的職權範圍可於本公司及聯交所的網站查閱。

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

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

Remuneration Committee

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

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

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

The Remuneration Committee of the Company held one meeting in 2018 to review and make recommendations on the existing remuneration packages of all Directors and senior management. The attendance of the Remuneration Committee members at the above meeting is set out in the section headed "Attendance at Board and Board Committee Meetings" above.

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

薪酬委員會

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

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

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

本公司薪酬委員會於二零一八年舉行一次會議，以檢討全體董事及高級管理層的現有薪酬待遇及就此提供推薦意見。薪酬委員會成員出席上述會議之情況載於上文「出席董事會及董事委員會會議」一節。

薪酬委員會的職權範圍可於本公司及聯交所的網站查閱。

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

Pursuant to code provision B.1.5 of the Governance Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2018 is set out below:

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

Details of the remuneration of each Director for the year ended 31 December 2018 are set out in Note 8 to the financial statements in this annual report.

Nomination Committee

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

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

The Nomination Committee has held one meeting in 2018, during which the diversity, structure, size and composition of the Board, the independence of the independent non-executive Directors and the qualifications of the retiring directors standing for re-election at the 2018 AGM were reviewed and considered, and relevant recommendation was made to the Board. The attendance of the Nomination Committee members at the above meeting is set out in the section headed "Attendance at Board and Board Committee Meetings" above.

根據管治守則之守則條文第B.1.5條，截至二零一八年十二月三十一日止年度高級管理層成員按薪酬帶劃分之年度薪酬載列如下：

各位董事於截至二零一八年十二月三十一日止年度之薪酬詳情載於本年報所載財務報表附註8。

提名委員會

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

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

提名委員會已於二零一八年舉行一次會議，並於會上檢討及考慮董事會之多元性、架構、規模及組成、獨立非執行董事的獨立性以及於二零一八年股東週年大會上膺選連任之退任董事之資格，並已向董事會作出相關推薦建議。提名委員會成員出席上述會議之情況載於上文「出席董事會及董事委員會會議」一節。

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

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

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

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

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

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

提名委員會的職權範圍可於本公司及聯交所的網站查閱。

(G) AUDITORS' REMUNERATION

The remuneration paid or payable to the Company's external auditor, Ernst & Young, during the year ended 31 December 2018 is set out below:

(G) 核數師酬金

截至二零一八年十二月三十一日止年度，已付或應付予本公司外聘核數師安永會計師事務所之酬金載列如下：

Service Category	服務類別	Remuneration Paid/Payable 已付／應付酬金 RMB'000 人民幣千元
Audit Services	核數服務	1,520
Non-audit Services	非核數服務	
— Agreed upon	— 商定程序	380
Total	總計	1,900

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

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditors for annual audit and non-audit services is reasonable. There has been no major disagreement between the auditors and the management of the Company during the year ended 31 December 2018.

The Audit Committee is responsible to make recommendation to the Board as to the appointment, re-appointment and removal of the external auditors. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of Ernst & Young as the Company's external auditors for the financial year ending 31 December 2019 which is subject to the approval by the Shareholders at the forthcoming AGM of the Company to be held on 31 May 2019 ("2019 AGM").

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

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

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

The statement of the auditors of the Company in respect of their reporting responsibilities on the Company's financial statements for the year ended 31 December 2018 is set out in the "Independent Auditors' Report" contained in this annual report.

審核委員會已向董事會反映其意見，表示已付／應付本公司外聘核數師提供年度核數及非核數服務的費用水平屬合理。核數師與本公司管理層於截至二零一八年十二月三十一日止年度並無任何重大意見分歧。

審核委員會負責就外聘核數師的委聘、續聘及罷免向董事會提出推薦建議。董事會與審核委員會就續聘安永會計師事務所為本公司截至二零一九年十二月三十一日止財政年度之外聘核數師並無意見分歧，惟須經股東於本公司於二零一九年五月三十一日舉行之應屆股東週年大會（「二零一九年股東週年大會」）上批准方可作實。

(H) 董事就財務報表之財務申報責任

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

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

本公司核數師就其對本公司截至二零一八年十二月三十一日止年度財務報表之申報責任發出的聲明載於本年報所載的「獨立核數師報告」。

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

(I) RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

(II) 風險管理及內部監控

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

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

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

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

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

During the year ended 31 December 2018, the Audit Committee and the Board conducted a review of the effectiveness of the risk management and internal control system of the Company, respectively including the adequacy of resources, staff qualifications and experiences, training programs and budget of the Company's accounting and financial reporting function. The Board considers that there are no significant defects in the Company's risk management and internal control system in terms of completeness, reasonableness and effectiveness.

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

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

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

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

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

審核委員會及董事會已分別對截至二零一八年十二月三十一日止年度就本公司風險管理及內部監控制度的成效進行了一次檢討，包括本公司會計及財務申報職能的資源充足性、員工資格及經驗、培訓計劃及預算。董事會認為，本公司風險管理及內部監控制度在完整性、合理性及有效性方面概無重大缺陷。

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

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

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

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

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

(J) COMPANY SECRETARY

Mr. Au Wai Keung (“**Mr. Au**”) served as the company secretary of the Company during the year ended 31 December 2018. Mr. Au is a director of Arion and Associates Limited, a corporate secretarial and accounting services provider in Hong Kong. Mr. Au possesses the professional qualifications that the Stock Exchange has considered acceptable and has taken no less than 15 hours of professional training during the year ended 31 December 2018.

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

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

(K) SHAREHOLDERS’ RIGHT

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

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

(J) 公司秘書

截至二零一八年十二月三十一日止年度，區偉強先生(「**區先生**」)擔任本公司公司秘書一職。區先生為一家香港企業秘書及會計服務供應商亞利安會計事務所有限公司之董事。區先生擁有聯交所認可之專業資格，並於截至二零一八年十二月三十一日止年度接受不少於15小時之專業培訓。

區先生於本公司之主要聯絡人為本公司主席、首席執行官兼執行董事陳衛忠先生。

區先生負責就企業管治事宜向董事會提供意見。

(K) 股東權利

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

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

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

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

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

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

(L) INVESTOR RELATIONS

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

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

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

關於股東提名董事候選人之權利，請參閱本公司網站所載之程序。

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

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

(L) 投資者關係

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

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

本公司將繼續採取措施確保有效的股東交流及透明度。

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

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

The 2018 AGM was an important occasion where the Board and the Shareholders could communicate directly with each other. The chairmen of the Board, the directors and the external auditor, Ernst & Young, were present at the 2018 AGM to communicate with the Shareholders. The 2018 AGM circular distributed to all Shareholders before the 2018 AGM contained information regarding the proposed resolutions.

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

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

自上市日期起，細則並無變動。細則的最新版本可於聯交所及本公司網站查閱。

二零一八年股東週年大會為董事會與股東互相直接溝通的重要機會。董事會主席、董事與外聘核數師安永會計師事務所均已出席二零一八年股東週年大會與股東溝通。於二零一八年股東週年大會舉行前派發予全體股東的二零一八年股東週年大會通函載有建議決議案的相關資料。

此外，本公司已根據上市規則的規定及時公佈其年度及中期業績。

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

DIRECTORS' REPORT

董事會報告

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

The activities and particulars of the Company's subsidiaries are shown under Note 1 to the financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and Note 4 and Note 5 to the financial statements in this annual report.

RESULTS AND DIVIDEND

The consolidated results of the Group for the year ended 31 December 2018 are set out on pages 82 to 89 of this annual report.

The Board is pleased to recommend the payment of a final dividend of RMB7.0 cents per ordinary Share (the "**Proposed Final Dividend**") for the year ended 31 December 2018. Subject to the approval of the Proposed Final Dividend by the Shareholders at the Company's forthcoming annual general meeting to be held on 31 May 2019 (the "**2019 AGM**"), the Proposed Final Dividend is expected to be paid on or about 5 July 2019.

董事會欣然提呈本集團截至二零一八年十二月三十一日止年度之年報及經審核綜合財務報表。

主要業務

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

本公司附屬公司的業務及詳情載於財務報表附註1。本集團年內收入及經營利潤按主要業務劃分之分析載於本年報「管理層討論與分析」一節及本年度財務報表附註4和5。

業績及股息

本集團截至二零一八年十二月三十一日止年度之綜合業績載於本年報第82至89頁。

董事會欣然建議派付截至二零一八年十二月三十一日止年度之期末股息每股普通股人民幣7.0分（「**建議末期股息**」）。建議末期股息須待股東於二零一九年五月三十一日舉行之應屆股東週年大會（「**二零一九年股東週年大會**」）上批准後，預期建議末期股息將於二零一九年七月五日或前後派付。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

CLOSURE OF THE REGISTER OF MEMBERS

(A) For Determining the Entitlement to Attend and Vote at the 2019 AGM

The register of members of the Company will be closed from 28 May 2019 to 31 May 2019 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2019 AGM, all Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 27 May 2019.

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

The register of members of the Company will be closed from 11 June 2019 to 14 June 2019, (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the Proposed Final Dividend, all completed Share transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 10 June 2019.

FINANCIAL SUMMARY

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

PROPERTY, PLANT AND EQUIPMENT

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

暫停辦理股份過戶登記

(A) 確定出席二零一九年股東週年大會及於會上投票的資格

本公司將於二零一九年五月二十八日至二零一九年五月三十一日(包括首尾兩日)暫停辦理股份過戶登記手續,期間將不會進行股份過戶。為確定有權出席二零一九年股東週年大會並於會上投票之股東身份,所有過戶文件連同有關股票,須於二零一九年五月二十七日下午四時三十分前交回本公司之香港股份過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

(B) 確定收取建議期末股息之權利

本公司將於二零一九年六月十一日至二零一九年六月十四日(包括首尾兩日)暫停辦理股份過戶登記手續,期間將不會進行股份過戶。為符合資格收取建議期末股息,所有填妥之股份過戶表格連同有關股票,須於二零一九年六月十日下午四時三十分前交回本公司之香港股份過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

財務概要

本集團過去五個財政年度的已公佈業績及資產及負債概要載於本年報第3至4頁。

物業、廠房及設備

本集團年內物業、廠房及設備變動詳情載於本年報財務報表附註13。

DIRECTORS' REPORT (CONTINUED)

董事會報告 (續)

EQUITY-LINKED AGREEMENTS

There were no equity-linked agreements entered into by the Group, or existed during the year ended 31 December 2018.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 December 2018 are set out in Note 25 to the financial statements in this annual report.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company's reserves available for distribution amounted to RMB816.4 million of which RMB40.5 million has been proposed as a final dividend for the year ended 31 December 2018.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2018 are set out in Note 26 to the financial statements in this annual report.

BANKING FACILITIES AND OTHER BORROWINGS

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

The Directors are not aware of any circumstances which would give rise to disclosure obligation pursuant to the requirements under Rule 13.18 of the Listing Rules as at 31 December 2018.

股權關聯協議

截至二零一八年十二月三十一日止年度，本集團概無簽訂或存在任何股權關聯協議。

股本

本公司於截至二零一八年十二月三十一日止年度之股本變動詳情載於本年報財務報表附註25。

優先購買權

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

可供分派儲備

於二零一八年十二月三十一日，本公司之可供分派儲備為人民幣816.4百萬元，其中人民幣40.5百萬元已獲建議作為截至二零一八年十二月三十一日止年度之末期股息。

儲備

本集團及本公司截至二零一八年十二月三十一日止年度儲備變動詳情載於本年報財務報表附註26。

銀行融資及其他借款

借款詳情載於本年報「管理層討論與分析」一節及本年報財務報表附註21及22。

董事並不知悉截至二零一八年十二月三十一日有任何將導致根據上市規則第13.18條履行披露責任的情況。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during 2018.

DIRECTORS

The Directors who held office during the year ended 31 December 2018 and up to the date of this annual report are:

Executive Directors

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

Non-executive Director

Ms. Qian Yinglan

Independent Non-executive Directors

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

Pursuant to the provisions in the Articles and the wishes of the Directors, Mr. Chen Weizhong, Mr. Sheng Mingjian and Mr. Shen Zhenchang will retire from office as Director by rotation at the forthcoming 2019 AGM and, being eligible, offer themselves for re-election. The Company's circular to be dispatched to Shareholders will contain detailed information of the Directors standing for re-election.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

購買、出售或贖回本公司上市證券

本公司及其任何附屬公司於二零一八年並無購買、出售或贖回本公司之任何上市證券。

董事

截至二零一八年十二月三十一日止年度及直至本年報日期在任之董事載列如下：

執行董事

陳衛忠先生(主席)
盛明健先生
王超先生

非執行董事

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

根據細則之條文及董事之意願，陳衛忠先生、盛明健先生及沈振昌先生將於應屆二零一九年股東週年大會上輪席退任董事職務，惟彼等符合資格並同意膺選連任。本公司將於寄發予股東的通函載列有關膺選連任董事的詳情。

獨立非執行董事之獨立性

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

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out in the section headed "Profile of Directors and Senior Management" on pages 13 to 18 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2018, none of the Directors (including those Directors proposed for re-election at the forthcoming 2019 AGM) has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or its subsidiaries, as applicable, within one year without payment of compensation (other than statutory compensation).

CONTRACTS WITH DIRECTORS AND CONTROLLING SHAREHOLDERS

No contract of significance (as defined under Notes 16.1 and 16.2 of Appendix 16 to the Listing Rules) has been entered into between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries during the year ended 31 December 2018.

No contract of significance (as defined under Notes 15.2 and 15.3 of Appendix 16 to the Listing Rules) which the Company or any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2018.

董事及高級管理人員履歷詳情

本年報日期之董事及本集團高級管理人員履歷詳情載於本年報第13頁至18頁「董事及高級管理人員履歷」一節。

董事的服務合約

於二零一八年十二月三十一日，概無董事(包括擬於二零一九年股東週年大會上重選的董事)與本公司或其任何附屬公司訂立本公司不可於一年內終止而毋須支付賠償(法定賠償除外)的服務合約。

與董事及控股股東的合約

截至二零一八年十二月三十一日止年度，本公司或其任何附屬公司與控股股東或其任何附屬公司之間概無訂立任何重大合約(定義見上市規則附錄16附註16.1及16.2)。

本公司或其任何附屬公司概無於年終或截至二零一八年十二月三十一日止年度內任何時間存續而董事(不論直接或間接)於其中擁有重大權益之任何重大合約(定義見上市規則附錄16附註15.2及15.3)。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

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

The remuneration (including fees, salaries and other benefits, retirement benefit scheme contribution) paid to the Company's Directors in aggregate for the years ended 31 December 2017 and 2018 were approximately RMB1,120,000 and RMB1,252,000, respectively.

The remuneration (including salaries and other benefits, retirement benefit scheme contribution) paid to our Group's five highest paid individuals in aggregate for the years ended 31 December 2017 and 2018 were approximately RMB472,000 and RMB744,000, respectively.

For the year ended 31 December 2018, no emoluments were paid by our Group to any director of the Company or any of the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for loss of office. None of the directors has waived any emoluments for the year ended 31 December 2018.

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

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2018 by our Group to or on behalf of any of the Directors.

董事及高級管理人員酬金

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

截至二零一七年及二零一八年十二月三十一日止年度，向本公司董事支付的薪酬(包括袍金、工資和其他福利、退休福利計劃供款)總計分別約人民幣1,120,000元及人民幣1,252,000元。

截至二零一七年及二零一八年十二月三十一日止年度，向本集團五位最高薪人士支付的薪酬(包括工資和其他福利、退休福利計劃供款)總計分別約人民幣472,000元及人民幣744,000元。

截至二零一八年十二月三十一日止年度，本集團概無向本公司任何董事或五位最高薪酬人士支付薪酬，作為加入或於加入本集團時的酬金或作為離職補償。概無董事就截至二零一八年十二月三十一日止年度放棄任何酬金。

董事薪酬及本集團五位最高薪酬人士之薪酬詳情載於本年報財務報表附註8和附註9。

除上文披露者外，截至二零一八年十二月三十一日止年度，概無由本集團或代表任何董事支付或應付任何其他款項。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

The Covenantors declared that they have complied with the Non-competition Deed. The independent non-executive Directors have conducted such review for the year ended 31 December 2018 and also reviewed the relevant undertakings and are satisfied that the Non-competition Deed has been fully complied.

PERMITTED INDEMNITY PROVISION

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

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of the year or at any time during 2018.

LOAN OR GUARANTEE FOR LOAN GRANTED TO THE DIRECTORS

During 2018, the Group had not made any loan or provided any guarantee for any loan, directly or indirectly, to the Directors, senior management, its ultimate controlling Shareholders or their respective connected persons.

董事於競爭業務的權益

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

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

契諾人宣佈彼等已遵守不競爭契據。獨立非執行董事於截至二零一八年十二月三十一日止年度已作出有關檢討亦已檢討相關承諾且信納已完全遵守不競爭契據。

獲准許的彌償條文

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

管理合約

除董事之服務合約及委任函件以外，於年末或二零一八年內任何時間，概無訂立或存在與本集團整體或任何重大部分業務的管理及行政事務有關的合約。

向董事授予的貸款或貸款擔保

於二零一八年，本集團並未向董事、高級管理層、其最終控股股東或彼等各關連人士直接或間接提供任何貸款或就任何貸款提供擔保。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2018, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of the associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Interests in Shares and underlying Shares of the Company as at 31 December 2018

董事及最高行政人員於證券之權益

於二零一八年十二月三十一日，本公司董事及最高行政人員於本公司或任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債券中擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所(包括根據證券及期貨條例之該等條文彼等被視為或被當作擁有之權益及淡倉)；或(b)根據證券及期貨條例第352條須記錄於該條所述登記冊內；或(c)根據標準守則須知會本公司及聯交所之權益或淡倉：

截至二零一八年十二月三十一日於股份及本公司相關股份之權益

Name of Director	董事姓名	Capacity/Nature of Interest	Number of Underlying Shares	Approximate percentage of the Company's issued share capital 佔本公司已發行股本概約百分比
Mr. Chen Weizhong	陳衛忠先生	Interest in a controlled corporation ^(note) 受控制法團權益 ^(附註)	282,955,750	48.89%
		Beneficial owner 實益擁有人	2,590,500	0.45%

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

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

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2018, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company and or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

除上文所披露者外及據董事所知，於二零一八年十二月三十一日，概無本公司董事或最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份或債券中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所(包括根據證券及期貨條例彼等各自被視為或被當作擁有之權益及淡倉)；或根據證券及期貨條例第352條須列入該條所述登記冊內；或根據標準守則須知會本公司及聯交所之任何權益及／或淡倉。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2018 or the period following 31 December 2018 up to the date of this annual report, was the Company or any of its subsidiaries or holding company or any of the subsidiaries of the Company's holding company a party to any arrangement to enable the Directors or the chief executive of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2018, so far as are known to the Board, the following parties (other than any Directors or chief executives of the Company) were recorded in the register, kept by the Company pursuant to Section 336 of the SFO, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

董事購買股份或債券之權利

截至二零一八年十二月三十一日止年度或於二零一八年十二月三十一日後直至本年報日期期間內任何時間，本公司或其任何附屬公司或控股公司或任何本公司控股公司之附屬公司概無參與任何安排，致使董事或本公司主要行政人員或彼等各自的聯繫人可透過購買本公司或其他任何法人團體之股份或債券而獲取利益，以及概無董事及主要行政人員或彼等之配偶及18歲以下之子女擁有任何認購本公司證券之權利，或已於該期間內行使任何該等權利。

主要股東於證券之權益

於二零一八年十二月三十一日，據董事會所知，下列人士(董事及本公司行政人員除外)於本公司根據證券及期貨條例第336條規定須存置之登記冊所記錄直接或間接擁有或被視為擁有本公司已發行股本5%或以上權益：

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Long positions in the Shares and underlying Shares of the Company as at 31 December 2018 截至二零一八年十二月三十一日於本公司股份及相關股份之好倉

Name	姓名/名稱	Nature of interests	Number of Shares held	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⁾
Key Shine Global Holdings Limited ⁽²⁾	Key Shine Global Holdings Limited ⁽²⁾	Beneficial Owner 實益擁有人	282,955,750	48.89%
Ms. Xing Liyu ⁽³⁾	邢利玉女士 ⁽³⁾	Interest of spouse 配偶權益	285,545,750	49.34%
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 擁有股份質押權益之人士	252,424,000 (note 4) (附註4)	43.62%
Central Huijin Investment Ltd. ⁽⁴⁾	中央匯金投資有限責任公司 ⁽⁴⁾	Person having a security interest in shares 擁有股份質押權益之人士	252,424,000 (note 4) (附註4)	43.62%
Mr. Xie Zhikun	解直銀先生	Interest in a controlled corporation 受控制法團權益	72,625,000 (note 5) (附註5)	12.55%
Hwabao Overseas Markets Investment No. 2 QDII Single Unit Trust Plan 32-8	華寶•境外市場投資2號系列32-8期QDII單一資金信託計劃	Beneficial Owner 實益擁有人	72,625,000 (note 5) (附註5)	12.55%
Chongqing Zhongxin Rongbang Investment Center (Limited Partnership)	重慶中新融邦投資中心(有限合夥)	Interest in a controlled corporation 受控制法團權益	72,625,000 (note 5) (附註5)	12.55%
Chongqing Zhongxin Rongchuang Investment Limited	重慶中新融創投資有限公司	Interest in a controlled corporation 受控制法團權益	72,625,000 (note 5) (附註5)	12.55%

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

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

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Notes:

- (1) The percentage of shareholding is calculated on the basis of 578,750,000 issued shares of the Company as at 31 December 2018.
- (2) The entire issued share capital of Key Shine Global Holdings Limited is legally and beneficially owned by Mr. Chen Weizhong.
- (3) Ms. Xing Liyu is the spouse of Mr. Chen Weizhong. Under the SFO, Ms. Xing Liyu is deemed to be interested.
- (4) Key Shine Global Holdings Limited charged 252,424,000 Shares to China Construction Bank Corporation, as security for its subscription of a note issued by Key Shine Global Holdings limited. China Construction Bank Corporation is owned by Central Huijin Investment Ltd. as to approximately 57.11% and therefore Central Huijin Investment Ltd. is deemed to be interested in the 252,424,000 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(“**Hwabo Trust**”), which is entrusted by Chongqing Zhongxin Rongbang Investment Center (Limited Partnership) (重慶中新融邦投資中心(有限合伙)) (“**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 Hwabo 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 majority owned by Lunar Capital Partners IV LP. Lunar Capital Partners IV LP, a Cayman exempted limited partnership managed by Lunar Capital Partners IV GP, LP (as sole general partner), which is managed by LCM-IV General Partner Ltd. (as sole general partner). By virtue of the SFO, each of LCM-IV General Partner Ltd., Lunar Capital Partners IV GP, LP, Lunar Capital Partners IV LP and Natural Seasoning International Limited is deemed to be interested in the Shares held by Natural Seasoning International (HK) Limited.

附註：

- (1) 股權百分比乃基於本公司於二零一八年十二月三十一日之578,750,000股已發行股份計算。
- (2) Key Shine Global Holdings Limited的全部已發行股本由陳衛忠先生合法實益擁有。
- (3) 邢利玉女士為陳衛忠先生的配偶。根據證券及期貨條例，邢利玉女士被視為擁有權益。
- (4) Key Shine Global Holdings Limited將252,424,000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發行的票據之抵押。中國建設銀行股份有限公司由中央匯金投資有限責任公司控制約57.11%的權益，因此，中央匯金投資有限責任公司被認為擁有中國建設銀行股份有限公司擁有權益的252,424,000股股份的權益。
- (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(有限合伙)(「**重慶中新(有限合伙)**」)委託，而重慶中新(有限合伙)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銀先生控制99.00%的權益。根據證券及期貨條例，解直銀先生、北京中海嘉誠、中新融創資本、重慶中新及重慶中新(有限合伙)均被視為擁有華寶信託持有的股份的權益。
- (6) 該等股份由Natural Seasoning International (HK) Limited持有。Natural Seasoning International (HK) Limited為Natural Seasoning International Limited的一家直接全資附屬公司，而Natural Seasoning International Limited為一家於英屬處女群島註冊成立的有限公司，並由Lunar Capital Partners IV LP擁有大部分權益。Lunar Capital Partners IV LP(一家開曼群島獲豁免之有限合伙企業)乃由Lunar Capital Partners IV GP, LP(作為唯一普通合夥人)管理，而Lunar Capital Partners IV GP, LP則由LCM-IV General Partner Ltd.(作為唯一普通合夥人)管理。根據證券及期貨條例，LCM-IV General Partner Ltd.、Lunar Capital Partners IV GP, LP、Lunar Capital Partners IV LP及Natural Seasoning International Limited均被視為擁有Natural Seasoning International (HK) Limited所持有的股份的權益。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Save as disclosed herein, our Directors are not aware of any person who will, as at 31 December 2018, have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

Save as disclosed above, as at 31 December 2018, none of the Directors was aware that any other persons/entities (other than any Directors or chief executives of the Company) had an interest or short position in the Shares or underlying Shares of the Company, its members of the Group or associated corporations which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which had entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

MAJOR SUPPLIERS AND CUSTOMERS

In the year ended 31 December 2018, the Group's largest customer accounted for 12.8% (2017: 11.7%) of the Group's total revenue. The Group's five largest customers accounted for 42.1% (2017: 40.2%) of the Group's total revenue.

In the year ended 31 December 2018, the Group's largest supplier accounted for 36.0% (2017: 26.3%) of the Group's total purchases. The Group's five largest suppliers accounted for 67.0% (2017: 58.4%) of the Group's total purchases.

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

除本節所披露者外，就董事所知，概無任何人士於二零一八年十二月三十一日，於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司及聯交所披露的權益或淡倉，或直接或間接擁有附有權利可於任何情況下在本集團任何其他成員公司股東大會投票的任何類別股本面值10%或以上的權益。

除上文披露者外，於二零一八年十二月三十一日，董事並不知悉任何其他人士／實體（董事及本公司主要行政人員除外）於本公司、其集團成員公司或相聯法團中，擁有根據證券及期貨條例第XV部第2及3分部之條文須向本公司披露之股份或相關股份之權益或淡倉，或已記入根據證券及期貨條例第336條本公司須存置的登記冊內的權益或淡倉。

主要供應商及客戶

截至二零一八年十二月三十一日止年度內，本集團最大客戶佔本集團總收益的12.8%（二零一七年：11.7%）。本集團五大客戶佔本集團總收益的42.1%（二零一七年：40.2%）。

截至二零一八年十二月三十一日止年度內，本集團最大供應商佔本集團採購總額的36.0%（二零一七年：26.3%）。本集團五大供應商佔本集團採購總額的67.0%（二零一七年：58.4%）。

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

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

EMPLOYEES

As at 31 December 2018, the Group had 605 full-time employees, as compared to 606 employees as at 31 December 2017. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits, liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits and are determined with reference to their experiences, qualifications, competence and general market conditions.

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

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

RETIREMENT BENEFITS SCHEME

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

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

Contributions paid or payable for these retirement benefits schemes for the year of 2018 are approximately RMB4.0 million (2017: RMB4.2 million). No forfeited contributions are available to reduce the contribution payable by the Group in future years.

僱員

截至二零一八年十二月三十一日，本集團聘有約605名全職僱員，而二零一七年十二月三十一日為606名僱員。本集團與僱員訂立僱傭合約，訂明職位、僱用年期、工資、僱員福利、違約責任及終止理由等事宜。本集團僱員的報酬包括基本薪金、津貼、花紅及其他僱員福利，並參考彼等之經驗、資格、能力及一般市況釐定。

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

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

退休福利計劃

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

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

二零一八年就該等退休福利計劃已付或應付之供款約為人民幣4.0百萬元(二零一七年：人民幣4.2百萬元)。概無任何已沒收供款可供減少本集團於未來年度應付的供款。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2018, our Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2018, which did not constitute connected transactions under chapter 14A of the Listing Rules are set out in Note 31 of the financial statements in this annual report.

CORPORATE GOVERNANCE

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

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

Save as disclosed in the Corporate Governance Report on pages 31 to 53 of this annual report, the Company has complied with the Governance Code in the year ended 31 December 2018. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 31 to 53 of this annual report.

INDEPENDENCE OF EXTERNAL AUDITOR

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

持續關連交易

截至二零一八年十二月三十一日止年度，本集團並無訂立任何根據上市規則第14A章之規定須予披露之關連交易或持續關連交易。

與關聯方交易

截至二零一八年十二月三十一日止年度，本集團與關聯方交易(不構成上市規則第14A章項下之持續關連交易)之詳情載於本年報財務報表附註31。

企業管治

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

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

除本年報第31至53頁企業管治報告所披露者外，本公司於截至二零一八年十二月三十一日止年度已遵守管治守則。本公司所採納之企業管治常規資料載列於本年報第31至53頁之企業管治報告。

外聘核數師的獨立性

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

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group is committed to maintaining long-term sustainable relationship with its employees, suppliers and customers, encouraging employees to develop in line with the development of Company as well as building up mutual trust and mutual reliance with both supplier and customers. The Group recognizes employees as valuable assets, offering them development and support for the realization of the Group's overall objectives. During the year ended 31 December 2018, the Group strictly abides by relevant laws and regulations, and provides employees with competitive remuneration packages and social security, while establishing a systematic promotion mechanism to motivate employees and enhancing employees' aspiration and a sense of belonging by offering them a variety of training and leisure activities.

The Group understands that maintaining a sustainable relationship with suppliers and customers is the cornerstone for the Group's steady development. The Group adheres to the concept of fairness, impartiality and openness, adheres to responsible procurement, and works with suppliers to improve the stability and reliability of the supply chain. In order to enhance the quality and competitiveness of the Group's products, the Group takes initiatives in understanding customers' needs, suggestions and opinions, continuously optimizes quality control systems of product, and provides more innovative products, with the attempt to offer customers with a variety of reliable choices. There were no material and significant disputes between the Group and its suppliers and/or customers during the year ended 31 December 2018.

SOCIAL RESPONSIBILITY

As a company listed on the Stock Exchange, the Group attaches great importance to the commitment of environmental, social and governance responsibilities. Adhering to its long-standing motto of "Perseverance combined with goodnatureddness and creditworthiness" (恒以持之、和信為本), the Group pays close attention to the harmonious co-prosperity with employees, customers, suppliers, distributors, governments, communities and the environment in addition to its respect for traditional and honest management. While propelling its own development, the Group strives to create value for both the society and the environment so as to promote the prosperity and region-wide and industry-wide development. As a "time-honored brand" with a history of 100 years, the Group is committed to innovation while actively carrying on its social responsibilities as a corporate citizen, and is eager to advance into the next century with its ambition.

與僱員、供貨商及客戶之關係

本集團致力於與僱員、供貨商及客戶保持長期穩定的關係，鼓勵僱員與集團共同發展，與供貨商和客戶建立互信互賴的良好合作。本集團視僱員為寶貴資產，為其提供充分的發展空間和支持，共同推動集團整體目標的實現。於截至二零一八年十二月三十一日止年度，本集團嚴格遵守相關法律法規，為僱員提供有競爭力的薪酬福利和社會保障，建立系統的晉升機制激發僱員積極性，並通過豐富的培訓和業餘活動提升僱員發展能力和歸屬感。

本集團深明，與供貨商和客戶保持可持續的關係是集團穩步發展的基礎。本集團秉持公平、公正、公開的理念，堅持負責任的採購，並與供貨商共同協作提升供應鏈的穩定性和可靠性。為提升本集團的產品品質和競爭力，本集團主動了解客戶需求、建議與意見，不斷優化產品質量管控體系，創新產品類型，為客戶提供豐富的、可信賴的選擇。於截至二零一八年十二月三十一日止年度，本集團與供貨商及／或客戶之間概無重要及重大之糾紛。

社會責任

作為聯交所上市公司，本集團十分重視環境、社會及管治責任的承擔。秉持「恆以持之，和信為本」的祖訓，本集團在尊重傳統、誠信經營的基礎上，關注與員工、客戶、供貨商、經銷商、政府、社區以及環境的和諧共榮，在推進自身發展的同時，力求為社會和環境創造價值，推動地區和行業的繁榮發展。作為一家有著百年曆史的「老字號」，本集團在傳承醞釀的同時銳意創新，主動履行企業公民的社會責任，以不斷進取的姿態迎向下一個百年歷程。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Active Performance of Environmental, Social and Governance Responsibilities

While striving to produce healthy and green condiments and safeguard food safety, the Group also takes proactive action in performing its environmental, social and governance responsibilities. To this end, the Group has developed environmental, social and governance policies and management procedures that cover all business levels, and has built a multi-level ESG management organization from the top down. During the reporting period in 2018, the Company did not violate the relevant laws and regulations in relation to the environmental, social and governance nor had significant negative impacts on the environment and society.

When it comes to environmental protection, the Group strictly adheres to national and regional environmental laws and regulations, and formulates "Regulations on Environmental Protection Management" to improve the efficiency of resource utilization and energy use and reduce emissions of gases, sewage and waste. The Group values natural resources, continuously improves policies such as "Resources and Energy Control Regulations" while formulating annual energy saving plans, promoting low-carbon production, and making full use of renewable energy such as solar energy to reduce greenhouse gas emissions. The Company not only establishes a sewage treatment plant, but also processes the sewage arising from all production operations and conduct real-time online monitoring to improve the biodegradability of the sewage and ensure emission standard can be attained. At the same time, the sauce residue, vinegar residue, bean dregs, distillers grains, and waste liquid produced by brewing are decontaminated to reduce the impact of those waste on the ecological environment through process optimization and technological innovation.

When it comes to social value, the Group regards product quality as a vital part of the corporate, and has passed ISO9001 quality management system certification and ISO22000 food safety management system certification, while establishing a food safety self-inspection team to ensure food safety risks arising from the inspection of raw materials, product production, product delivery and transportation are identified and controlled. In addition, the Group strengthened its management and control over suppliers and distributors, promoted the establishment of industry-wide standards, focused on protecting intellectual property rights, and provided employees with comprehensive protection. Apart from that, the Group also focused on expansion while preventing corruption, supporting the development of social well-being by way of contributing to society.

積極履行環境、社會及管治責任

在致力於釀造健康、綠色的調味品，保障食品安全的同時，本集團亦積極承擔環境、社會及管治責任。為此，本集團已製定涵蓋各業務層面的環境、社會及管治政策和管理流程，並自上而下構建起多層次的ESG管理機構。在二零一八年報告期內，公司未出現違反環境、社會及管治領域相關法律法規或對環境及社會造成重大負面影響的情況。

在環境保護方面，本集團嚴格遵守國家和地區環境相關法律法規，制定《環境保護管理規章制度》，有效提升資源、能源利用效率，減少氣體、廢水和廢棄物排放。本集團尊重自然資源，持續完善《資源能源控制規程》等製度建設，制定年度節能降耗計劃，推進低碳生產，充分利用太陽能等可再生能源，減少溫室氣體排放。公司不僅建立污水處理站，對所有生產運營中的廢水進行處理並推進實時在線監控，提高廢水的可生物降解性，確保排放達標；同時，通過流程優化和技術創新對釀造所產生的醬渣、醋渣、豆渣、酒糟、廢液等進行無害化處理，減少廢棄物對生態環境的影響。

在社會價值方面，本集團視產品質量為生命，已通過ISO9001質量管理體系認證和ISO22000食品安全管理體系認證，並組建了食品安全自查小組，確保在原料驗收、產品生產、產品交付運輸各環節的食品安全風險得到確認和控制。此外，本集團加強供貨商、經銷商管控，推動行業標準建立，著力保護知識產權，為員工提供全方位的保障、拓展發展空間，同時防範貪腐現象，支持社會公益事業發展，為社會貢獻力量。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Initiative Disclosure of Environmental, Social and Governance Information

As the Group takes its initiative in performing its responsibilities, the Group proactively disclosed its information related to environmental, social and governance. In accordance with the requirements set out in the "Guidelines for Environmental, Social and Governance Reporting" of the Hong Kong Stock Exchange, the Group is about to issue its third environmental, social and governance report for the disclosure on the details of environment, society and management of the Company during the reporting period in 2018.

The Group always pays attention to the opinions of stakeholders. During the preparatory process of the environmental, social and governance report, the Group discussed the environmental, social and governance issues with various stakeholders through various means such as face-to-face communication, telephone interviews and on-site visits to keep abreast of their views on and suggestions for the Group and to update major issues for the attention of the Group so as to better satisfy the expectations of stakeholders and provide support and reference for the Group's formulating long-term sustainable development strategies.

For more information on the environmental, social and governance aspects of the Group in financial year 2018, please refer to the third environmental, social and governance report to be released by the Company. The report is also available in and can be downloaded from our official website upon its publication.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2018.

主動披露環境、社會及管治信息

在積極承擔責任的基礎上，本集團亦主動進行環境、社會及管治信息的披露。根據香港聯交所《環境、社會及管治報告指引》的要求，本集團即將發布第三份環境、社會及管治報告，對公司在二零一八年報告期內的環境、社會及管治信息進行披露。

本集團始終關注權益人的意見。在此次環境、社會及管治報告籌備過程中，本集團通過面對面溝通、電話訪談、實地走訪等多種形式與各權益人就環境、社會及管治議題進行探討，了解其對本集團的意見和建議，據此更新重大性議題，為更好地滿足權益人期望、制定長期可持續發展戰略提供依據和參考。

更多有關本集團在二零一八財年中的環境、社會及管治信息，請參閱本公司即將發布的第三份環境、社會及管治報告。該報告發布後，可通過本公司官方網站瀏覽或下載。

足夠公眾持股量

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

遵守法律及法規

於本年度，據董事所知，並無不遵守任何相關法律及法規而對本集團有重大影響。

報告期後重要事項

本公司或本集團於二零一八年十二月三十一日後概無進行任何重大期後事項。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

AUDITORS

At the annual general meeting of the Company held on 31 May 2018, it was approved that Ernst & Young was re-appointed as the international and PRC auditors of the Company respectively for the year 2018, and the Board was authorised to determine and approve their remunerations.

The consolidated financial statements of the Group for the year ended 31 December 2018 have been audited by Ernst & Young.

MEMORANDUM AND ARTICLES OF ASSOCIATION

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

On behalf of the Board

Chen Weizhong
Chairman

Hong Kong, 29 March 2019

核數師

二零一八年五月三十一日舉行之本公司股東週年大會已批准分別就二零一八年續聘安永會計師事務所為本公司之國際及中國核數師，並授權董事會釐定及批准其薪酬。

本集團截至二零一八年十二月三十一日止年度之綜合財務報表已由安永會計師事務所審核。

組織章程大綱及細則

本公司之組織章程大綱及細則年內並無任何變動。

代表董事會

陳衛忠
主席

香港，二零一九年三月二十九日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report

To the shareholders of Honworld Group Limited

(Incorporated in the Cayman Islands with limited liability)

獨立核數師報告

致老恒和釀造有限公司列位股東

(於開曼群島註冊成立的有限公司)

OPINION

We have audited the consolidated financial statements of Honworld Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 172, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

意見

我們已審計列載於第82至172頁的老恒和釀造有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一八年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒佈的國際財務報告準則(「國際財務報告準則」)真實而中肯地反映了貴集團於二零一八年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定適當編製。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

意見的基礎

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

關鍵審計事項

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

我們已經履行了本報告「核數師就審計綜合財務報表須承擔的責任」一節闡述的責任，包括與這些關鍵審計事項相關的責任。相應地，我們的審計工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審計程序。我們執行審計程序的結果，包括應對下述關鍵審計事項所執行的程序，為綜合財務報表整體發表審計意見提供了基礎。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 關鍵審計事項在審計中是如何應對的
<p>Existence of inventories 存在存貨</p> <p>The Group has a significant balance of inventories and needs to maintain its inventories at an appropriate level to meet the future market or production needs. As at 31 December 2018, the inventory balances represented approximately 34% of the Group's total assets and the majority of inventories were base wine amounting to approximately RMB 983 million. The existence of base wine could not be easily substantiated via physical observation since it was massive in quantity and this needed involvement of laboratory examination to validate its chemical contents.</p> <p>Therefore, this area was of higher assessed risks of material misstatement and was identified as a key audit matter.</p> <p>The related disclosures of inventories are included in note 15.</p> <p>貴集團有大量存貨結餘且需要維持適當水平的存貨以滿足未來的市場或生產需求。於二零一八年十二月三十一日，存貨結餘約佔 貴集團總資產約34%，且大部分存貨為基酒，其金額約為人民幣983百萬元。由於基酒數量極大且需要實驗室檢驗以驗證其化學成分，因此基酒的存在不能通過實物觀察而輕易證實。</p> <p>因此，此方面具有較高重大錯誤陳述評估風險，被識別為一項關鍵審計事項。</p> <p>存貨的相關披露載於附註15。</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> Assessing the Group's internal controls over the inventories; Observing the Group's physical stock-counts at the end of the current reporting period, randomly selecting certain inventory samples (the "Inventory Samples") during the observation and obtaining the laboratory examination results of the chemical contents of the Inventory Samples from an independent third party examination agency (the "Laboratory Examination Results") engaged by us; and Assessing the results regarding the independence and competence of industry experts from the examination agency (the "Experts"), and with the assistance of the Experts assessing the reasonableness of (i) the input-output ratios of the Group's base wine with different alcohol levels, which represented the proportional relations that exist between input volumes of raw materials and output volumes of base wine, and (ii) the Laboratory Examination Results. <p>我們執行了下列審計程序：</p> <ol style="list-style-type: none"> 評估 貴集團對存貨的內部控制； 觀察 貴集團在本報告期期末的實際盤點並在觀察時隨機選定若干存貨樣品(「存貨樣品」)；取得我們聘請的獨立第三方檢驗機構對存貨樣品化學成分的實驗室檢驗結果(「實驗室檢驗結果」)；及 評估檢驗機構的行業專家(「專家」)的獨立性及能力結果，並且請專家協助我們評估以下各項的合理性：(i) 貴集團的不同酒精度基酒的投入產出比率(即原材料投入量與基酒產出量之間的比例關係)，及(ii)實驗室檢驗結果。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 關鍵審計事項在審計中是如何應對的
<p>Provision of inventories 存貨撥備</p> <p>The Group has a significant inventory balance and needs to maintain the majority of its base wine at an appropriate level for a period over one year to meet the future production needs. We focused on this area because the determination of inventory provisions involved significant estimation of the net realisable values (the "NRV") of the inventories which were influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items.</p> <p>The related disclosures of inventory provision are included in notes 3 and 15.</p> <p>貴集團有大量存貨結餘且需要在一年以上期間內將其大部分基酒維持於適當水平以滿足未來的生產需求。我們關注此方面是由於存貨撥備涉及對存貨可變現淨值(「可變現淨值」)的重大估計，而關於未來銷售及使用情況的假設以及釐定相對於已識別過剩品或過時品的適當存貨撥備水平時的判斷將影響該等估計。</p> <p>存貨撥備的相關披露載於附註3及15。</p>	<p>We performed the following audit procedures:</p> <ol style="list-style-type: none"> 1. Obtaining analysis of the inventory provision prepared by management and reviewing the key assumptions used to determine the NRV of inventories as follows: <ol style="list-style-type: none"> (i) comparing the estimates of expected future sales of inventories to the recent sales prices and sales rates; and (ii) comparing the estimates of production usage of raw materials to the recent production records; and 2. Recalculating the expected provisions based on the above key assumptions to assess the mathematical accuracy of the calculation. <p>我們執行了下列審計程序：</p> <ol style="list-style-type: none"> 1. 透過下列方法得出管理層所編製存貨撥備的分析並審查用於釐定存貨可變現淨值的主要假設： <ol style="list-style-type: none"> (i) 將對存貨預計未來銷售額的估計與近期銷售價格及銷售率進行比較；及 (ii) 將對原材料生產使用量的估計與近期生產記錄進行比較；及 2. 重新計算基於上述主要假設的預計撥備，以評估計算的數學準確性。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

年報包含的其他資料

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

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

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

董事就綜合財務報表須承擔的責任

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

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

審核委員會協助貴公司董事履行職責，監督貴集團的財務報告過程。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

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

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

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

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

核數師就審計綜合財務報表須承擔的責任

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

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

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

核數師就審計綜合財務報表須承擔的責任(續)

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

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

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

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

Ernst & Young
Certified Public Accountants
Hong Kong
29 March 2019

核數師就審計綜合財務報表須承擔的責任(續)

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

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

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

安永會計師事務所
執業會計師
香港
二零一九年三月二十九日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	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
REVENUE	收入	5	874,410	803,141
Cost of sales	銷售成本		(417,448)	(373,615)
Gross profit	毛利		456,962	429,526
Other income and gains	其他收入及收益	5	11,652	19,755
Selling and distribution expenses	銷售及經銷開支		(102,610)	(110,985)
Administrative expenses	行政開支		(74,747)	(71,906)
Impairment losses on financial assets	金融資產減值虧損	6	(682)	-
Other expenses	其他開支		(4,523)	(1,465)
Finance costs	融資成本	7	(50,427)	(48,840)
PROFIT BEFORE TAX	除稅前利潤	6	235,625	216,085
Income tax expense	所得稅開支	10	(33,919)	(29,310)
PROFIT FOR THE YEAR	年內利潤		201,706	186,775
Attributable to: Owners of the parent	下列人士應佔： 母公司擁有人		201,706	186,775
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	12		
Basic and diluted	基本及攤薄		RMB34.9 cents 人民幣34.9分	RMB32.3 cents 人民幣32.3分

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		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
PROFIT FOR THE YEAR	年內利潤	201,706	186,775
OTHER COMPREHENSIVE INCOME	其他綜合收入		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	於其後期間重新分類至損益的其他綜合收入／(虧損)：		
Exchange differences:	匯兌差額：		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	6,004	(13,275)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	年內其他綜合收入／(虧損)(扣除稅項)	6,004	(13,275)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內綜合收入總額	207,710	173,500

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2018 二零一八年十二月三十一日

		Notes 附註	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
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	1,010,516	938,404
Prepaid land lease payments	預付土地租賃款項	14	51,973	53,249
Other intangible assets	其他無形資產		414	414
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	17	415,746	390,744
Deferred tax assets	遞延稅項資產	23	3,905	2,254
Total non-current assets	非流動資產總值		1,482,554	1,385,065
CURRENT ASSETS	流動資產			
Inventories	存貨	15	1,276,502	1,189,931
Trade receivables	應收貿易款項	16	194,659	129,547
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	17	342,909	191,271
Pledged deposits	已抵押存款	18	69,659	76,047
Cash and cash equivalents	現金及現金等價物	18	345,188	443,893
Total current assets	流動資產總值		2,228,917	2,030,689
CURRENT LIABILITIES	流動負債			
Trade payables	應付貿易款項	19	113,326	153,539
Other payables and accruals	其他應付款項及應計項目	20	147,743	85,628
Interest-bearing bank and other borrowings	計息銀行及其他借款	21	932,762	892,555
Tax payable	應繳稅項		51,977	28,168
Total current liabilities	流動負債總額		1,245,808	1,159,890
NET CURRENT ASSETS	流動資產淨值		983,109	870,799
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		2,465,663	2,255,864

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

綜合財務狀況表 (續)

31 December 2018 二零一八年十二月三十一日

		Notes	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
		附註		
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借款	21	97,962	62,254
Other long term liabilities	其他長期負債	24	137,046	137,179
Deferred tax liabilities	遞延稅項負債	23	26,725	22,592
Total non-current liabilities	非流動負債總額		261,733	222,025
Net assets	資產淨值		2,203,930	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	25	1,767	1,767
Reserves	儲備	26	2,202,163	2,032,072
Total equity	權益總額		2,203,930	2,033,839

Chen Weizhong

陳衛忠
Director
董事

Sheng Mingjian

盛明健
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Attributable to owners of the parent 母公司擁有人應佔							
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve 法定盈餘儲備	Exchange fluctuation reserve 匯兌波動儲備	Retained profits	Total equity
		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 (note 26) (附註26)	資本儲備 RMB'000 人民幣千元 (note 26) (附註26)	盈餘儲備 RMB'000 人民幣千元 (note 26) (附註26)	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	於二零一七年一月一日	1,767	976,358	(1,000)	7,003	19,961	23,887	874,033	1,902,009
Profit for the year	年內利潤	-	-	-	-	-	-	186,775	186,775
Other comprehensive income for the year:	年內其他綜合收入：								
Exchange differences related to foreign operations	與海外業務有關的匯兌差額	-	-	-	-	-	(13,275)	-	(13,275)
Total comprehensive income for the year	年內綜合收入總額	-	-	-	-	-	(13,275)	186,775	173,500
Final 2016 dividend declared	已宣派二零一六年末期股息	-	(41,670)	-	-	-	-	-	(41,670)
Transfer from retained profits	轉撥自保留利潤	-	-	-	-	4,301	-	(4,301)	-
At 31 December 2017	於二零一七年十二月三十一日	1,767	934,688	(1,000)	7,003	24,262	10,612	1,056,507	2,033,839

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

綜合權益變動表(續)

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Attributable to owners of the parent 母公司擁有人應佔							
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total equity
		股本	股份溢價	合併儲備	資本儲備	法定盈餘儲備	匯兌波動儲備	保留利潤	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
				(note 26)	(note 26)	(note 26)			
				(附註26)	(附註26)	(附註26)			
At 1 January 2018	於二零一八年一月一日	1,767	934,688	(1,000)	7,003	24,262	10,612	1,056,507	2,033,839
Profit for the year	年內利潤	-	-	-	-	-	-	201,706	201,706
Other comprehensive income for the year:	年內其他綜合收入：								
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	-	6,004	-	6,004
Total comprehensive income for the year	年內綜合收入總額	-	-	-	-	-	6,004	201,706	207,710
Final 2017 dividend declared	已宣派二零一七年末期股息		(37,619)	-	-	-	-	-	(37,619)
At 31 December 2018	於二零一八年十二月三十一日	1,767	897,069*	(1,000)*	7,003*	24,262*	16,616*	1,258,213*	2,203,930

* As at 31 December 2018, these reserve accounts comprise the consolidated reserves of RMB2,202,163 (2017: RMB2,032,072) in the consolidated statement of financial position.

* 於二零一八年十二月三十一日，該等儲備賬包括綜合財務狀況表內的綜合儲備人民幣2,202,163元(二零一七年：人民幣2,032,072元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Notes 附註	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
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動的現金流量		
Profit before tax		235,625	216,085
Adjustments for:	就下列各項調整：		
Finance costs	融資成本	7 50,427	48,840
Interest income	利息收入	5 (2,092)	(2,212)
Depreciation	折舊	13 41,473	38,208
Amortisation of prepaid land lease payments	攤銷預付土地租賃款項	14 1,276	1,284
		326,709	302,205
Increase in inventories	存貨增加	(86,571)	(101,491)
(Increase)/decrease in trade receivables	應收貿易款項(增加)/減少	(65,112)	32,924
(Increase)/decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及 其他資產(增加)/減少	(151,638)	25,052
Increase/(decrease) in trade payables	應付貿易款項增加/(減少)	(40,213)	9,720
Increase/(decrease) in other payables and accruals	其他應付款項及應計項目 增加/(減少)	57,008	(4,525)
Decrease in other long term liabilities	其他長期負債減少	(133)	(154)
Cash generated from operations	產生自經營的現金	40,050	263,731
Interest received	已收利息	2,092	2,212
Interest element of finance lease rental payments	融資租賃租金付款的利息部分	7 (4,753)	(2,777)
PRC tax paid	已付中國稅項	(7,628)	(31,613)
Net cash flows from operating activities	來自經營活動的淨現金流量	29,761	231,553
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動的現金流量		
Purchases of items of property, plant and equipment	收購物業、廠房及設備項目	(108,478)	(153,722)
Prepayments for items of property, plant and equipment	預付物業、廠房及 設備項目的款項	(25,002)	(55,336)
Addition to prepaid land lease payments	預付土地租賃款項增加	-	(3,581)
Decrease in time deposits	定期存款減少	6,388	152,363
Net cash flows used in investing activities	用於投資活動的淨現金流量	(127,092)	(60,276)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) 綜合現金流量表(續)

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度

	Notes 附註	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
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動的現金流量		
New interest-bearing bank and other borrowings	新增計息銀行及其他借款	1,050,947	1,161,610
Repayment of interest-bearing bank and other borrowings	償還計息銀行及其他借款	(935,550)	(1,123,410)
Dividends paid	已付股息	(37,619)	(41,670)
Interest paid	已付利息	(45,674)	(47,222)
Proceeds from finance leases	融資租賃所得款項	20,000	102,853
Capital element of finance lease rental payments	融資租賃租金付款的本金部分	(59,482)	(35,231)
Secured deposit placed for finance leases	就融資租賃存入的有抵押存款	-	(22,854)
Net cash flows used in financing activities	用於融資活動的 淨現金流量	(7,378)	(5,924)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物 增加/(減少)淨額	(104,709)	165,353
Cash and cash equivalents at beginning of year	年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	6,004	(13,275)
CASH AND CASH EQUIVALENTS AT END OF YEAR	年終現金及現金等價物	345,188	443,893

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2018 二零一八年十二月三十一日

1. CORPORATE INFORMATION

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

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

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

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

1. 公司資料

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

本公司為一間投資控股公司。年內，本公司及其附屬公司(統稱「本集團」)主要於中華人民共和國(「中國」)從事「老恒和」牌調味品的生產及銷售業務。

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

1. CORPORATE INFORMATION (Continued)

As 31 December 2018, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if registered outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong). The particulars of principal subsidiaries are set out below:

1. 公司資料(續)

於二零一八年十二月三十一日，本公司於其附屬公司中擁有直接及間接權益，該等附屬公司均為私營有限公司(或倘於香港境外登記，性質與於香港註冊成立之私營公司基本相同)。有關主要附屬公司詳情載列如下：

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

1. CORPORATE INFORMATION (Continued)

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

1. 公司資料(續)

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

2.1 編製基準

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

綜合基準

截至二零一八年十二月三十一日止年度的綜合財務報表包括本公司及其附屬公司(統稱「本集團」)的財務報表。附屬公司指由本公司直接或間接控制的實體(包括結構性實體)。倘本集團能透過其參與承擔或享有投資對象可變回報的權利,並能夠向投資對象使用其權力影響回報金額(即現有權利可使本集團能於當時指揮投資對象的相關活動),即代表獲得控制權。

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

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

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

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

2.1 編製基準(續)

綜合基準(續)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES 2.2 會計政策及披露的變動

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

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to IFRS 1 and IAS 28

Other than as explained below regarding the impact of IFRS 9 and IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

IFRS 9

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which was not relevant to the preparation of the Group's financial statements, the Group has applied the transitional provisions set out in IFRS 9 without restating comparative information. It applied the classification and measurement requirements (including impairment) to financial instruments that were not derecognised as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

本集團已就本年度的財務報表首次採納下列新訂及經修訂準則。

國際財務報告準則第2號 (修訂本)	以股份為基礎的支付交易的 分類和計量
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
國際會計準則第40號(修訂本)	轉讓投資物業
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
國際財務報告準則二零一四年 至二零一六年週期的年度 改進	國際財務報告準則第1號(修訂本) 及國際會計準則第28號 (修訂本)

除上文所述有關國際財務報告準則第9號及國際財務報告準則第15號的影響外，採納上述新訂及經修訂準則並無對該等財務報表構成重大財務影響。

國際財務報告準則第9號

國際財務報告準則第9號「金融工具」於二零一八年一月一日或之後開始的年度期間取代國際會計準則第39號「金融工具：確認及計量」，其綜合了金融工具會計處理的三個方面：分類及計量、減值及對沖會計處理。

除與編製本集團財務報表無關的對沖會計處理外，本集團已應用國際財務報告準則第9號所載的過渡條文，毋須重述比較資料。其對於二零一八年一月一日尚未終止確認的金融工具採用分類及計量要求(包括減值)。因此，概不會重列比較資料，並將繼續按國際會計準則第39號呈報。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued) 2.2 會計政策及披露的變動(續)

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as at 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The Group has not designated any financial assets and financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial assets and financial liabilities.

Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record a loss allowance for the expected credit losses of its financial assets not held at fair value through profit or loss. In that respect, the Group has measured the expected credit losses of its trade receivables on a lifetime basis as permitted by the simplified approach.

The adoption of IFRS 9 has had no material impact on the impairment provisions on the Group's financial assets.

分類及計量

根據國際財務報告準則第9號，債務工具其後按公平值計入損益、按攤銷成本計量或按公平值計入其他綜合收入。分類基於兩個準則：本集團管理資產的業務模式；及工具的合約現金流量是否為尚未償還本金額之「純粹本金及未償還本金利息付款」。

本集團業務模式評估於二零一八年一月一日進行。評估債務工具的合約現金流量是否僅包括本金及利息乃基於首次確認資產時的事實及情況進行。

國際財務報告準則第9號的分類及計量規定對本集團並無重大影響。本集團並無指定任何按公平值計入損益的金融資產和金融負債。本集團的金融資產及金融負債的分類及計量並無變動。

減值

採用國際財務報告準則第9號透過以前瞻性預期信貸虧損模式取代國際會計準則第39號的已產生虧損模式，改變本集團對金融資產減值虧損的會計處理方法。

國際財務報告準則第9號規定本集團須就其並非按公平值計入損益方式持有的金融資產的預期信貸虧損記錄虧損撥備。就此而言，本集團按簡化方法所允許的方式按整個存續期計量其應收貿易款項的預期信貸虧損。

採用國際財務報告準則第9號對本集團金融資產的減值撥備並無重大影響。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued) 2.2 會計政策及披露的變動(續)

IFRS 15

IFRS 15 and its amendments replace IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in notes 3 and 5 to the financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15, if any, was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, 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 receipts of these products. Therefore, the adoption of IFRS 15 has had no impact on the timing of revenue recognition. The impact on the amount of revenue to be recognised was further explained below.

Consideration received from customers in advance

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance as other payables. Under IFRS 15, the amount is classified as contract liabilities which are included in other payables and accruals.

Therefore, upon adoption of IFRS 15, the Group reclassified RMB17,085,000 from other payables to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

國際財務報告準則第15號

國際財務報告準則第15號及其修訂本取代國際會計準則第11號「建築合約」、國際會計準則第18號「收益」及相關詮釋，並於除少數例外情況外適用於客戶合約產生的所有收益。國際財務報告準則第15號就客戶合約收益入賬確立一個新五步模式。根據國際財務報告準則第15號，收益按能反映實體預期就向客戶轉讓貨物或服務而有權在交換中獲取的代價金額進行確認。國際財務報告準則第15號的原則為就計量及確認收益提供更為結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收益總額、關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。有關披露內容載於財務報表附註3及5。由於應用國際財務報告準則第15號，本集團已變更財務報表附註2.4所載有關收益確認的會計政策。

本集團以經修訂追溯應用法採納國際財務報告準則第15號。根據此方法，該項準則適用於初始應用日期的所有合約或僅適用於當日尚未完成的合約。本集團已選擇將該項準則應用至於二零一八年一月一日尚未完成的合約。

初始應用國際財務報告準則第15號的累計影響(如有)於二零一八年一月一日確認為對保留利潤期初結餘的調整。因此，概不會重列比較資料，並將繼續按國際會計準則第11號、國際會計準則第18號及相關詮釋呈報。

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號並無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。

預收客戶代價

採納國際財務報告準則第15號前，本集團將預收客戶的代價確認為其他應付款項。根據國際財務報告準則第15號，有關金額被分類為合約負債，並於其他應付款項及應計項目列賬。

因此，採納國際財務報告準則第15號後，本集團將二零一八年一月一日的預收客戶代價人民幣17,085,000元由其他應付款項重新分類至於二零一八年一月一日的合約負債。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	<i>Definition of a Business</i> ²
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
IFRS 16	<i>Leases</i> ¹
IFRS 17	<i>Insurance Contracts</i> ³
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ²
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ¹
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ¹
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i> ¹
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ No mandatory effective date yet determined but available for adoption

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

2.3 已頒佈但尚未生效的國際財務報告準則

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

國際財務報告準則第3號 (修訂本)	對業務的定義 ²
國際財務報告準則第9號 (修訂本)	具有負補償特性的提前還款 ¹
國際財務報告準則第10號及 國際會計準則第28號 (修訂本)	投資者與其聯營公司或合營 企業之間出售或注入資產 ⁴
國際財務報告準則第16號	租賃 ¹
國際財務報告準則第17號	保險合約 ³
國際會計準則第1號及 國際會計準則第8號 (修訂本)	對重大的定義 ²
國際會計準則第19號(修訂本)	修訂、縮減或結算計劃 ¹
國際會計準則第28號(修訂本)	於聯營公司及合營企業的 長期權益 ¹
國際財務報告詮釋委員會 詮釋第23號	所得稅處理的不確定性 ¹
二零一五年及二零一七年 週期之年度改進	對國際財務報告準則第3號、 國際財務報告準則第11號、 國際會計準則第12號及 國際會計準則第23號的修訂 ¹

¹ 於二零一九年一月一日或之後開始的年度期間生效

² 於二零二零年一月一日或之後開始的年度期間生效

³ 於二零二一年一月一日或之後開始的年度期間生效

⁴ 尚未釐定強制生效日期惟可供採納

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

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

Further information about IFRS 16 that is expected to be applicable to the Group is described below:

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at its carrying amount as if IFRS 16 had always been applied since the commencement date, but using a discount rate based on the lessee's incremental borrowing rate at the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB2,930,000 and lease liabilities of RMB3,237,000 will be recognised at 1 January 2019 with a corresponding adjustment to the opening balance of retained earnings.

2.3 已頒佈但尚未生效的國際財務報告準則(續)

預期適用於本集團的國際財務報告準則第16號的進一步資料如下：

國際財務報告準則第16號取代國際會計準則第17號「租賃」、國際財務報告詮釋委員會詮釋第4號「確定一項安排是否包含租賃」、準則詮釋委員會詮釋第15號「經營租賃 – 優惠」及準則詮釋委員會詮釋第27號「評估涉及租賃法律形式的交易實質」。該準則載列租賃確認、計量、列報和披露的原則，並要求承租人就大部分租賃確認資產和負債。該準則包含承租人的兩項確認豁免 – 低價值資產租賃和短期租賃。在租期開始當日，承租人會確認作出租賃付款額的負債(即租賃負債)和代表在租期內使用相關資產的權利的資產(即使用權資產)。使用權資產後續按成本減去累計折舊和任何減值虧損計量，除非使用權資產符合國際會計準則第40號內投資物業的定義或涉及應用重估模型的物業、廠房及設備類別則作別論。租賃負債其後增加以反映租賃負債利息及就租賃付款額減少。承租人將需要分開確認租賃負債的利息費用和使用權資產的折舊開支。在某些事件發生時，承租人亦須重新計量租賃負債，例如更改租期以及由於確定未來租賃付款額所用的指數或利率的變化而導致未來租賃付款額發生變動。承租人通常會將租賃負債的重新計量金額確認為對使用權資產的調整。國際財務報告準則第16號內的出租人會計處理與國際會計準則第17號內的會計處理大致保持不變。出租人將繼續使用與國際會計準則第17號相同的分類原則對所有租賃進行分類，並區分經營租賃和融資租賃。國際財務報告準則第16號要求承租人和出租人作出較國際會計準則第17號項下規定更廣泛的披露。承租人可選擇採用全面追溯或修訂追溯方式應用準則。本集團將自二零一九年一月一日起採納國際財務報告準則第16號。本集團計劃採納國際財務報告準則第16號的過渡條文，以將初始應用的累積影響確認為二零一九年一月一日保留利潤期初結餘的調整，毋須重述比較資料。此外，本集團計劃將新規定應用於先前根據國際會計準則第17號確定為租賃的合約，並按餘下租賃付款的現值計量租賃負債，並使用本集團初始應用當日的增量借貸利率貼現。使用權資產將按其賬面值計量，猶如國際財務報告準則第16號自開始日期起一直採用，並採用基於承租人初始應用當日的增量借貸利率計算得出的折現率。本集團計劃在租賃合約中使用該準則所允許的豁免，其租賃期限於初始應用日期起計12個月內終止。於二零一八年，本集團已就採納國際財務報告準則第16號所產生的影響進行詳細評估。本集團估計，使用權資產人民幣2,930,000元及租賃負債人民幣3,237,000元將於二零一九年一月一日確認為對保留利潤期初結餘的相應調整。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

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

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

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

2.4 主要會計政策概要

非金融資產減值

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

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

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

or

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

2.4 主要會計政策概要(續)

關聯方

以下人士將被視為與本集團有關連：

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

或

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

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

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

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

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

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

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

2.4 主要會計政策概要(續)

物業、廠房及設備以及折舊

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

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

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

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

* 機器及設備包括瓦壇，其估計可使用年限為20年。

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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

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

Intangible assets (other than goodwill)

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

Research and development costs

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

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

2.4 主要會計政策概要(續)

物業、廠房及設備以及折舊(續)

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

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

無形資產(商譽除外)

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

研究與開發成本

所有研究成本會於產生時列支於損益表。

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

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

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

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

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

2.4 主要會計政策概要(續)

租賃

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

通過融資性租購合同獲得的資產列為融資租賃，但於資產預計可使用年期內攤銷。

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

經營租賃項下土地租賃預付款初步按成本入賬，隨後於租賃期內按直線法確認。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The Group's financial assets included trade receivables, financial assets included in prepayments, other receivables and other assets, pledged deposits and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

2.4 主要會計政策概要(續)

投資及其他金融資產(於二零一八年一月一日後適用之國際財務報告準則第9號項下之政策)

初步確認及計量

金融資產於初步確認時分類為其後按攤銷成本、按公平值計入其他全面收益及按公平值計入損益計量。本集團金融資產包括應收貿易款項、計入預付款項、其他應收款項及其他資產的金融資產、已抵押存款以及現金及現金等價物。

金融資產於初步確認時之分類視乎金融資產之合約現金流量特徵以及本集團管理該等金融資產之業務模式而定。除應收貿易款項不包含重大融資成分或本集團已採用不調整重大融資成分影響之實際權宜方法外，本集團初步按公平值另加交易成本(倘金融資產不按公平值計入損益)計量金融資產。不包含重大融資成分或本集團已採用切實可行權宜方法之應收貿易款項，乃根據下文「收益確認(於二零一八年一月一日後適用)」所載政策按國際財務報告準則第15號確定之交易價格計量。

為使金融資產按攤銷成本或按公平值計入其他全面收益進行分類及計量，其需要產生純粹為支付本金及未償還本金之利息(「純粹支付本金及利息」)之現金流量。

本集團管理金融資產之業務模式指其管理金融資產以產生現金流量之方法。業務模型可確定現金流量是否來自收集合約現金流量、出售金融資產或兩者兼有。

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

(Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

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

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

2.4 主要會計政策概要(續)

投資及其他金融資產(於二零一八年一月一日後適用之國際財務報告準則第9號項下之政策)(續)

其後計量

金融負債的其後計量取決於其以下的分類情況：

按攤銷成本列賬之金融資產

倘金融資產同時滿足以下兩個條件，則本集團會按攤銷成本計量金融資產：

- 以收取合約現金流量為目標而持有金融資產的業務模式下持有的金融資產。
- 金融資產的合約條款於指定日期產生的現金流量僅為支付本金及未償還的本金利息。

按攤銷成本列賬之金融資產其後採用實際利率法計量，並可能會出現減值。當資產被終止確認、修改或出現減值時，收益及虧損乃於損益表中確認。

投資及其他金融資產(於二零一八年一月一日前適用之國際會計準則第39號項下之政策)

初步確認及計量

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)
(Continued)

Subsequent measurement

Loans and receivables

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

2.4 主要會計政策概要(續)

投資及其他金融資產(於二零一八年一月一日前適用之國際會計準則第39號項下之政策)(續)

其後計量

貸款及應收款項

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

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

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

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

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

2.4 主要會計政策概要(續)

取消確認金融資產(於二零一八年一月一日後適用之國際財務報告準則第9號項下之政策及於二零一八年一月一日前適用之國際會計準則第39號項下之政策)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 主要會計政策概要(續)

金融資產減值(於二零一八年一月一日後適用之國際財務報告準則第9號項下之政策)

本集團確認對並非按公平值計入損益的所有債務工具預期信貸虧損之撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取的所有現金流量之間的差額而釐定，並以原實際利率的近似值貼現。預期現金流量將包括出售所持抵押的現金流量或組成合約條款的其他信貸提升措施。

一般方法

預期信貸虧損分兩個階段確認。就初步確認以來信貸風險並無大幅增加的信貸風險而言，會為未來12個月可能發生的違約事件所產生信貸虧損(12個月預期信貸虧損)作出預期信貸虧損撥備。就初步確認以來信貸風險大幅增加的信貸風險而言，須就預期於風險的餘下年期產生的信貸虧損作出減值撥備，而不論違約的時間(全期預期信貸虧損)。

於各報告日期，本集團會評估自最初確認以來金融工具的信貸風險是否已大幅增加。在進行評估時，本集團會將於報告日期金融工具發生的違約風險與於初步確認日期金融工具發生的違約風險進行比較，並考慮毋須花費過多成本或精力即可獲得的合理及可支持的資料(包括過往資料及前瞻性資料)。

當合約付款逾期90天時，本集團認為金融資產違約。然而，在若干情況下，當內部或外部資料表明本集團在計及本集團所持有任何信貸提升措施之前不大可能完全收到未償還合約款項時，本集團亦可能認為金融資產違約。倘並無合理預期可收回合約現金流量，則會撇銷金融資產。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 主要會計政策概要(續)

金融資產減值(於二零一八年一月一日後適用之國際財務報告準則第9號項下之政策)(續)

按公平值計入其他全面收益之債務投資及按攤銷成本列賬之金融資產，在一般方法下可能會出現減值，且會在以下階段進行分類以計量預期信貸虧損，惟應用簡化方法之應收貿易賬款及合約資產(誠如下文所詳述)除外。

第1階段 — 自初步確認以來其信貸風險並無顯著增加，且虧損撥備乃按相等於12個月預期信貸虧損的金額計量的金融工具

第2階段 — 自初步確認以來其信貸風險顯著增加(惟並非信貸減值金融資產)，且虧損撥備乃按相等於全期預期信貸虧損的金額計量的金融工具

第3階段 — 於報告日期屬信貸減值性質(惟並非購入或源生信貸減值)，且虧損撥備乃按相等於全期預期信貸虧損的金額計量的金融資產

簡化方法

就不包含重大融資成分的應收貿易款項及合約資產而言，或當本集團應用不就重大融資成分的影響作出調整的實際權宜方法時，本集團會應用簡化方法計算預期信貸虧損。在應用簡化方法時，本集團不會跟蹤信貸風險的變動，而是根據各報告日期的全期預期信貸虧損確認虧損撥備。本集團已根據過往信貸虧損經驗建立撥備矩陣，並根據債務人及經濟環境特有的前瞻性因素作出調整。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)

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

Financial assets carried at amortised cost

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

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

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

2.4 主要會計政策概要(續)

金融資產減值(於二零一八年一月一日前適用之國際會計準則第39號項下之政策)

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

以攤銷成本列賬之金融資產

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018) (Continued)

Financial assets carried at amortised cost (Continued)

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

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and other borrowings

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

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

2.4 主要會計政策概要(續)

金融資產減值(於二零一八年一月一日前適用之國際會計準則第39號項下之政策)(續)

以攤銷成本列賬之金融資產(續)

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

金融負債(於二零一八年一月一日後適用之國際財務報告準則第9號項下之政策及於二零一八年一月一日前適用之國際會計準則第39號項下之政策)

初步確認及計量

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

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

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

其後計量

金融負債之計量取決於其如下分類：

貸款及其他借款

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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

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

Offsetting of financial instruments (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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

Inventories

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

2.4 主要會計政策概要(續)

取消確認金融負債(於二零一八年一月一日後適用之國際財務報告準則第9號項下之政策及於二零一八年一月一日前適用之國際會計準則第39號項下之政策)

金融負債於負債之責任已解除或註銷或屆滿時取消確認。

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

金融工具的抵銷(於二零一八年一月一日後適用之國際財務報告準則第9號項下之政策及於二零一八年一月一日前適用之國際會計準則第39號項下之政策)

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

存貨

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

2.4 主要會計政策概要(續)

現金及現金等價物

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

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

撥備

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

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

所得稅

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

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

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

2.4 主要會計政策概要(續)

所得稅(續)

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

所有應課稅暫時性差額均被確認為遞延稅項負債，惟：

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

遞延稅項資產會就所有可扣減之暫時差異、結轉未運用稅項抵免及未運用稅務虧損確認入賬。確認遞延稅項資產的前提是有可能有應課稅利潤可用於抵銷可扣減之暫時差異，結轉未運用稅項抵免及未運用稅務虧損可予動用，惟：

- 遞延稅項資產與初步確認一項交易(並非業務合併)之資產或負債所產生之可扣減暫時性差額有關，而於交易時，遞延稅項資產對會計利潤或應課稅利潤或虧損均無影響；及
- 就與附屬公司之投資有關之可扣減暫時性差額而言，遞延稅項資產僅會於暫時性差額很可能於可見將來將會回撥及應課稅利潤可用於抵銷暫時性差額時確認。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 主要會計政策概要(續)

所得稅(續)

遞延稅項資產之賬面值會於各報告期末覆核，並減至不再可能有足夠應課稅利潤令全部或部分遞延稅項資產得以動用為止；未確認之遞延稅項資產會於各報告期末重新評估，並於可能有足夠應課稅利潤令全部或部分遞延稅項資產得以收回時確認。

遞延稅項資產及負債乃根據於報告期末已頒佈或實質上已頒佈之稅率(及稅法)，按預期於資產獲變現或負債償還期間適用之稅率計算。

當且僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應課稅實體或於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅項負債及資產或同時變現資產及結算負債的不同稅務實體徵收的所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

收益確認(於二零一八年一月一日後適用)

客戶合約收益

當貨品或服務的控制權按能反映本集團預期就交換該等貨品或服務而可收取的代價的金額轉讓予客戶時，會確認客戶合約收益。

當合約中之代價包含可變金額時，會估計本集團有權就交換將該等貨品或服務轉移至客戶而收取之代價金額。可變代價乃於合約開始時作出估計並受到約束，直至與可變代價相關之不明朗因素隨後得以解決，已確認累計收益很可能不會發生重大收益撥回為止。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable from 1 January 2018) (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Some contracts for the sale of products provide customers with rights of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(a) *Rights of return*

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

2.4 主要會計政策概要(續)

收益確認(於二零一八年一月一日後適用)(續)

客戶合約收益(續)

當合約包含融資部分，其在將貨品或服務轉移至客戶方面為客戶提供重大融資利益超過一年時，收益會按以本集團與客戶於合約開始時進行的個別融資交易所反映貼現率貼現的應收款項現值計量。當合約包含融資部分，為本集團提供重大財務利益超過一年時，會根據該合約確認的收益包括按實際利率法計算合約責任產生的利息開支。就客戶付款與承諾貨品或服務轉移之間的間隔期限為一年或以內之合約而言，交易價格不會根據國際財務報告準則第15號所提供之切實可行權宜方法就重大融資部分之影響作出調整。

銷售貨品

銷售貨品之收益乃於資產控制權轉移至客戶之時間點(通常為交付產品時)確認。

部分銷售產品的合約向客戶提供退貨權及批量回扣。退貨權及批量回扣引起可變代價。

(a) *退貨權*

當合約向客戶提供可於特定期間的退貨權時，本集團採用預期價值法估計將不會退回的產品，因為此方法最能預計本集團將收取的可變代價金額。本集團應用國際財務報告準則第15號的規定，限制可變代價的估計，以釐定可包含於交易價格的可變代價金額。就預期退回的貨品，則確認退款責任，而非收入。本集團亦就向客戶收回產品的權利確認退回資產之權利(及銷售成本的相應調整)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable from 1 January 2018) (Continued)

Sale of goods (Continued)

(b) *Volume rebates*

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 主要會計政策概要(續)

收益確認(於二零一八年一月一日後適用)(續)

銷售貨品(續)

(b) 批量回扣

當若干客戶於期內購買的產品數目超過合約規定的限額時，本集團向該等客戶提供可追溯批量回扣。回扣抵銷客戶應付的金額。為估計預期未來回扣的可變代價，就單一數量限額的合約採用最可能的金額方法，而就超過一個數量限額的合約採用預期價值法。最能預測可變代價金額的所選方法主要由合同所載數量限額所影響。本集團應用限制可變代價估計的規定，並就預期未來回扣確認退款責任。

其他收入

利息收入乃透過採用精確折現於金融工具預期年期(或較短期間，倘適用)的估計未來現金收入至金融資產賬面淨值的利率，以實際利率法按累計基準確認。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (c) rental income, on a time proportion basis over the lease terms.

Contract assets (applicable from 1 January 2018)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.4 主要會計政策概要(續)

收入確認(於二零一八年一月一日前適用)

收入乃於經濟利益很可能流入本集團，並且該收入能夠準確計量時按下列基準予以確認：

- (a) 銷售貨品的收入在附於所有權上的重大風險及利益已轉移至買家，並且本集團不再對已售出商品實施通常與所有權相聯繫的繼續管理權和有效控制權時確認；
- (b) 就利息收入而言，以應計方式利用實際利率法將財務工具估計可用年期或較短期間(如適用)內之未來估計現金收入實際貼現成金融資產賬面淨值；及
- (c) 就租金收入而言，按時間比例基準於租期內確認。

合約資產(於二零一八年一月一日後適用)

合約資產乃向客戶轉移貨品或服務以換取代價之權利。倘本集團通過於客戶支付代價前或於付款到期前將貨品或服務轉移至客戶來履約，則會就所賺取之有條件代價確認合約資產。

合約負債(於二零一八年一月一日後適用)

合約負債指本集團因已向客戶收取代價(或代價款項已到期)而須向客戶轉讓貨品或服務的責任。倘客戶於本集團將貨品或服務轉移至客戶前支付代價，則於作出付款或付款到期時(以較早者為準)確認合約負債。合約負債於本集團履行合約時確認為收益。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract costs (applicable from 1 January 2018)

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Right-of-return assets (applicable from 1 January 2018)

A right-of-return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned goods.

Refund liabilities (applicable from 1 January 2018)

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2.4 主要會計政策概要(續)

合約成本(於二零一八年一月一日後適用)

除作為存貨、物業、機器及設備及無形資產撥充資本之成本外，倘符合以下所有條件，則履行與客戶訂立之合約產生之成本會作為一項資產撥充資本：

- (a) 成本與合約或實體可具體確定之預期合約直接相關。
- (b) 成本會產生或增加將用於履行(或持續履行)履約責任之實體資源。
- (c) 預期費用將可予收回。

資本化合約成本乃按系統基準攤銷及自損益表扣除，其符合確認資產相關之收益模式一致。其他合約成本則於產生時支銷。

退回資產之權利(於二零一八年一月一日後適用)

退回資產之權利指本集團收回預期客戶退回貨品的權利。資產按將予退回貨品的先前賬面值減任何收回貨品的預期成本(包括已退回貨品價值可能減少)計量。本集團就其預期退貨水平的任何修改及任何已退回貨品價值額外減少，更新所記錄資產的計量。

退款責任(於二零一八年一月一日後適用)

退款責任為退還部分或全部已收(或應收)客戶代價的責任，按本集團最終預期其須向客戶退還的金額計量。本集團於各報告期末更新其退款責任(及交易價格的相應變動)的估計。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee retirement benefits

According to the rules and regulations of the PRC, the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The contributions are recognised as expenses when the Company consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

Early retirement and retirement benefits

During the fiscal 2005 restructuring, the Group undertook the expense related to both the retirement and the early retirement schemes for the medical and social welfare of those early retired and retired employees as of 30 June 2005. The Group recognised the relevant estimated liabilities as well as charges to the statement of profit or loss once the Group undertook the obligations. These benefits are unfunded.

Where these schemes fall due more than 12 months after the date of the financial statements, they shall be discounted using the appropriate discount rate, and carried at discounted amounts as liabilities. The discount rate is determined using the yield rate of government bonds with similar terms at the date of the financial statements.

Actuarial gains or losses include the experience adjustment (the impact of difference between the previous actuarial assumption and actual results) and the impact of changes on actuarial assumption. The actuarial gains or losses are recognised in other comprehensive income when incurred and will not be reclassified to profit or loss in a subsequent period.

Interest expense is charged to the statement of profit or loss and is derived from the discount rate determined at the commencement of the retirement scheme within an accounting period and the early retirement scheme multiplying with the average present value over the entire terms.

2.4 主要會計政策概要(續)

僱員退休福利

根據中國之規則及法規，本公司在中國註冊之附屬公司須按當地政府預定之僱員基本薪金若干比率為所有中國僱員向國家管理之退休計劃供款。國家資助之退休計劃負責一切應付退休僱員退休福利之責任，除每年供款外，本集團在實際退休福利付款或其他員工退休後福利方面沒有其他責任。

當本公司動用因僱員為獲得僱員福利而提供服務所產生之經濟利益時，供款會確認為開支。

提早退休及退休福利

於二零零五年財政重組期間，本集團承擔了截至二零零五年六月三十日之提早退休及退休僱員之退休計劃及提早退休計劃中有關醫療及社會福利之開支。本集團於承擔該等責任時確認相關估計負債，並從損益表扣除。該等福利均未獲撥款。

倘該等計劃自財務報表日期後12個月以後到期，則應採用適用之貼現率對金額進行貼現，並按貼現金額列賬為負債。貼現率乃採用財務報表日期條款相似之政府債券之收益率釐定。

精確損益包括經驗調整(原有精算假設與實際結果之間之差額影響)及精算假設變動之影響。精算損益於產生時在其他綜合收益確認，且於其後期間不會重新分類至損益。

利息開支根據貼現率結果(在會計期間內退休計劃開始時釐定，提早退休計劃乘以整個期間之平均現值)從損益表扣除。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Proposed final dividends are disclosed in note 11 to the financial statements.

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is the Hong Kong dollar while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the Company and the entity in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2.4 主要會計政策概要(續)

借款成本

收購、興建或生產須經過長時間方可作擬定用途或銷售之合資格資產的直接應佔借款成本資本化為該等資產之成本的一部分。在該等資產基本可作擬定用途或銷售時，停止將借款成本予以資本化。有關借款等待用於合資格資產的期間作短期投資之投資收入所得可用於扣減已資本化之借款成本。所有其他借款成本均須於產生期間列作開支。借款成本包括利息以及實體借入資金所產生的其他相關成本。

股息

末期股息將於股東大會上獲股東批准後確認為負債。

建議末期股息於財務報表附註11披露。

外幣

該等財務報表以人民幣呈報，人民幣亦為本集團呈報貨幣。本公司的功能貨幣為港元，人民幣則被用作本公司財務報表的呈報貨幣，以與本集團呈報貨幣保持一致。本集團旗下各實體有各自的功能貨幣，計入各實體財務報表的項目以該功能貨幣計量。本公司及本集團實體記錄的外幣交易初步按交易日適用的相關功能貨幣匯率入賬。以外幣計值的貨幣資產及負債按報告期末功能貨幣適用匯率重新換算。償付或換算貨幣項目產生的差額於損益表確認。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain Hong Kong subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of Hong Kong subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of Hong Kong subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

2.4 主要會計政策概要(續)

外幣(續)

按歷史成本列賬以外幣計值的非貨幣項目以初步交易日期的匯率換算。以外幣按公平值計量的非貨幣項目按計量公平值當日的匯率換算。換算按公平值計量之非貨幣項目產生的收益或虧損按確認該項目的公平值變動產生的收益或虧損處理(即其公平值收益或虧損已於其他綜合收益或損益確認的項目,其換算差額亦分別於其他綜合收益或損益內確認)。

於釐定初步確認與預付代價相關之非貨幣資產或非貨幣負債終止確認時的有關資產、開支或收入之匯率時,初始交易日期為本集團初步確認因預付代價產生之非貨幣資產或非貨幣負債之日期。倘存在多筆預付款項或預收款項,則本集團會釐定每筆預付款項或預收款項之交易日期。

若干香港附屬公司的功能貨幣為人民幣以外的貨幣。於報告期末,該等實體的資產及負債按報告期末通行的匯率換算為本公司的呈報貨幣,而其損益表按該年度的加權平均匯率換算為人民幣。所產生匯兌差額於其他綜合收益確認及於匯兌變動儲備累計。出售海外業務時,與該特定海外業務有關的其他綜合收益部分於損益表確認。

就綜合現金流量表而言,香港附屬公司的現金流量按現金流量日期適用的匯率換算為人民幣。香港附屬公司於整個年度內頻密產生的經常現金流量按該年度加權平均匯率換算為人民幣。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Tax provision

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in tax legislation and practices.

Deferred tax liabilities for withholding taxes

Deferred tax liabilities have not been established for income tax and withholding taxes that would not be payable on certain undistributed earnings of the subsidiaries in Mainland China if the directors consider that the timing of the reversal of the related temporary differences in relation to the undistributed earnings of the subsidiaries in Mainland China can be controlled and such temporary differences will not be reversed in the foreseeable future. For those undistributed earnings of the subsidiaries in Mainland China that are considered to be repatriated and distributed by way of dividends, the related deferred tax liabilities have been recognised.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3. 重要會計判斷及估計

編製本集團之綜合財務報表時，管理層須作出會影響所呈報收入、開支、資產及負債之報告金額、其隨附披露及或有負債披露之判斷、估計及假設。有關假設及估計之不確定性或會導致須就日後受影響之資產或負債賬面值作出重大調整。

判斷

於採納本集團之會計政策之過程中，除涉及估計之會計政策外，管理層已作出對綜合財務報表已確認金額構成最重大影響之判斷如下：

稅項撥備

釐定所得稅撥備涉及對若干交易未來稅務處理之判斷。本集團審慎評估交易之稅務影響並計提相應之稅項撥備。該等交易之稅務處理定期評估，以計及稅務法規及慣例之所有變動。

有關預扣稅的遞延稅項負債

倘董事認為撥回涉及中國內地附屬公司未分派盈利的相關暫時差額之時間可被控制以及有關暫時差額將不會於可見將來撥回，則並無就中國內地附屬公司之若干未分派盈利之毋須支付之所得稅及預扣稅計提遞延稅項負債。被視為以股息形式匯出及分派的中國內地附屬公司未分派盈利，已確認相關遞延稅項負債。

估計不確定因素

於報告期末有關未來之主要假設及其他估計之不確定性之主要來源，會使下一個財政年度內的資產及負債賬面值引致有重大調整的風險，並於下文描述。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty (Continued)

(a) Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the repair and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances. The carrying amounts of the property, plant and equipment are disclosed in note 13.

(b) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 16 to the financial statements.

3. 重要會計判斷及估計(續)

估計不確定因素(續)

(a) 物業、廠房及設備的可使用年限及剩餘價值

為釐定物業、廠房及設備項目的可使用年限及剩餘價值，本集團須考慮多項因素，如因生產改變或改進引致技術或商業過時、或因市場對該資產的產品或服務輸出的需求改變、該資產的預期使用情況、預期實際損耗及損毀、該資產的維修保養及對使用該資產的法律或類似限制。該資產的可使用年限的估計乃基於本集團以類似方式使用類似資產的經驗。倘物業、廠房及設備項目的估計可使用年限及／或剩餘價值有別於先前的估計，則會作出額外折舊。可使用年限及剩餘價值會於各財政年度結束日期根據情況變動進行覆核。物業、廠房及設備之賬面值披露於附註13。

(b) 應收貿易款項預期信貸虧損撥備

本集團使用撥備矩陣計算應收貿易款項之預期信貸虧損。撥備率乃根據具有類似虧損模式(如按地區、產品類別及客戶類別劃分)之不同客戶分部組別之逾期天數計算。

撥備矩陣最初基於本集團之歷史觀察違約率。本集團將以前瞻性資料調整矩陣以調整歷史信貸虧損經驗。例如，倘預測經濟狀況(如國內生產總值)將在未來一年內惡化，可能導致製造分部之違約數量增加，歷史違約率將予以調整。於各報告日期，歷史觀察違約率會獲更新，並分析前瞻性估計之變化。

對歷史觀察違約率、預測經濟狀況及預期信貸虧損之間之相關性評估屬一項重要估計。預期信貸虧損之金額對環境變化及預測經濟狀況較為敏感。本集團之歷史信貸虧損經驗及對經濟狀況之預測亦可能無法代表未來客戶之實際違約。有關本集團應收貿易款項之預期信貸虧損之資料披露於財務報表附註16內。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty (Continued)

(c) *Write-down of inventories to net realisable value*

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realisable value. The assessment of the provision required involves management's judgement and estimates on which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed.

(d) *Early retirement and retirement benefits*

The Group has recognised the early retirement and retirement benefits as a liability. The initial recognition of early retirement and retirement benefits is measured at the best estimate of the expenditure required to settle the benefits for early-retired and retired employees. When the Group determines the best estimate, it takes into account headcount changes of early-retired and retired employees, effect on future expenditure arising from inflation of prices and other factors. When selecting a proper discount rate, the Group takes into account the average period of future payment for early retirement and retirement benefits and other factors. The difference between the actuarial assumptions and actual results will have an impact on the relevant accounting estimation. Although management considered that the above assumptions are reasonable, any changes in assumptions may affect the amount of provision for early retirement and retirement benefits. The assumptions that the Group used in measuring the early retirement and retirement benefits are disclosed in note 24.

3. 重要會計判斷及估計(續)

估計不確定因素(續)

(c) *撇減存貨至可變現淨值*

本集團將被識別為過時及滯銷的存貨及賬面值高於可變現淨值的存貨撇減至可變現淨值。評估所需撥備涉及管理層的判斷和估計，而關於未來銷售及使用情況的假設以及釐定相對於已識別過剩品或過時品的適當存貨撥備水平時的判斷將影響該等判斷和估計。倘日後的實際結果或預期有別於最初的估計，有關差異將會對存貨的賬面值造成影響，並須於估計有變的期間內作出存貨的撇減／撤回。

(d) *提早退休及退休福利*

本集團已將提早退休及退休福利確認為負債。提早退休及退休福利在初始確認時按對向提早退休及退休僱員結算所需的開支的最佳估計計量。本集團在釐定最佳估計時，會考慮提早退休及退休僱員的人數變化、通貨膨脹對未來開支的影響及其他因素。在選擇適當的貼現率時，本集團會考慮未來支付提早退休及退休福利的平均期間及其他因素。精算假設與實際結果之間的差異會對相關會計估計造成影響。儘管管理層認為上述假設合理，但假設的任何變動均可能影響提早退休及退休福利的撥備金額。本集團在計量提早退休及退休福利時使用的假設披露於附註24。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

4. OPERATING SEGMENT INFORMATION

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

- The food segment 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 derived from sales to individual customers amounting to 10 percent or more of the Group's revenue for the reporting period is set out in the following table:

		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
Customer A	客戶 A	111,562	94,091
Customer B	客戶 B	95,514	82,247
		207,076	176,338

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

		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
Revenue from contracts with customers	客戶合約收益		
Sale of goods	銷售貨品	874,410	803,141

4. 經營分部資料

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

- 食品分部生產及銷售調味品。

由於本集團全部收入均來自向中國的客戶銷售其產品，且本集團全部可識別非流動資產均位於中國，故並無根據國際財務報告準則第8號「經營分部」呈列地域資料。

有關主要客戶的資料

下表載列於報告期間佔本集團收入10%或以上的個別客戶所產生的銷售收入：

5. 收入、其他收入及收益

收入分析如下：

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2018

5. 收入、其他收入及收益(續)

客戶合約收益

(1) 分列收益資料：

截至二零一八年十二月三十一日止年度

		2018 二零一八年 RMB'000 人民幣千元
Type of goods	貨品種類	
Condiment products	調味品	874,410
Timing of revenue recognition	收益確認時間	
Goods transferred at a point in time	於某一時點轉讓的產品	874,410

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

下表顯示本報告期內確認計入報告期初合約負債中的收益金額：

		2018 二零一八年 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	已確認計入報告期初合約負債中的收益金額：	
Sale of goods	銷售貨品	17,085

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which give rises to variable consideration subject to constraint.

Other income and gains

5. 收入、其他收入及收益(續)

客戶合約收益(續)

(ii) 履約責任

有關本集團履約責任的資料概述如下：

銷售產品

履約責任於交付產品後達成，付款一般在交付後30至90天內到期，而新客戶則通常需要提前付款。若干合約會為客戶提供退貨權，而有關退貨權會引起限制條件下的可變代價。

其他收入及收益

		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
Subsidies received*	已收補貼*	9,315	10,222
Interest income	利息收入	2,092	2,212
Foreign exchange gain, net	匯兌收益淨額	-	7,235
Others	其他	245	86
		11,652	19,755

* The amount represented subsidies received from the relevant authorities in the PRC without any unfulfilled conditions imposed on the Group.

* 有關金額指來自中國有關當局的補貼，惟有關補貼並無附帶針對本集團的任何未達成條件。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

6. PROFIT BEFORE TAX

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

6. 除稅前利潤

本集團除稅前利潤乃經扣除/(計入)下列各項：

			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
	Notes 附註			
Costs of inventories sold		售出存貨成本	417,448	373,615
Depreciation	13	折舊	41,473	38,208
Amortisation of prepaid land lease payments	14	攤銷預付土地租賃款項	1,276	1,284
Minimum lease payments under operating leases regarding plant and machinery		經營租賃項下有關廠房及機器的最低租賃款項	2,523	2,358
Auditors' remuneration		核數師酬金	2,173	1,958
Employee benefit expenses (excluding directors' remuneration):		僱員福利開支(不包括董事酬金)：		
— Wages and salaries		— 工資及薪金	43,355	42,995
— Pension scheme contributions		— 退休金計劃供款	8,471	7,848
			51,826	50,843
Research and development costs		研究與開發成本	41,106	39,874
Donations		捐款	167	67
Foreign exchange loss/(gain), net		匯兌虧損/(收益)淨額	2,818	(7,235)
Impairment losses on financial assets		金融資產減值虧損		
— impairment of trade receivables	16	— 應收貿易款項減值	682	—

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

7. FINANCE COSTS

An analysis of finance costs is as follows:

		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
Interest on bank loans	銀行貸款利息	45,674	46,063
Interest on finance leases	融資租賃利息	4,753	2,777
		50,427	48,840

7. 融資成本

融資成本分析如下：

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		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
Fees	袍金	533	424
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	396	396
Performance related bonuses	表現相關的花紅	275	255
Pension scheme contributions	退休金計劃供款	48	45
		719	696
		1,252	1,120

8. 董事及最高行政人員之酬金

根據聯交所證券上市規則(「上市規則」)、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第二部披露的年度董事及最高行政人員薪酬如下：

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

(Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		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
Mr. Lei Jiasu*	雷家驩先生*	—	43
Mr. Ma Chaosong*	馬朝松先生*	—	43
Mr. Shen Zhenchang	沈振昌先生	60	60
Mr. Sun Jiong**	孫頌先生**	175	87
Mr. Ng Wing Fai**	吳榮輝先生**	210	104
		445	337

There were no other emoluments payable to the independent non-executive directors during the years 2018 and 2017.

* Mr. Lei Jiasu and Mr. Ma Chaosong resigned as independent non-executive directors of the Group on 29 June 2017.

** Mr. Ng Wing Fai and Mr. Sun Jiong were appointed as independent non-executive directors of the Group on 29 June 2017.

8. 董事及最高行政人員之酬金 (續)

(a) 獨立非執行董事

年內已付獨立非執行董事的袍金如下：

	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
Mr. Lei Jiasu*	—	43
Mr. Ma Chaosong*	—	43
Mr. Shen Zhenchang	60	60
Mr. Sun Jiong**	175	87
Mr. Ng Wing Fai**	210	104
	445	337

於二零一八年和二零一七年內概無應付獨立非執行董事的其他酬金。

* 雷家驩先生及馬朝松先生於二零一七年六月二十九日辭任本集團獨立非執行董事。

** 吳榮輝先生及孫頌先生於二零一七年六月二十九日獲委任為本集團獨立非執行董事。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

(Continued)

(b) Executive directors, non-executive directors and the chief executive

8. 董事及最高行政人員之酬金

(續)

(b) 執行董事、非執行董事及最高行政人員

		Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
2018	二零一八年					
<i>Executive directors:</i>	<i>執行董事：</i>					
Mr. Sheng Mingjian	盛明健先生	-	120	90	16	226
Mr. Wang Chao	王超先生	-	96	85	16	197
			216	175	32	423
<i>Non-executive director:</i>	<i>非執行董事：</i>					
Ms. Qian Yinglan**	錢英嵐女士**	88	-	-	-	88
<i>Chief executive:</i>	<i>最高行政人員：</i>					
Mr. Chen Weizhong	陳衛忠先生	-	180	100	16	296
		88	396	275	48	807

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

(Continued)

(b) Executive directors, a non-executive director and the chief executive (Continued)

8. 董事及最高行政人員之酬金 (續)

(b) 執行董事、非執行董事及最高行政人員(續)

		Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
2017	二零一七年					
<i>Executive directors:</i>	<i>執行董事:</i>					
Mr. Sheng Mingjian	盛明健先生	-	120	90	15	225
Mr. Wang Chao	王超先生	-	96	95	15	206
			216	185	30	431
<i>Non-executive directors:</i>	<i>非執行董事:</i>					
Ms. Qian Yinglan**	錢英嵐女士**	22	-	-	-	22
Mr. Sun Qingdong*	孫卿東先生*	65	-	-	-	65
		87	-	-	-	87
<i>Chief executive:</i>	<i>最高行政人員:</i>					
Mr. Chen Weizhong	陳衛忠先生	-	180	70	15	265
		87	396	255	45	783

* Mr. Sun Qingdong resigned as a non-executive director of the Group on 12 September 2017.

* 孫卿東先生於二零一七年九月十二日辭任本集團非執行董事。

** Ms. Qian Yinglan was appointed as a non-executive director of the Group on 12 September 2017.

** 錢英嵐女士於二零一七年九月十二日獲委任為本集團非執行董事。

There was no arrangement under which executive directors waived or agreed to waive any remuneration during the years 2018 and 2017.

於二零一八年和二零一七年內概無執行董事放棄或同意放棄任何酬金的安排。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the year included two directors (2017: three), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2017: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

		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
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	547	378
Performance related bonuses	表現相關的花紅	153	64
Pension scheme contributions	退休金計劃供款	44	30
		744	472

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

		2018 二零一八年	2017 二零一七年
Nil to RMB1,000,000	零至人民幣1,000,000元	3	2

10. INCOME TAX EXPENSE

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

The corporate income tax of the Group in respect of its operations in Mainland China has been provided at the rate of 25% (2017: 25%) on the taxable profits, based on the existing legislation, interpretations and practices in respect thereof.

9. 五名最高薪僱員

年內，五名最高薪僱員包括兩名董事(二零一七年：三名)，其酬金詳情載於上文附註8。本公司既非董事亦非最高行政人員之其餘三名(二零一七年：兩名)最高薪僱員的酬金詳情如下：

		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
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	547	378
Performance related bonuses	表現相關的花紅	153	64
Pension scheme contributions	退休金計劃供款	44	30
		744	472

酬金介乎以下範圍的非董事及非最高行政人員的最高薪僱員人數如下：

		2018 二零一八年	2017 二零一七年
Nil to RMB1,000,000	零至人民幣1,000,000元	3	2

10. 所得稅開支

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

本集團中國內地業務的企業所得稅根據相關現行法律、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。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

10. INCOME TAX EXPENSE (Continued)

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 are entitled to the preferential tax rate of 15% for the three consecutive years commencing from 2016.

10. 所得稅開支(續)

根據全國高新技術企業認定管理工作領導小組辦公室發出的批文，湖州老恒和釀造有限公司及湖州老恒和酒業有限公司(兩者均為本公司的全資附屬公司)獲得「高新技術企業」資格，並可自二零一六年起連續三個年度享受15%的優惠稅率。

		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
Current — PRC	即期 — 中國		
Charge for the year	年內支出	31,437	25,080
Deferred (note 23)	遞延(附註23)	2,482	4,230
Total tax charge for the year	年內稅務支出總額	33,919	29,310

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for the jurisdiction where most of the Company's subsidiaries are located to the tax expense at the effective tax rate is as follows:

採用本公司大部分附屬公司所在司法權區的法定稅率計算的除稅前利潤適用的所得稅開支與按實際稅率計算的稅務開支對賬如下：

		2018 二零一八年		2017 二零一七年	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Profit before tax	除稅前利潤	235,625		216,085	
Tax at the statutory tax rate	按法定稅率計算的稅項	58,906	25.0	54,021	25.0
Lower tax rate enacted by the local authority	地方政府頒佈的較低稅率	(23,816)	(10.1)	(22,134)	(10.2)
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	按本集團中國內地附屬公司可分派利潤10%計算預扣稅的影響	4,133	1.7	3,818	1.8
Tax incentive on eligible expenditures	合資格開支的稅務優惠	(6,162)	(2.6)	(6,895)	(3.2)
Expenses not deductible for tax	稅務上不可扣減的開支	858	0.4	500	0.2
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅務支出	33,919	14.4	29,310	13.6

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

11. DIVIDENDS

		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
Proposed final — RMB7.0 cents (2017: RMB6.5 cents) per ordinary share	建議末期 — 每股普通股人民幣7.0分 (二零一七年：人民幣6.5分)	40,513	37,619

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The 2017 proposed final dividend of RMB37,619,000 was approved by the Company's shareholders at the annual general meeting on 31 May 2018 and was subsequently distributed in July 2018.

本年度建議末期股息須待本公司股東於應屆股東週年大會上批准後方可作實。

二零一七年建議末期股息人民幣37,619,000元已獲本公司股東於二零一八年五月三十一日召開的股東週年大會上批准，並隨後於二零一八年七月派發。

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 578,750,000 (2017: 578,750,000) in issue during the year.

12. 母公司普通權益持有人應佔每股盈利

每股基本盈利金額的計算乃基於母公司普通權益持有人應佔年內利潤及年內已發行普通股加權平均數578,750,000股(二零一七年：578,750,000股)。

		2018 二零一八年	2017 二零一七年
Profit attributable to ordinary equity holders of the parent (RMB'000)	母公司普通權益持有人應佔利潤 (人民幣千元)	201,706	186,775
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)	母公司普通權益持有人應佔每股盈利 — 基本及攤薄(人民幣)	34.9 cents 分	32.3 cents 分

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2018 and 2017 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during those years.

由於截至二零一八年及二零一七年十二月三十一日止年度並無潛在具攤薄效應的已發行普通股，故本集團並無就攤薄而對有關年度呈列的每股基本盈利金額作出調整。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2018	二零一八年十二月三十一日							
At 1 January 2018:	於二零一八年一月一日：							
Cost	成本	511,308	229,112	5,815	2,143	15,990	298,219	1,062,587
Accumulated depreciation	累計折舊	(67,745)	(47,996)	(2,084)	(1,836)	(4,522)	-	(124,183)
Net carrying amount	賬面淨值	443,563	181,116	3,731	307	11,468	298,219	938,404
At 1 January 2018, net of accumulated depreciation	於二零一八年一月一日， 扣除累計折舊	443,563	181,116	3,731	307	11,468	298,219	938,404
Additions	添置	446	2,127	77	1,444	-	109,491	113,585
Depreciation provided during the year	年內折舊撥備	(23,989)	(15,459)	(470)	(196)	(1,359)	-	(41,473)
Transfers	轉撥	224,919	22,166	-	-	-	(247,085)	-
At 31 December 2018, net of accumulated depreciation	於二零一八年 十二月三十一日， 扣除累計折舊	644,939	189,950	3,338	1,555	10,109	160,625	1,010,516
At 31 December 2018:	於二零一八年 十二月三十一日：							
Cost	成本	736,673	253,405	5,892	3,587	15,990	160,625	1,176,172
Accumulated depreciation	累計折舊	(91,734)	(63,455)	(2,554)	(2,032)	(5,881)	-	(165,656)
Net carrying amount	賬面淨值	644,939	189,950	3,338	1,555	10,109	160,625	1,010,516

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備(續)

(Continued)

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2017	二零一七年十二月三十一日							
At 1 January 2017:	於二零一七年一月一日:							
Cost	成本	463,118	214,005	4,977	2,131	15,990	195,842	896,063
Accumulated depreciation	累計折舊	(45,965)	(33,582)	(1,630)	(1,635)	(3,163)	-	(85,975)
Net carrying amount	賬面淨值	417,153	180,423	3,347	496	12,827	195,842	810,088
At 1 January 2017, net of accumulated depreciation	於二零一七年一月一日， 扣除累計折舊	417,153	180,423	3,347	496	12,827	195,842	810,088
Additions	添置	95	11,688	838	12	-	153,891	166,524
Depreciation provided during the year	年內折舊撥備	(21,780)	(14,414)	(454)	(201)	(1,359)	-	(38,208)
Transfers	轉撥	48,095	3,419	-	-	-	(51,514)	-
At 31 December 2017, net of accumulated depreciation	於二零一七年 十二月三十一日， 扣除累計折舊	443,563	181,116	3,731	307	11,468	298,219	938,404
At 31 December 2017:	於二零一七年 十二月三十一日:							
Cost	成本	511,308	229,112	5,815	2,143	15,990	298,219	1,062,587
Accumulated depreciation	累計折舊	(67,745)	(47,996)	(2,084)	(1,836)	(4,522)	-	(124,183)
Net carrying amount	賬面淨值	443,563	181,116	3,731	307	11,468	298,219	938,404

At 31 December 2018, certain of the Group's buildings and machinery and equipment with an aggregate net carrying amount of approximately RMB257,155,000 (2017: RMB141,180,000) were pledged to secure bank loans granted to the Group (note 21(b)).

As at 31 December 2018, the Group's machinery and equipment and construction in progress with a net carrying amount of RMB94,861,000 (2017: RMB86,763,000) and RMB30,401,000 (2017: RMB30,401,000) were held under finance leases, respectively.

於二零一八年十二月三十一日，本集團抵押賬面淨值合共約人民幣257,155,000元(二零一七年：人民幣141,180,000元)的若干樓宇和機器及設備，作為本集團所獲授銀行貸款的擔保(附註21(b))。

於二零一八年十二月三十一日，本集團根據融資租賃持有賬面淨值分別為人民幣94,861,000元(二零一七年：人民幣86,763,000元)及人民幣30,401,000元(二零一七年：人民幣30,401,000元)的機器及設備和在建工程。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

14. PREPAID LAND LEASE PAYMENTS

14. 預付土地租賃款項

		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
Carrying amount at 1 January	於一月一日的賬面值	54,519	52,222
Additions during the year	於年內添置	-	3,581
Amortised during the year	於年內攤銷	(1,276)	(1,284)
Carrying amount at 31 December	於十二月三十一日的賬面值	53,243	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	51,973	53,249

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

Leasehold land of the Group with an aggregate carrying amount of approximately RMB53,179,000 as at 31 December 2018 (2017: RMB34,800,000) has been pledged to secure bank loans granted to the Group (note 21(b)).

租賃土地位於中國內地，並根據長期租約持有。

於二零一八年十二月三十一日，本集團抵押賬面總值約為人民幣53,179,000元(二零一七年：人民幣34,800,000元)的租賃土地，作為本集團所獲授銀行貸款的擔保(附註21(b))。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

15. INVENTORIES

		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
Raw materials	原材料	12,113	14,079
Work in progress	在製品	1,225,093	1,142,158
Finished goods	成品	39,296	33,694
		1,276,502	1,189,931

As at 31 December 2018, the Group's inventories with a carrying amount of RMB703,415,000 (2017: RMB803,488,000) were pledged to secure bank loans granted to the Group, as further detailed in note 21(b) to the financial statements.

As at 31 December 2018 the Group's inventories with a carrying amount of RMB983,423,000 (2017: RMB934,093,000) were base wine.

15. 存貨

於二零一八年十二月三十一日，本集團抵押賬面值為人民幣703,415,000元(二零一七年：人民幣803,488,000元)的存貨，作為本集團所獲授銀行貸款的擔保，進一步詳情載於財務報表附註21(b)。

於二零一八年十二月三十一日，本集團賬面值為人民幣983,423,000元(二零一七年：人民幣934,093,000元)的存貨為基酒。

16. TRADE RECEIVABLES

		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
Trade receivables	應收貿易款項	195,341	129,547
Impairment	減值	(682)	-
Trade receivables	應收貿易款項	194,659	129,547

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

16. 應收貿易款項

本集團與客戶間的貿易條款以信貸交易為主。信貸期通常為一至三個月。

本集團致力對尚未收回的應收款項維持嚴格監管，而逾期結餘亦由高級管理層定期檢討。本集團並無就其應收貿易款項結餘持有任何抵押品或採取其他改善信貸條件的措施。應收貿易款項並不計息。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

16. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		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
Within 3 months	3個月以內	187,215	112,484
3 to 6 months	3至6個月	2,870	16,279
6 months to 1 year	6個月至1年	3,511	617
Over 1 year	1年以上	1,063	167
		194,659	129,547

The movements in the loss allowance for impairment of trade receivables are as follows:

		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
At beginning of year	年初	-	-
Impairment losses (note 6)	減值虧損(附註6)	(682)	-
At end of year	年末	(682)	-

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group classify its customers into categories A (the highest), B, C and D based on their business scale and capabilities. The provision rates are based on days past due of the Group's customers with similar loss patterns, among which the customers classified as categories A, B and C were merged into the same group for impairment assessment as their credit terms and loss patterns were similar. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

16. 應收貿易款項(續)

本集團於報告期末應收貿易款項(扣除虧損撥備)按發票日期的賬齡分析如下:

	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
Within 3 months	187,215	112,484
3 to 6 months	2,870	16,279
6 months to 1 year	3,511	617
Over 1 year	1,063	167
	194,659	129,547

應收貿易款項減值虧損撥備變動如下:

	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
At beginning of year	-	-
Impairment losses (note 6)	(682)	-
At end of year	(682)	-

根據國際財務報告準則第9號截至二零一八年十二月三十一日止年度的減值

本集團會於各報告日期使用撥備矩陣進行減值分析，以計量預期信貸虧損。本集團根據客戶的業務規模及能力將客戶分類為A(最高)、B、C及D類。撥備率乃根據本集團具有類似虧損模式的客戶的逾期天數計算，當中獲分類為A、B及C類的客戶已獲合併為同一組別以作減值評估，原因在於有關客戶的信貸期及虧損模式相若。有關計算反映概率加權結果、貨幣時間價值以及報告日期可獲得關於過往事件、當前狀況及未來經濟狀況預測的合理及有依據的資料。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

16. TRADE RECEIVABLES (Continued)

Impairment under IFRS 9 for the year ended 31 December 2018 (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2018

		Customers classified as categories A, B and C 獲分類為A、B及C類的客戶	Current 當期	Past due 逾期時間			Total 總計
				Less than 1 year 一年以內	1 to 2 years 一至兩年	Over 2 years 兩年以上	
Expected credit loss rate	預期信貸虧損率		0.0%	0.0%	2.4%	–	0.0%
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)		148,474	17,151	616	–	166,241
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)		–	–	15	–	15

		Customers classified as category D 獲分類為D類的客戶	Current 當期	Past due 逾期時間			Total 總計
				Less than 1 year 一年以內	1 to 2 years 一至兩年	Over 2 years 兩年以上	
Expected credit loss rate	預期信貸虧損率		0.0%	9.7%	35.3%	100%	2.3%
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)		24,141	4,371	532	56	29,100
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)		–	423	188	56	667

		Current 當期	Past due 逾期時間			Total 總計
			Less than 1 year 一年以內	1 to 2 years 一至兩年	Over 2 years 兩年以上	
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)	172,615	21,522	1,148	56	195,341
Expected credit losses (RMB'000)	預期信貸虧損(人民幣千元)	–	423	203	56	682

16. 應收貿易款項(續)

根據國際財務報告準則第9號截至二零一八年十二月三十一日止年度的減值(續)

以下載列使用撥備矩陣有關本集團應收貿易款項的信貸風險的資料：

於二零一八年十二月三十一日

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

16. TRADE RECEIVABLES (Continued)

Impairment under IAS 39 for the year ended 31 December 2017

An ageing analysis of the trade receivables as at 31 December 2017, based on the credit terms, that were neither individually nor collectively considered to be impaired under IAS 39 is as follows:

		2017 二零一七年 RMB'000 人民幣千元
Neither past due nor impaired	既無逾期亦無減值	112,484
Less than 3 months past due	逾期少於3個月	16,279
3 to 6 months	3至6個月	207
6 months to 1 year	6個月至1年	419
Over 1 year	1年以上	158
		129,547

The trade receivables that were neither past due nor impaired related to a number of diversified customers for whom there was no recent history of default.

The trade receivables that were past due but not impaired related to a number of customers that had a good track record with the Group. Based on past experience, the directors were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. The Group did not hold any collateral or other credit enhancements over these balances.

16. 應收貿易款項(續)

根據國際會計準則第39號截至二零一七年十二月三十一日止年度的減值

於二零一七年十二月三十一日按信用期限排列且根據國際會計準則第39號均不被視為個別或集體減值的應收貿易款項的賬齡分析如下：

既無逾期亦無減值的應收貿易款項與多名不同客戶有關，彼等於近期並無違約記錄。

已逾期惟並無減值的應收貿易款項與多名客戶有關，彼等於本集團的付款記錄良好。根據以往經驗，董事認為其信貸質素並無重大改變，且此等結餘仍視為可全數收回，因此毋須根據國際會計準則第39號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。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

17. 預付款項、其他應收款項及其他資產

		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
Prepayments (note)	預付款項(附註)	603,360	440,429
Value-Added Tax recoverable	可收回增值稅	125,808	109,846
Deposits and other receivables	按金及其他應收款項	29,487	31,740
		758,655	582,015
Portion classified as non-current assets	獲分類為非流動資產部份	(415,746)	(390,744)
Current portion included in prepayments, other receivables and other assets	計入預付款項、其他應收款項及其他資產的流動部份	342,909	191,271

Notes:

Details of prepayments as at 31 December 2018 and 2017 are as follows:

附註：

於二零一八年及二零一七年十二月三十一日的預付款項詳情如下：

		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
Prepayments for non-current assets	非流動資產的預付款項	415,746	390,744
Prepayments for procurements of base wine and condiment products	採購基酒及調味品的預付款項	100,000	-
Prepayments for procurements of raw materials	採購原材料的預付款項	83,220	42,021
Other prepayments	其他預付款項	4,394	7,664
		603,360	440,429

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

(Continued)

Notes:

- (i) Prepayments for non-current assets primarily included the following two aspects: (1) prepayments to equipment manufacturers in respect of customised equipment for the Group; and (2) prepayments to major contractors of the projects according to the framework construction contracts. The directors estimated that RMB118,237,000 and RMB297,509,000 of the prepayments for non-current assets would be settled in a period of 12 months and 24 months upon commencement of the corresponding construction/installation projects, respectively.
- (ii) Prepayments for procurements of base wine and condiment products primarily included prepayments for procurements of base wine and condiment products from an independent third party manufacturer under a poverty alleviation program led by China Development Bank Zhejiang Branch. RMB63,590,000 and RMB36,410,000 of prepayments for procurements of condiment products would be settled in a period of 12 months and 24 months according to the procurement schedule between the manufacturer and the Group, respectively.
- (iii) Prepayments for procurements of raw material primarily included the prepayments for procurements of raw materials from independent third party suppliers to ensure the steady supplies of agriculture products, which would be settled in a period of 12 months according to the procurement schedules between the suppliers and the Group.

Impairment analysis is performed at each reporting date and expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The financial assets included in the above balance were categorised in stage 1 at the year of the reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward looking macroeconomic data. During the current year, the Group estimated that the expected loss rate for the other receivables is minimal.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

17. 預付款項、其他應收款項及其他資產(續)

附註：

- (i) 非流動資產的預付款項主要包括如下兩個方面：(1) 為本集團定制設備而向設備製造商預付的款項；以及(2) 根據框架工程協議向工程主要的承建單位支付的預付款項。董事估計人民幣118,237,000元及人民幣297,509,000元的非流動資產的預付款項分別將於相關建設/安裝工程施工後12個月及24個月內核銷完畢。
- (ii) 採購基酒及調味品的預付款項主要包括按照國家開發銀行浙江省分行領導的扶貧計劃向獨立第三方製造商採購基酒及調味品的預付款項。為數人民幣63,590,000元及人民幣36,410,000元的採購調味品的預付款項將根據製造商與本集團之間的採購時間表分別於12個月及24個月內核銷。
- (iii) 採購原材料的預付款項主要包括從獨立第三方供應商採購原材料的預付款項，以確保農產品的穩定供應，而此將根據供應商與本集團之間的採購時間表乃於12個月內核銷。

本集團在每個報告日期進行減值分析，並參考本集團的歷史虧損記錄採用虧損率法對預期信貸虧損作出估計。虧損率會予以調整以酌情反映當前狀況和對未來經濟狀況的預測（如適用）。計入上述結餘的金融資產在報告期內分類為第1階段。在計算預期信貸虧損率時，本集團會考慮歷史虧損率並調整前瞻性宏觀經濟數據。於本年度，本集團估計其他應收款項的預期虧損率屬微不足道。

上述資產概無逾期或減值。上述結餘所列金融資產涉及近期並無違約記錄的應收款項。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

18. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS 18. 現金及現金等價物及定期存款

		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
Cash and bank balances	現金及銀行結餘	345,188	443,893
Time deposits	定期存款	69,659	76,047
		414,847	519,940
Less:	減：		
Pledged for bank loans (note 21(b))	抵押以獲取銀行貸款(附註21(b))	(69,659)	(76,047)
Cash and cash equivalents	現金及現金等價物	345,188	443,893
Denominated in RMB	以人民幣計值	339,071	442,882
Denominated in Hong Kong Dollar (HK\$)	以港元(港元)計值	5,170	916
Denominated in USD	以美元計值	947	95
Cash and cash equivalents	現金及現金等價物	345,188	443,893

RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

人民幣不能自由兌換成其他貨幣。然而，根據中國內地《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可透過獲授權經營外匯業務的銀行將人民幣兌換成其他貨幣。

銀行現金按根據每日銀行存款利率計算的浮動利率賺取利息。銀行結餘及定期存款乃存於近期並無違約紀錄的有信譽銀行。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

19. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

		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
Within 3 months	3個月以內	77,248	72,567
3 to 6 months	3至6個月	20,661	56,730
Over 6 months	6個月以上	15,417	24,242
		113,326	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.

19. 應付貿易款項

於報告期末應付貿易款項按發票日期的賬齡分析如下：

本集團應付貿易款項並不計息，一般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。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

20. OTHER PAYABLES AND ACCRUALS 20. 其他應付款項及應計項目

		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
Advances from customers	客戶墊款	–	17,085
Contract liabilities (note)	合約負債(附註)	21,465	–
Other tax payables	其他應付稅項	64,766	24,409
Salary payables	應付薪金	11,597	10,828
Other payables and accruals	其他應付款項及應計項目	49,915	33,306
		147,743	85,628

All these balances are non-interest-bearing and other payables have an average term of three months.

Note:

Details of contract liabilities as at 31 December 2018 and 1 January 2018 are as follows:

所有該等結餘均不計息，其他應付款項平均期限為三個月。

附註：

二零一八年十二月三十一日及二零一八年一月一日的合約負債詳情如下：

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元
Short-term advances received from customers	自客戶收取的短期墊款		
Sale of goods	銷售貨品	21,465	17,085

Contract liabilities include short-term advances received to deliver products. The increase in contract liabilities in 2018 was mainly due to the increase in short-term advances received from customers in relation to the provision of sale of goods at the end of the year.

合約負債包括因交付產品的而收取的短期墊款。合約負債於二零一八年增加，乃主要由於年末就提供貨品銷售所產生而自客戶收取的短期墊款增加所致。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

21. 計息銀行及其他借款

		2018 二零一八年			2017 二零一七年		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期	RMB'000 人民幣千元	Effective interest rate (%) 實際利率 (%)	Maturity 到期	RMB '000 人民幣千元
Current	即期						
Bank loans — secured ^{(a)(b)(c)(d)}	銀行貸款—有抵押 ^{(a)(b)(c)(d)}	3.92-6.09	2019 二零一九年	898,157	4.35-5.70	2018 二零一八年	852,760
Finance lease payables ^(c) (note 22)	應付融資租賃款項 ^(c) (附註22)	4.79	2019 二零一九年	34,605	4.79-5.99	2018 二零一八年	39,795
				932,762			892,555
Non-current	非即期						
Bank loans — secured ^{(a)(b)(c)}	銀行貸款—有抵押 ^{(a)(b)(c)}	5.23-5.70	2020 二零二零年	70,000	—	—	—
Finance lease payables ^(c) (note 22)	應付融資租賃款項 ^(c) (附註22)	4.79	2020 二零二零年	27,962	4.79	2020 二零二零年	62,254
				97,962			62,254
Total	總計			1,030,724			954,809
Analysed into:	分析如下：						
Bank loans repayable:	應償還銀行貸款：						
Within one year	於一年內			898,157			852,760
In the second year	第二年內			70,000			—
				968,157			852,760
Finance lease payables:	應付融資租賃款項：						
Within one year	於一年內			34,605			39,795
In the second year	第二年內			27,962			34,292
In the third year	第三年內			—			27,962
				62,567			102,049
Total	總計			1,030,724			954,809

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

21. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) As at 31 December 2018, the Group's banking facilities amounted to RMB1,065,400,000 (2017: RMB853,760,000), of which RMB968,157,000 (2017: RMB852,760,000) had been utilised.
- (b) As at 31 December 2018, the Group's bank loans amounting to approximately RMB660,920,000 (2017: Nil) were not in compliance with certain financial loan covenants, among which a balance of RMB88,000,000 (2017: Nil) that is repayable after one year from the end of 2018 has been classified as a current liability. No further reclassification is needed regarding the rest of the aforesaid bank loans since their maturity were all within 12 months and have already been classified as current liabilities.
- (c) At the end of the reporting period, certain of the Group's assets were pledged to banks and other lenders for securing the bank loans and other finance leases granted to the Group.

The carrying values of these assets are:

	Notes 附註	2018	2017
		二零一八年 RMB'000 人民幣千元	二零一七年 RMB'000 人民幣千元
Property, plant, and equipment	13	257,155	141,180
Leasehold land	14	53,179	34,800
Inventories	15	703,415	803,488
Pledged deposits	18	69,659	76,047
		1,083,408	1,055,515

- (d) The Group's bank loans of RMB732,160,000 and RMB20,000,000 were guaranteed by Mr. Chen Weizhong, a director of the Company, and Mr. Chen Weidong, the brother of Mr. Chen Weizhong, respectively.

All the Group's bank and other borrowings are denominated in RMB. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

21. 計息銀行及其他借款(續)

附註：

- (a) 於二零一八年十二月三十一日，本集團銀行融資額度為人民幣1,065,400,000元(二零一七年：人民幣853,760,000元)，其中人民幣968,157,000元(二零一七年：人民幣852,760,000元)已動用。
- (b) 於二零一八年十二月三十一日，本集團的銀行貸款約人民幣660,920,000元(二零一七年：無)並不符合若干金融貸款契諾，當中結餘人民幣88,000,000元(二零一七年：無)須於二零一八年底起計一年後償還，並獲分類為流動負債。上述其他銀行貸款無需進一步重新分類，此乃由於其到期日均在12個月內，並已被歸類為流動負債。
- (c) 於報告期末，本集團將若干資產抵押予銀行及其他貸方，作為本集團所獲授銀行貸款或其他融資租賃的擔保。

該等資產的賬面值為：

Notes 附註	2018	2017
	二零一八年 RMB'000 人民幣千元	二零一七年 RMB'000 人民幣千元
	257,155	141,180
	53,179	34,800
	703,415	803,488
	69,659	76,047
	1,083,408	1,055,515

- (d) 本集團人民幣732,160,000元及人民幣20,000,000元的銀行貸款分別由本公司董事陳衛忠先生及陳衛忠先生的胞兄弟陳衛東先生擔保。

本集團所有銀行及其他借款均以人民幣計值。本集團銀行及其他借款的賬面值與其公平值相若。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

22. FINANCE LEASE PAYABLES

The Group leased certain of its machinery and equipment in 2017 and these leases are classified as finance leases with remaining lease terms of 2 years (2017: from 1 year to 3 years) as at 31 December 2018. According to the sale and leaseback 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 RMB1,000.

The following table represents the loans borrowed by way of the sale and leaseback arrangements as at 31 December 2018:

Date of incurrence	Principal amount	Effective interest rate (%)	Maturity	Guarantee deposit
發生日期	本金	實際利率 (%)	到期日	保證金
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%	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%	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%	2020/11/06 二零二零年十一月六日	RMB6,062,000 人民幣6,062,000元

As at 31 December 2018, the Group's machinery and equipment and construction in progress with a net carrying amount of RMB94,861,000 (2017: RMB86,763,000) and RMB30,401,000 (2017: RMB30,401,000) were held under finance leases.

22. 融資租賃應付款項

本集團於二零一七年租賃若干機器和設備。於二零一八年十二月三十一日，此等租賃分類為融資租賃，剩餘租期為兩年(二零一七年：介乎一年至三年)。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1,000元的價格自動轉移至承租人。

下表反映於二零一八年十二月三十一日以售後租回安排舉借的貸款：

於二零一八年十二月三十一日，本集團根據融資租賃持有賬面淨值為人民幣94,861,000元(二零一七年：人民幣86,763,000元)及人民幣30,401,000元(二零一七年：人民幣30,401,000元)的機器及設備和在建工程。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

22. FINANCE LEASE PAYABLES (Continued)

At 31 December 2018, the total future minimum lease payments under finance leases and their present values were as follows:

22. 融資租賃應付款項(續)

於二零一八年十二月三十一日，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 2018 二零一八年 RMB'000 人民幣千元	Minimum lease payments 最低租賃款項 2017 二零一七年 RMB'000 人民幣千元	Present value of minimum lease payments 最低租賃款項現值 2018 二零一八年 RMB'000 人民幣千元	Present value of minimum lease payments 最低租賃款項現值 2017 二零一七年 RMB'000 人民幣千元
Amounts payable:	應付款項：				
Within one year	於一年內	36,663	43,545	34,605	39,795
In the second year	第二年內	28,718	36,663	27,962	34,292
In the third year	第三年內	-	28,718	-	27,962
Total minimum finance lease payments	最低融資租賃款項總額	65,381	108,926	62,567	102,049
Future finance charges	日後融資支出	(2,814)	(6,877)		
Total net finance lease payables	融資租賃應付款項淨額總計	62,567	102,049		
Portion classified as current liabilities (note 21)	分類為流動負債部分(附註21)	(34,605)	(39,795)		
Non-current portion (note 21)	非流動部分(附註21)	27,962	62,254		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

23. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

23. 遞延稅項

遞延稅項負債及資產於年內的變動如下：

		Unrealised profit on inventories	Accruals and other deductible temporary differences	Withholding tax on distributable dividends (Note a)	Total
		未實現存貨 利潤	應計款項及 其他可抵扣 暫時性差額	有關可分派 股息的預扣稅 (附註a)	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	365	2,301	(18,774)	(16,108)
Deferred tax charged to the statement of profit or loss during the year (note 10)	年內於損益表扣除的遞延稅項(附註10)	(89)	(323)	(3,818)	(4,230)
Net deferred tax liabilities as At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日的遞延稅項負債淨額	276	1,978	(22,592)	(20,338)
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	年內於損益表計入/(扣除)的遞延稅項(附註10)	(14)	1,665	(4,133)	(2,482)
Net deferred tax assets/(liabilities) at 31 December 2018	於二零一八年十二月三十一日的遞延稅項資產/(負債)淨額	262	3,643	(26,725)	(22,820)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

23. DEFERRED TAX (Continued)

Note a: Pursuant to the Corporate Income Tax Law of the People's Republic of China, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2018, the Group has not recognised deferred tax liabilities of RMB106,899,000 (31 December 2017: RMB90,367,000) in respect of temporary differences relating to the unremitted profits of subsidiaries amounting to RMB1,068,988,000 (31 December 2017: RMB903,673,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

Note b: For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

23. 遞延稅項(續)

附註a：根據中華人民共和國企業所得稅法，於中國內地成立的外商投資企業向境外投資者所宣派的股息須繳納10%預扣稅。有關規定自二零零八年一月一日起生效，且適用於二零零七年十二月三十一日後的盈利。倘中國內地與境外投資者所屬的司法權區訂立稅務條約，則可能享有較低的預扣稅率。就本集團而言，適用稅率為10%。因此，本集團有責任就於中國內地成立的該等附屬公司自二零零八年一月一日起產生的盈利所分派股息繳付預扣稅。

於二零一八年十二月三十一日，由於本公司控制該等附屬公司的股息政策，且該等利潤不大可能於可見未來分派，故本集團並無就分派保留利潤時產生有關附屬公司未匯出利潤人民幣1,068,988,000元(二零一七年十二月三十一日：人民幣903,673,000元)的暫時性差額確認遞延稅項負債人民幣106,899,000元(二零一七年十二月三十一日：人民幣90,367,000元)。

附註b：為方便列示，若干遞延稅項資產及負債已於財務狀況表中抵扣。以下為本集團的遞延稅項結餘就財務報告用途所作分析：

		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
Net deferred tax assets recognised in the consolidated statement financial position	於綜合財務狀況表確認的遞延稅項資產淨值	3,905	2,254
Net deferred tax liabilities recognised in the consolidated statement financial position	於綜合財務狀況表確認的遞延稅項負債淨額	(26,725)	(22,592)
		(22,820)	(20,338)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

24. OTHER LONG TERM LIABILITIES

24. 其他長期負債

			2018	2017
		Notes	二零一八年	二零一七年
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
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)	4,046	4,179
			137,046	137,179

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

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

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

(a) 於二零一六年五月六日，本公司兩間全資附屬公司湖州陳氏天釀管理諮詢有限公司(「湖州陳氏」)及湖州老恒和釀造有限公司(「湖州老恒和」，亦為湖州陳氏的全資附屬公司)與國開發展基金有限公司(「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其中3.5%股權(「資本投入」)，而湖州老恒和須自該協議日期起每年向國開發展基金支付相當於資本投入1.2%的固定回報。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持湖州老恒和的全部股權。有關注資協議的進一步詳情已分別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披露。

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錄為金融負債。

其他長期應付款項結餘的分析如下：

			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
Amounts repayable:	應償還款項：			
1 to 5 years	一至五年		83,000	-
Beyond five years	五年以上		50,000	133,000
			133,000	133,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

24. OTHER LONG TERM LIABILITIES

(Continued)

- (b) As at 31 December 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 RMB4,046,000 (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:

		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
Carrying amount at beginning of year	年初的賬面值	4,179	4,333
Benefits paid	已付福利	(133)	(154)
As at end of year	於年終	4,046	4,179

The discount rates and the principal actuarial assumptions for the above obligations are as follows:

		2018 二零一八年	2017 二零一七年
Discount rates:	貼現率：		
Medical benefits	醫療福利	3%	4%
Survivor pension	撫恤金	2.9%-3.6%	3.8%-4.3%
Average annual benefit increase:	年度平均福利增幅：		
Medical benefits	醫療福利	0%-4%	0%-4%
Survivor pension	撫恤金	15%	15%

24. 其他長期負債(續)

- (b) 於二零一八年十二月三十一日，有關控股股東收購湖州老恒和釀造有限公司前退休僱員的退休福利責任及提早退休僱員的提早退休責任的精算負債為人民幣4,046,000元(二零一七年：人民幣4,179,000元)。計劃產生的福利責任為未置存基金。

於財務狀況表確認的精算負債變動如下：

上述責任的貼現率及主要精算假設如下：

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

25. SHARE CAPITAL

Shares

		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
Authorised:	法定：		
1,000,000,000 ordinary shares of USD0.0005 (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 USD0.0005 (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

A summary of movement in the Company's issued share capital and share premium account are as follows:

本公司已發行股本及股份溢價賬變動概述如下：

		Number of shares in issue 已發行 股份數目	Issued capital 已發行 股本 RMB'000 人民幣千元	Share premium account 股份溢 價賬 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	578,750,000	1,767	976,358	978,125
Final 2016 dividend declared	已宣派二零一六年末期股息	-	-	(41,670)	(41,670)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日 及二零一八年一月一日	578,750,000	1,767	934,688	936,455
Final 2017 dividend declared	已宣派二零一七年末期股息	-	-	(37,619)	(37,619)
At 31 December 2018	於二零一八年十二月三十一日	578,750,000	1,767	897,069	898,836

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Merger reserve

The merger reserve represents the difference between the Company's shares of the nominal value of the paid-up capital of the subsidiaries acquired and the Company's cost of acquisition of the subsidiaries under the principles of the pooling-of-interests method.

(b) Capital reserve

Capital reserve arises from the capital contribution by the controlling shareholders of the Company.

(c) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve are made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and are approved by the respective boards of directors.

26. 儲備

本集團於本年度及過往年度的儲備金額及其變動於財務報表綜合權益變動表內呈列。

(a) 合併儲備

合併儲備指根據權益合併法原則本公司應佔所收購附屬公司的繳足股本面值與本公司收購該附屬公司所涉及成本的差額。

(b) 資本儲備

資本儲備源自本公司控股股東的注資。

(c) 法定盈餘儲備

自保留利潤轉撥至法定盈餘儲備乃遵照中國有關法規及規例以及本公司於中國成立的附屬公司的組織章程細則進行，並經相關董事會批准。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

27. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities are as follows:

2018

		Bank and other loans 銀行及 其他貸款 RMB'000 人民幣千元	Finance lease payables 融資租賃 應付款項 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	852,760	102,049
Changes from financing cash flows	融資現金流量變動	115,397	(59,482)
New finance lease	新融資租賃	-	20,000
At 31 December 2018	於二零一八年十二月三十一日	968,157	62,567

2017

		Bank and other loans 銀行及 其他貸款 RMB'000 人民幣千元	Finance lease payables 融資租賃 應付款項 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	814,560	34,427
Changes from financing cash flows	融資現金流量變動	38,200	(35,231)
New finance lease	新融資租賃	-	102,853
At 31 December 2017	於二零一七年十二月三十一日	852,760	102,049

27. 綜合現金流量表附註

融資活動所產生負債的變動如下：

二零一八年

		Bank and other loans 銀行及 其他貸款 RMB'000 人民幣千元	Finance lease payables 融資租賃 應付款項 RMB'000 人民幣千元
於二零一八年一月一日		852,760	102,049
融資現金流量變動		115,397	(59,482)
新融資租賃		-	20,000
於二零一八年十二月三十一日		968,157	62,567

二零一七年

		Bank and other loans 銀行及 其他貸款 RMB'000 人民幣千元	Finance lease payables 融資租賃 應付款項 RMB'000 人民幣千元
於二零一七年一月一日		814,560	34,427
融資現金流量變動		38,200	(35,231)
新融資租賃		-	102,853
於二零一七年十二月三十一日		852,760	102,049

28. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in note 21(b) to the financial statements.

28. 資產質押

本集團就銀行貸款所抵押資產的詳情載於財務報表附註21(b)。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

29. OPERATING LEASE ARRANGEMENTS 29. 經營租賃安排

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

At 31 December 2018, the Group had total future minimum lease payments under operating leases falling due as follows:

本集團根據經營租賃安排租用若干物業及設備。物業及設備的協定租期介乎一至十年。

於二零一八年十二月三十一日，本集團根據經營租賃的未來最低租賃款項總額的到期情況如下：

		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
Within one year	一年內	2,139	2,093
In the second to fifth years, inclusive	第二年至第五年內(包括首尾兩年)	2,076	2,456
After five years	五年後	1,504	1,819
		5,719	6,368

30. COMMITMENTS

In addition to the operating lease commitments detailed in note 29 above, the Group had the following capital commitments at the end of the reporting period:

30. 承擔

除上文附註29所詳述經營租賃承擔外，本集團於報告期末有下列資本承擔：

		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
Contracted, but not provided for: Plant and machinery	已訂約但未計提撥備： 廠房及機器	133,281	103,583

31. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name 姓名	Relationship 關係
Mr. Chen Weizhong 陳衛忠先生	The executive director of the Company 本公司執行董事
Mr. Chen Weidong 陳衛東先生	Brother of Mr. Chen Weizhong 陳衛忠先生的胞兄弟

31. 與關聯方交易

(a) 關聯方的姓名及關係

(b) Outstanding balances with related parties

The Group had no outstanding balance due to its related parties as at 31 December 2018 and 2017.

(b) 與關聯方的未償還結餘

於二零一八年及二零一七年十二月三十一日，本集團概無應付關聯方的未償還結餘。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

31. RELATED PARTY TRANSACTIONS

(Continued)

(c) Compensation for key management personnel (including directors' remuneration) of the Group:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	586	494
Performance related bonuses	表現相關的花紅	385	285
Pension scheme contributions	退休金計劃供款	79	65
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	1,050	844

Further details of directors' emoluments are included in note 8 to the financial statements.

有關董事酬金的進一步詳情載於財務報表附註8。

(d) Provision of guarantees by related parties:

		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
Interest-bearing bank borrowings	計息銀行借貸		
Mr. Chen Weizhong	陳衛忠先生	732,160	-
Mr. Chen Weidong	陳衛東先生	20,000	-
		752,160	-

(d) 關聯方所提供的擔保：

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2018

Financial assets

		Financial assets at amortised cost 按攤銷成本計量的金融資產 RMB'000 人民幣千元
Trade receivables	應收貿易款項	194,659
Financial assets included in deposits and other receivables	計入按金及其他應收款項的金融資產	29,487
Time deposits	定期存款	69,659
Cash and cash equivalents	現金及現金等價物	345,188
		638,993

Financial liabilities

32. 按類別劃分的金融工具

各類金融工具於報告期末的賬面值如下：

二零一八年

金融資產

		Financial liabilities at amortised cost 按攤銷成本計量的金融負債 RMB'000 人民幣千元
Trade payables	應付貿易款項	113,326
Financial liabilities included in other payables and accruals	計入其他應付款項及應計項目的金融負債	49,915
Financial liabilities included in other long term liabilities	計入其他長期負債的金融負債	133,000
Interest-bearing bank and other borrowings	計息銀行及其他借款	1,030,724
		1,326,965

金融負債

		Financial liabilities at amortised cost 按攤銷成本計量的金融負債 RMB'000 人民幣千元
Trade payables	應付貿易款項	113,326
Financial liabilities included in other payables and accruals	計入其他應付款項及應計項目的金融負債	49,915
Financial liabilities included in other long term liabilities	計入其他長期負債的金融負債	133,000
Interest-bearing bank and other borrowings	計息銀行及其他借款	1,030,724
		1,326,965

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

32. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2017

Financial assets

32. 按類別劃分的金融工具(續)

二零一七年

金融資產

		Loans and receivables 貸款及應收款項 RMB'000 人民幣千元
Trade receivables	應收貿易款項	129,547
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他應收款項及其他資產的金融資產	31,740
Pledged deposits	已抵押存款	76,047
Cash and cash equivalents	現金及現金等價物	443,893
		681,227

Financial liabilities

金融負債

		Financial liabilities at amortised cost 按攤銷成本計量的金融負債 RMB'000 人民幣千元
Trade payables	應付貿易款項	153,539
Financial liabilities included in other payables and accruals	計入其他應付款項及應計項目的金融負債	19,641
Financial liabilities included in other long term liabilities	計入其他長期負債的金融負債	133,000
Interest-bearing bank and other borrowings	計息銀行及其他借款	954,809
		1,260,989

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of the Group's financial instruments as disclosed in note 32 to the financial statements approximate to their carrying amounts largely due to the short term maturities of these instruments.

There were no transfers of fair value measurements during the year ended 31 December 2018.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, pledged deposits, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group is exposed to the foreign currency risk mainly arising from changes in the exchange rate of USD against RMB. The Group has not hedged its foreign exchange rate risk based on the consideration that the foreign currency transactions are not significant to the Group.

33. 金融工具的公平值及公平值等級架構

管理層已評估財務報表附註32所披露本集團金融工具的公平值與其賬面值相若，主要由於此等工具的到期年期較短。

截至二零一八年十二月三十一日止年度，公平值計量之間並無轉移。

34. 財務風險管理目標及政策

本集團的主要金融工具包括計息銀行及其他借款、已抵押存款以及現金及現金等價物。該等金融工具的主要目的是為本集團的營運籌措資金。本集團有多種直接自其業務營運產生的其他金融資產及負債，如應收貿易款項及應付貿易款項。

本集團金融工具產生的主要風險為信用風險及流動性風險。董事檢討及議定管理各項風險的政策，有關政策概述如下。

外幣風險

本集團面臨主要因美元兌人民幣匯率變動而產生的外幣風險。考慮到外幣交易對本集團並不重大，故本集團並無對沖外匯風險。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

34. 財務風險管理目標及政策(續)

外幣風險(續)

下表顯示在所有其他變數維持不變的情況下，本集團除稅前利潤(因貨幣資產及負債的公平值變動而產生)以及本集團權益對於報告期末美元匯率可能出現的合理變動的敏感度。

		Increase/ (decrease) in foreign currency rate	Increase/ (decrease) in profit before tax and equity
		外幣匯率 上升/(下降)	除稅前 利潤及權益 增加/(減少)
		%	RMB'000
		%	人民幣千元
2018	二零一八年		
If USD weakens against RMB	倘美元兌人民幣貶值	(5)	(3,334)
If USD strengthens against RMB	倘美元兌人民幣升值	5	3,334
2017	二零一七年		
If USD weakens against RMB	倘美元兌人民幣貶值	(5)	(3,096)
If USD strengthens against RMB	倘美元兌人民幣升值	5	3,096

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Maximum exposure as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018. The amounts presented are gross carrying amounts for financial assets.

34. 財務風險管理目標及政策(續)

信用風險

於二零一八年十二月三十一日的最大風險

下表顯示基於本集團信貸政策的信貸質量及最大信貸風險，該信貸政策主要基於過去的到期資料(除非存有不需花費不必要的成本或努力即可獲得的其他資料則另當別論)以及二零一八年十二月三十一日的年結階段分類。所呈列金額為金融資產的賬面總值。

		12-month ECLs		Lifetime ECLs	
		Stage 1	Stage 2	Stage 3	Simplified approach
		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
Trade receivables*	應收貿易款項*	-	-	-	194,659
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他應收款項及其他資產的金融資產				
- Normal**	- 一般**	29,487	-	-	-
Pledged deposits	已抵押存款				
- Not yet past due	- 未逾期	69,659	-	-	-
Cash and cash equivalents	現金及現金等價物				
- Not yet past due	- 未逾期	345,188	-	-	-
		444,334	-	-	194,659
					638,993

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 16 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

* 就本集團就減值而採用簡化減值方法的應收貿易款項而言，基於撥備矩陣的資料於財務報表附註16披露。

** 計入預付款項、其他應收款項及其他資產的金融資產的信貸質量在未到期時被視為「正常」，並無資料顯示自初始確認後有關金融資產的信用風險顯著增加。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure as at 31 December 2017

A major concentration of credit risk arises from the Group's exposure to a substantial number of trade receivables, other receivables, time deposits, and cash and cash equivalents.

Trade receivables are typically unsecured and derived from revenue earned from customers in the PRC, which exposes the Group to credit risk. The Group has policies in place to ensure that the sales of products are made to customers with an appropriate credit limit, and has strict control over credit limits of trade and other receivables. In addition, the balance of trade receivables is monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 16 and 17 above.

Cash and time deposits are mainly deposited with registered banks in Mainland China. The Group has policies to limit its credit exposure to any financial institutions and management believes these financial institutions are of high credit quality.

The carrying amounts of trade receivables, other receivables, time deposits, and cash and cash equivalents included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

34. 財務風險管理目標及政策(續)

信用風險(續)

於二零一七年十二月三十一日的最大風險

信用風險主要集中在本集團所面臨的大量應收貿易款項、其他應收款項、定期存款及現金及現金等價物產生的風險。

應收貿易款項一般為無抵押及來自賺取中國客戶的收入，導致本集團面臨信用風險。本集團已制定相關政策確保產品出售予有適當信用額度的客戶，且嚴格控制應收貿易款項及其他應收款項的信用額度。此外，本集團持續監察應收貿易款項結餘的情況，而本集團的壞賬風險並不重大。有關本集團因應收貿易款項及其他應收款項產生的信用風險的進一步量化數據已於上文附註16及17披露。

現金及定期存款主要存於中國內地的註冊銀行。本集團訂有政策限制其因任何金融機構而面臨的信用風險，且管理層認為該等金融機構具有良好的信用質素。

計入綜合財務狀況表的應收貿易款項、其他應收款項、定期存款以及現金及現金等價物的賬面值為本集團就其金融資產承擔的最大信用風險。本集團概無其他面臨重大信用風險的金融資產。

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through capital contribution and bank loans.

The maturity profile of financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	於要求時 RMB'000 人民幣千元	三個月內 RMB'000 人民幣千元	三個月至 十二個月 RMB'000 人民幣千元	一年至五年 RMB'000 人民幣千元	五年以上 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Trade payables	36,078	77,248	-	-	-	113,326
Financial liabilities included in other payables and accruals	-	49,915	-	-	-	49,915
Financial liabilities included in other long term liabilities	-	-	-	83,000	51,463	134,463
Interest-bearing bank and other borrowings	660,920	12,236	270,985	105,943	-	1,050,084
	696,998	139,399	270,985	188,943	51,463	1,347,788

34. 財務風險管理目標及政策(續)

流動性風險

本集團的政策為保持充裕的現金及現金等價物，並透過注資及銀行貸款取得資金。

於報告期末，金融負債按已訂約但未貼現付款的到期情況如下：

於二零一八年十二月三十一日

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Note: As at 31 December 2018, interest-bearing bank borrowings in the amount of RMB660,920,000 (2017: Nil) were not in compliance with certain financial loan covenants and the respective cash loans would become callable, and therefore, for the purpose of the above maturity profile, the amounts are classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the end of the reporting period, the Group's compliance with the loan covenants, the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the loans, the contractual undiscounted payments as at 31 December 2018 are as follows:

At 31 December 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	於要求時 RMB'000 人民幣千元	三個月內 RMB'000 人民幣千元	三個月至 十二個月 RMB'000 人民幣千元	一年至五年 RMB'000 人民幣千元	五年以上 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	-	82,219	795,517	195,120	-	1,072,856

At 31 December 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	於要求時 RMB'000 人民幣千元	三個月內 RMB'000 人民幣千元	三個月至 十二個月 RMB'000 人民幣千元	一年至五年 RMB'000 人民幣千元	五年以上 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Trade payables	35,111	118,428	-	-	-	153,539
Financial liabilities included in other payables and accruals	-	19,641	-	-	-	19,641
Financial liabilities included in other long term liabilities	-	-	-	-	134,463	134,463
Interest-bearing bank and other borrowings	-	77,089	847,694	65,382	-	990,165
	35,111	215,158	847,694	65,382	134,463	1,297,808

34. 財務風險管理目標及政策(續)

流動性風險(續)

附註：於二零一八年十二月三十一日，計息銀行借款人民幣660,920,000元(二零一七年：無)不符合若干金融貸款契約，而各自的現金貸款將可召回，因此，就上述到期概況而言，有關金額獲分類為「於要求時」。

儘管有上述條款，董事並不認為有關貸款將在12個月內悉數召回，並認為有關貸款將根據貸款協議中規定的到期日償還。本集團已於考慮下列情況後作出評估：本集團於報告期末的財務狀況、本集團對貸款契約的合規情況，缺乏違約事件以及本集團所有已按時完成先前按時間表作出的還款。根據貸款條款，於二零一八年十二月三十一日的已訂約未貼現付款如下：

於二零一八年十二月三十一日

於二零一七年十二月三十一日

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes trade payables, other payables and accruals, interest-bearing bank and other borrowings and other long term liabilities less cash and cash equivalents. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios as at the end of the reporting periods are as follows:

Group

		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
Trade payables	應付貿易款項	113,326	153,539
Other payables and accruals	其他應付款項及應計項目	147,743	85,628
Interest-bearing bank and other borrowings	計息銀行及其他借款	1,030,724	954,809
Other long term liabilities	其他長期負債	137,046	137,179
Less: Cash and cash equivalents	減：現金及現金等價物	(345,188)	(443,893)
Net debt	淨債務	1,083,651	887,262
Total equity	總權益	2,203,930	2,033,839
Net debt and total equity	淨債務及總權益	3,287,581	2,921,101
Gearing ratio	資本負債比率	33%	30%

34. 財務風險管理目標及政策(續)

資本管理

本集團資本管理的主要目標為確保本集團持續經營能力以及維持穩健的資本比率，以支持其業務及為股東爭取最大價值。本集團因此經濟狀況轉變而管理及調整其資本架構。為維持或調整資本架構，本集團或會調整支付予股東的股息、退回股本予股東或發行新股。

本集團採用資本負債比率監控資本，該比率按淨債務除以總權益加淨債務計算。淨債務包括應付貿易款項、其他應付款項及應計項目、計息銀行及其他借款以及其他長期負債減現金及現金等價物。本集團的政策是將資本負債比率維持於合理水平。於報告期末的資本負債比率如下：

本集團

		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
Trade payables	應付貿易款項	113,326	153,539
Other payables and accruals	其他應付款項及應計項目	147,743	85,628
Interest-bearing bank and other borrowings	計息銀行及其他借款	1,030,724	954,809
Other long term liabilities	其他長期負債	137,046	137,179
Less: Cash and cash equivalents	減：現金及現金等價物	(345,188)	(443,893)
Net debt	淨債務	1,083,651	887,262
Total equity	總權益	2,203,930	2,033,839
Net debt and total equity	淨債務及總權益	3,287,581	2,921,101
Gearing ratio	資本負債比率	33%	30%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

35. 本公司的財務狀況表

於報告期末，有關本公司財務狀況表的資料如下：

		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
CURRENT ASSETS	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	149	134
Due from a subsidiary	應收一間附屬公司款項	897,961	899,875
Cash and cash equivalents	現金及現金等價物	4,671	342
Total current assets	流動資產總值	902,781	900,351
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計項目	1,065	628
Total current liabilities	流動負債總額	1,065	628
NET CURRENT ASSETS AND NET ASSETS	流動資產淨值及資產淨值	901,716	899,723
EQUITY	權益		
Share capital	股本	1,767	1,767
Reserves (Note)	儲備(附註)	899,949	897,956
Total equity	權益總額	901,716	899,723

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

財務報表附註(續)

31 December 2018 二零一八年十二月三十一日

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

		Share premium account 股份溢價賬 RMB'000 人民幣千元	Exchange fluctuation reserve 匯兌波動儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	976,358	107,116	(77,794)	1,005,680
Total comprehensive income for the year	年內綜合收入總額	-	(65,037)	(1,017)	(66,054)
2016 final dividend declared	已宣派二零一六年末期股息	(41,670)	-	-	(41,670)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	934,688	42,079	(78,811)	897,956
Total comprehensive income for the year	年內綜合收入總額	-	41,525	(1,913)	39,612
2017 final dividend declared	已宣派二零一七年末期股息	(37,619)	-	-	(37,619)
At 31 December 2018	於二零一八年十二月三十一日	897,069	83,604	(80,724)	899,949

35. 本公司的財務狀況表(續)

附註：

本公司儲備概要如下：

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2019.

36. 批准財務報表

董事會已於二零一九年三月二十九日批准及授權刊發財務報表。

