



Honworld Group Limited

老恒和釀造有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號: 2226

老
恒
和

Interim Report 中期報告

2019

* 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.**

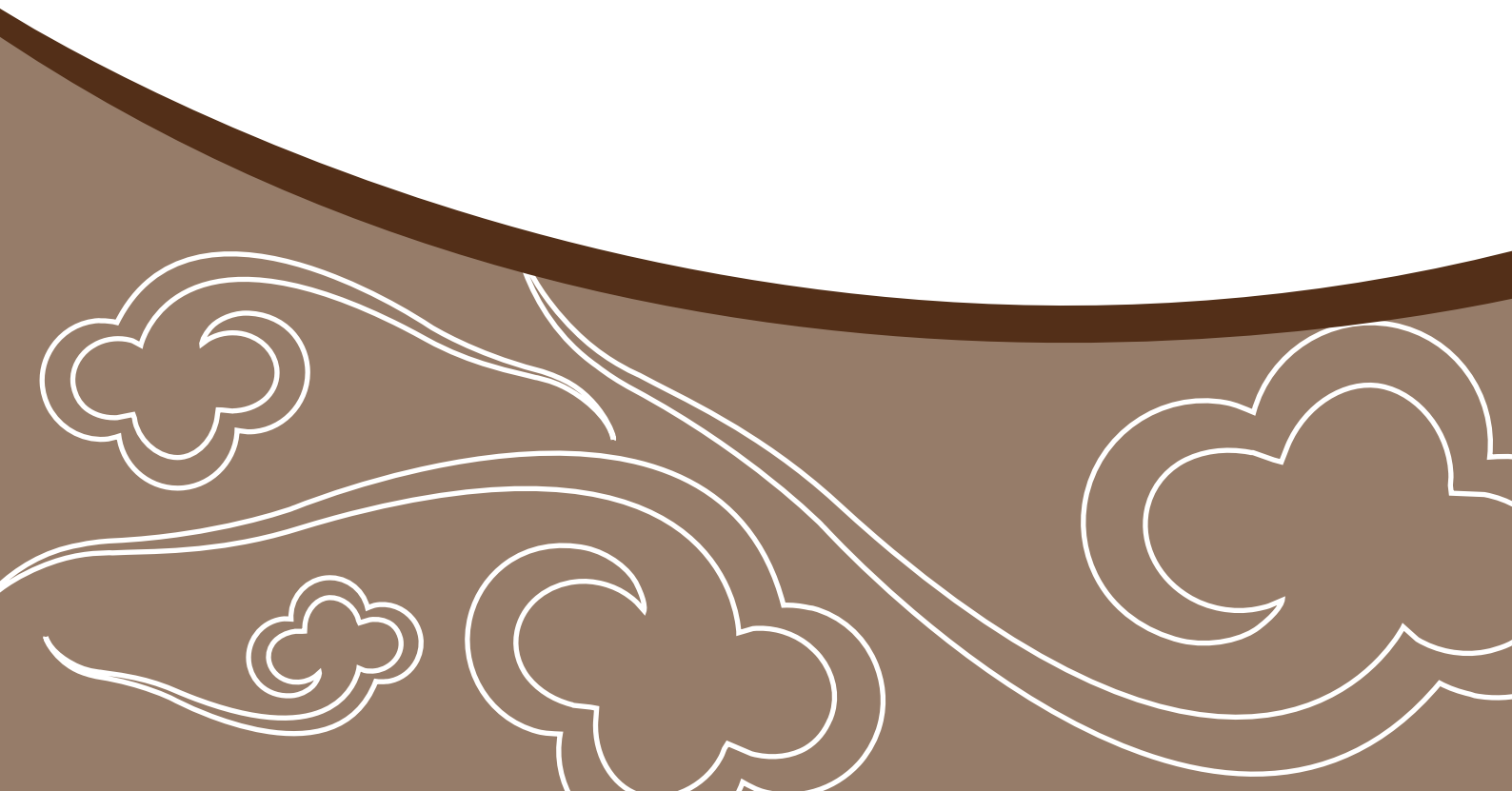
「老恒和」，源自傳承，品牌歷史超過130年
巴拿馬博覽會金獎產品



目錄

CONTENTS

公司資料	2	Corporate Information
管理層討論與分析	5	Management Discussion and Analysis
補充資料	17	Supplementary Information
中期簡明綜合損益表	26	Interim Condensed Consolidated Statement of Profit or Loss
中期簡明綜合全面收益表	27	Interim Condensed Consolidated Statement of Comprehensive Income
中期簡明綜合財務狀況表	28	Interim Condensed Consolidated Statement of Financial Position
中期簡明綜合權益變動表	30	Interim Condensed Consolidated Statement of Changes in Equity
中期簡明綜合現金流量表	32	Interim Condensed Consolidated Statement of Cash Flows
中期簡明綜合財務報表附註	34	Notes to the Interim Condensed Consolidated Financial Statements



CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. He Yuanchuan

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
Mr. He Yuanchuan

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

董事會

執行董事

陳衛忠先生 (*主席及首席執行官*)
盛明健先生
王超先生

非執行董事

何源川先生

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
何源川先生

薪酬委員會

沈振昌先生 (*主席*)
吳榮輝先生
孫頌先生

提名委員會

孫頌先生 (*主席*)
吳榮輝先生
沈振昌先生

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

AUDITORS

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

REGISTERED OFFICE

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

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1303, 13/F
Hua Fu Commercial Building
111 Queen's Road West
Sheung Wan
Hong Kong

PRINCIPAL BANKERS

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

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

核數師

安永會計師事務所
執業會計師
香港
中環
添美道1號
22樓

註冊辦事處

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

中華人民共和國(「中國」) 總部及主要營業地點

中國浙江省
湖州市吳興區
八里店鎮食品工業園
郵編：313000

香港主要營業地點

香港
上環
皇后大道西111號
華富商業大廈
13樓1303室

主要往來銀行

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

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

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

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

中國銀行股份有限公司
湖州市分行
中國
浙江省湖州市
人民路208號

LEGAL ADVISER AS TO HONG KONG LAW

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

主要股份過戶登記處

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

HONG KONG SHARE REGISTRAR

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

香港證券登記處

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

STOCK CODE

Stock code: 2226
Board lot: 500

股份代號

股份代號：2226
買賣單位：500

WEBSITE

<http://www.hzlaohenghe.com>

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<http://www.hzlaohenghe.com>

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

We are one of the leading manufacturers of condiment products in the People's Republic of China (the "PRC"). We offer high quality and healthy brewed cooking wine as well as other condiments, including products like naturally-brewed soy sauce, naturally-brewed vinegar, soybean paste and fermented bean curd. In the first half of 2019, we attained the following achievements:

1. We were awarded the title of "Top 50 Enterprises in China's Light Industry Food Industry (中國輕工業食品行業五十強企業)" by the China National Light Industry Council (中國輕工業聯合會);
2. In the "13th China International Wine Expo Evaluation Campaign (第十三屆中國國際酒業博覽會評價活動)", our "15% Cooking Wine (15度料酒)" and our "30-year old yellow wine brewed from a recipe dated back to the Song dynasty (宋方30年陳黃酒)" were awarded the title of "Gold Award for Cooking Wine (釀造料酒金獎)" and "Qingzhuo Awards" for New Alcoholic Product (yellow wine) of the year 2018 (2018年度「青酌獎」酒類新品(黃酒類)) respectively;
3. In the 8th "Global Overall Rating List (環球總評榜)", we were awarded the "Top 30 Culturally Influential Enterprises of 2018 (2018 老字號文化影響力企業30強)"; and
4. The press conference of Group Standards for China's Cereal-based Brewed Cooking Wine (中國穀物釀造料酒團體標準) was successfully held in Huzhou. By taking advantage of the press conference, we ceremoniously introduced new products for catering channel consumption.

After the continuous establishment of distribution channels, catering channels and e-commerce channels (the "New Sales Channels") over the years, our sales channels have successfully covered 30 provinces, autonomous regions and municipalities across the country with approximately 1,300 distributors. Sales contribution from each individual distributor of the New Sales Channels have expanded year by year. The sales from the New Sales Channels increased from RMB178.2 million in the first half of 2018 to RMB194.8 million in the first half of 2019, representing a growth of 9.3%.

In the first half of 2019, with the maturation of our New Sales Channels, the Company's marketing resources are more evenly allocated between New Sales Channels and supermarket channels with synergy starting to emerge. The sales from supermarket channels were still able to maintain a slight growth despite the general downward trend of the supermarket industry, which increased from RMB206.7 million in the first half of 2018 to RMB207.4 million in the first half of 2019.

業績回顧

我們是中華人民共和國(「中國」)的領先調味品製造商之一。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。於二零一九年上半年，我們取得以下成就：

1. 我們被中國輕工業聯合會授予「中國輕工業食品行業五十強企業」的稱號；
2. 在「第十三屆中國國際酒業博覽會評價活動」中，我們的「15度料酒」及「宋方30年陳黃酒」產品被榮獲「釀造料酒金獎」及「2018年度「青酌獎」酒類新品(黃酒類)」的稱號；
3. 我們在第八屆「環球總評榜」中榮獲「2018老字號文化影響力企業30強」獎；及
4. 中國穀物釀造料酒團體標準新聞發佈會在湖州順利舉辦，我們借發佈會之勢，重磅推出適合餐飲渠道消費的新品。

經過多年以來對流通渠道、餐飲渠道及電商渠道(「新銷售渠道」)的持續建設，我們的銷售渠道目前已經成功覆蓋全國三十個省、自治區及直轄市，並擁有約1,300家經銷商，新銷售渠道的經銷商為我們的銷售貢獻逐年擴大。新銷售渠道的銷售額由二零一八年上半年的人民幣178.2百萬元上升至二零一九上半年的人民幣194.8百萬元，增長9.3%。

二零一九年上半年，隨著我們新銷售渠道的成熟，公司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，新銷售渠道與我們原有的商超渠道的協同效應已初步呈現，商超渠道的銷售額在商超行業整體低迷的態勢下仍可保持小幅增長，銷售額由二零一八年上半年的人民幣206.7百萬元上升至二零一九上半年的人民幣207.4百萬元。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

For the above reasons, for the six months ended 30 June 2019, the Group recorded a revenue of approximately RMB402.2 million (30 June 2018: RMB384.9 million), representing an increase of approximately 4.5% as compared to the corresponding period of 2018. The profit attributable to ordinary equity holders of the Company was approximately RMB99.3 million (30 June 2018: RMB92.2 million), representing an increase of approximately 7.7% as compared to the corresponding period of 2018.

In the first half of 2019, cooking wine, our key products, remained as the major source of our revenue, representing 70.3% of the total revenue. With the gradual release of our production capacity of soy sauce, our sales of soy sauce increased by 16.6% in the first half of 2019 compared with that in the first half of 2018 and accounted for 16.8% of our total revenue. In view of growing demand of our customers in the New Sales Channels and the anticipated sales growth of soy sauce, rice vinegar and fermented bean curd products brought by the further development of the New Sales Channels, we consider that a rich and diversified condiment products portfolio would be more beneficial to the business development of the Group in the coming years. Thus, we will continue to enhance the production capacity of soy sauce, rice vinegar and fermented bean curd 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 advantage, such that we will be able to achieve in-depth development for the industry chain of the Group's condiment products at multiple levels, thereby establishing Lao Heng He as a diversified condiment manufacturer with cooking wine as a dominant product.

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

綜上原因，截至二零一九年六月三十日止六個月，本集團收入約人民幣402.2百萬元(二零一八年六月三十日：人民幣384.9百萬元)，較二零一八年同期上升約4.5%，本公司普通權益持有人應佔利潤約為人民幣99.3百萬元(二零一八年六月三十日：人民幣92.2百萬元)，較二零一八年同期上升約7.7%。

於二零一九年上半年，我們的主要產品料酒繼續成為我們的主要收入來源，佔總收入的70.3%。隨著我們醬油產能的陸續釋放，二零一九年上半年我們醬油銷售收入較二零一八年上半年增長16.6%，佔總收入的16.8%。基於對現有不斷增長的新銷售渠道的客戶需求和對新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。

我們的盈利能力主要受產品訂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及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我們預期大幅上升；(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。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

GOALS AND STRATEGIES

Under the backdrop of the keen competition and thrive development of the condiment market, we will continue to pursue the “Diversification” strategy, concentrating our investment and resources on market penetration of New Sales Channels and improvement of product mix. 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.

Our business goal is to consolidate our position in the condiments industry by leveraging on our leading position in the cooking wine industry with synergies from diversified strategies. On one hand, we will further increase the input in establishing the marketing team and training staff. On the other hand, we will enrich the product structure of the Company and offer a variety of high-quality products that are in line with the consumption downgrade and spending 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.

We also actively promote products suitable for the catering market. By holding various types of connoisseur sessions, such as Huzhou Culinary Exchange Conference for SME Chefs (湖州中小餐飲廚師交流會) and Sino-Italian Michelin Night Festival (Hangzhou) (中意米其林盛典之夜(杭州)) etc., more chefs were able to understand and recognise our products, thereby expanding our catering channels and promoting the sales of our catering products.

We also actively build our internet sales platform and embrace “New Retail”. By cooperating with major e-commerce platforms and media platforms, the Company could accurately promote the products to our potential customers to meet their unique needs.

We always pay close attention to and actively address any risks that may come along with the growth. In the first half of 2019, we upgraded the digitalised management system and launched a more comprehensive ERP system to cope with our rapidly expanding sales scale. Apart from that, we inspire the vitality of the marketing team by reforming and improving the remuneration policy of the sales team in response to the negative impact caused by the incompetence of our sales teams on the sales of the Group’s products. We will keep improving our credit risk management system in response 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 communication in response to the negative impact caused by the difference in pricing policy in different locations that leads to cross-sales of products to other exclusively-authorized distribution areas on our sales and our distributors.

“Lao Heng He” strives to become the first choice of consumers.

目標及策略

在調味品市場競爭激烈而又蓬勃發展的背景下，我們將繼續奉行「多元化」策略，將投資及資源用於新銷售渠道的市場滲透和豐富產品組合。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和多元化戰略的協同效應，提升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，我們將豐富公司的產品結構，推出更多優質的並且符合消費降級大眾消費能力的各類別產品。在經銷商拓展方面，我們將在不斷地在多元化發展的渠道中與有實力的經銷商合作，繼續積極地提升「老恒和」品牌在中國市場的市場佔有率。

我們亦積極推廣適合餐飲市場的產品，我們通過舉辦各類餐飲品鑒會，如湖州中小餐飲廚師交流會、中意米其林盛典之夜(杭州)等，讓更多廚師了解並認可我們的產品，拓展我們的餐飲渠道，促進我們餐飲類產品的銷售。

我們亦積極建設網路銷售平台，積極擁抱「新零售」。通過與各大電商平台及媒體平台合作，更精確地向潛在客戶群體推送本公司符合其個性化需求的產品。

我們亦時刻關注並積極應對增長可能帶來的風險。二零一九年上半年，我們升級了信息化管理系統，並正式上線了更為全面的ERP系統來應對我們快速擴大的銷售規模。除此之外，我們改革和完善了銷售團隊的薪酬制度激發了營銷團隊的活力，來應對銷售團隊能力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)

FINANCIAL REVIEW

Overview

The key financial indicators of the Group are as follows:

財務回顧

概覽

本集團主要財務指標如下：

		Six months ended 30 June 截至六月三十日止六個月		Period-to- period change 按期變動
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	
Income statement items	收益表項目			
REVENUE	收入	402,218	384,943	4.5%
Gross profit	毛利	206,226	199,359	3.4%
Profit attributable to owners of the Company	本公司擁有人應佔利潤	99,339	92,219	7.7%
EBITDA	除利息、稅項、折舊及攤銷前利潤	178,713	154,952	15.3%
Earnings per share (RMB cents) (note a) — basic and diluted	每股盈利(人民幣分)(附註a) — 基本及攤薄	17.2	15.9	8.2%
Selected financial ratios	節選財務比率			
Gross profit margin (%)	毛利率(%)	51.3%	51.8%	(1.0%)
Net profit margin attributable to owners of the Company (%)	本公司擁有人應佔淨利潤率(%)	24.7%	24.0%	2.9%
EBITDA margin (%)	除利息、稅項、折舊及攤銷前利潤率(%)	44.4%	40.3%	10.2%
		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	Period-to- period change 按期變動
Gearing ratio (note b)	資本負債比率(附註b)	32.2%	33.0%	(2.4%)
Notes:		附註：		
(a) Please refer to Note 8 to the financial statements for the calculation of earnings per share.		(a) 有關每股盈利的計算方法，請參閱財務報表附註8。		
(b) The gearing ratio is based on net debt divided by total equity and net debt as at 30 June 2019. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, lease liabilities, interest-bearing bank and other borrowings and other long term liabilities.		(b) 於二零一九年六月三十日，資本負債比率按淨債務除以總權益及淨債務計算。淨債務包括總債務減現金及現金等價物。總債務包括應付貿易款項、其他應付款及應計項目、租賃負債、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 4.5% from RMB384.9 million for the six months ended 30 June 2018 to RMB402.2 million for the corresponding period of 2019, primarily attributable to the continuous establishment of New Sales Channels and the sales growth brought by the synergy effect from diversified products.

Revenue from cooking wine products increased by 4.5% from RMB270.4 million for the six months ended 30 June 2018 to RMB282.5 million for the corresponding period of 2019, primarily reflecting the increase in the sales of cooking wine products arising from the Group's persistent endeavor in market penetration of distribution channel.

Revenue from the Group's soy sauce products increased by 16.6% from RMB57.7 million for the six months ended 30 June 2018 to RMB67.3 million for the corresponding period of 2019, mainly due to the Group's effort in devoting more marketing resources to soy sauce products and additional sales brought forth by new products "Brewed-twice Soy Sauce" (雙曬醬油), "Seasoned Soy Sauce" (味極鮮) and "Seasoned Soy Sauce for Seafood" (蒸魚豉油).

While introducing new products to the market, we have also adjusted our product portfolio of rice vinegar products and other products by reducing the production volume of low-performing rice products during this period. As a result, the revenue from rice vinegar products and other products decreased by 7.8% from RMB56.8 million for the six months ended 30 June 2018 to RMB52.4 million for the corresponding period of 2019.

Cost of Sales

The Group's cost of sales, including raw materials, manufacturing overhead and salaries and benefits, increased by 5.6% from RMB185.6 million for the six months ended 30 June 2018 to RMB196.0 million for the corresponding period of 2019, primarily attributable to the combined effects of growing revenue and rising prices for raw materials.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 3.4% from RMB199.4 million for the six months ended 30 June 2018 to RMB206.2 million for the corresponding period of 2019, and the gross profit margin decreased from 51.8% for the six months ended 30 June 2018 to 51.3% for the corresponding period of 2019. The decrease in gross profit margin is primarily due to the combined effects of rising prices for raw materials and a increase in the proportion of sales from medium-range cooking wine products.

收入

本集團的收入由截至二零一八年六月三十日止六個月的人民幣384.9百萬元增加4.5%至二零一九年同期的人民幣402.2百萬元，主要由於新銷售渠道的持續建設以及多元化產品間的協同效應所帶來的銷售量增長所致。

本集團料酒產品的收入由截至二零一八年六月三十日止六個月的人民幣270.4百萬元增加4.5%至二零一九年同期的人民幣282.5百萬元，主要反映本集團持續加強分銷渠道的市場滲透而帶來的料酒產品的銷量增加所致。

本集團醬油產品的收入由截至二零一八年六月三十日止六個月的人民幣57.7百萬元增加16.6%至二零一九年同期的人民幣67.3百萬元，主要由於本集團對醬油產品投入更多的營銷資源以及於產品「雙曬醬油」、「味極鮮」、「蒸魚豉油」新增的銷售額所致。

在向市場投放新產品的同時，我們於本期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，米醋和其他產品的收入由截至二零一八年六月三十日止六個月的人民幣56.8百萬元減少7.8%至二零一九年同期的人民幣52.4百萬元。

銷售成本

本集團的銷售成本(包括原材料、製造費用及薪金福利)由截至二零一八年六月三十日止六個月的人民幣185.6百萬元增加5.6%至二零一九年同期的人民幣196.0百萬元，主要是由於收入上升和原材料價格上升的綜合影響所致。

毛利及毛利率

本集團的毛利由截至二零一八年六月三十日止六個月的人民幣199.4百萬元增加3.4%至二零一九年同期的人民幣206.2百萬元，而毛利率由截至二零一八年六月三十日止六個月的51.8%減少至二零一九年同期的51.3%。毛利率下降主要由於原材料的價格上漲及料酒中端產品的銷售佔比上升的綜合影響所致。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Other Income and Gains

Other income and gains decreased by 12.9% from RMB8.6 million for the six months ended 30 June 2018 to RMB7.5 million for the corresponding period of 2019. Other income and gains primarily include government subsidies received, gains from sales of materials and interest income. The decrease in other income and gains for the period was primarily due to decrease in government subsidies received and gains from sales of materials.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising expenses, marketing expenses, travelling expenses, and remuneration for our sales employees. The Group's selling and distribution expenses decreased by 12.5% from RMB37.2 million for the six months ended 30 June 2018 to RMB32.5 million for the corresponding period of 2019. The Group's selling and distribution expenses as a percentage of the Group's revenue decreased from 9.6% for the six months ended 30 June 2018 to 8.1% for the corresponding period of 2019, primarily attributable to the decrease in input in channel building-related advertising expenses as a result of the maturation of our New Sales Channels.

Administrative Expenses

Administrative expenses decreased by 4.4% from RMB36.9 million for the six months ended 30 June 2018 to RMB35.2 million for the corresponding period of 2019, mainly due to decrease in the research and development as the Group has achieved initial success in research and development activities to improve the technical content in terms of production process and quality of our cooking wine products. The Group's future research and development direction will focus on the development of new products and processes for the Group's catering channels as its direction of research and development in the future.

Finance Costs

Finance costs increased by 23.2% from RMB23.2 million for the six months ended 30 June 2018 to RMB28.6 million for the corresponding period of 2019, mainly due to the increase in average balance of bank loans to our working capital requirements relating to business expansion.

其他收入及收益

其他收入及收益由截至二零一八年六月三十日止六個月的人民幣8.6百萬元減少12.9%至二零一九年同期的人民幣7.5百萬元。其他收入及收益主要包括收到的政府補貼、物料銷售收益及利息收入。本期其他收入及收益之減少主要由於政府補貼及物料銷售收益的減少所致。

銷售及經銷開支

銷售及經銷開支主要包括廣告開支、營銷開支、差旅開支及我們銷售員工的酬金。本集團的銷售及經銷開支由截至二零一八年六月三十日止六個月的人民幣37.2百萬元減少12.5%至二零一九年同期的人民幣32.5百萬元。本集團的銷售及經銷開支佔本集團收入的百分比由截至二零一八年六月三十日止六個月的9.6%減少至二零一九年同期的8.1%，主要由於新銷售渠道已成熟，故減少渠道建設相關的廣告費用的投入。

行政開支

行政開支由截至二零一八年六月三十日止六個月的人民幣36.9百萬元減少4.4%至二零一九年同期的人民幣35.2百萬元，主要由於本集團提高料酒產品的生產工藝和品質的技術含量的研發活動已取得階段性成果導致研發投入的減少所致。本集團未來的研發方向將主要針對本集團餐飲渠道開發新產品和新工藝。

融資成本

融資成本由截至二零一八年六月三十日止六個月的人民幣23.2百萬元增加23.2%至二零一九年同期的人民幣28.6百萬元，主要由於銀行貸款平均結餘的增加以滿足我們業務拓展的營運資金需求。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Profit before Tax

As a result of the foregoing, the profit before tax increased by 7.1% from RMB109.5 million for the six months ended 30 June 2018 to RMB117.3 million for the corresponding period of 2019.

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% (2018: 25%) on the taxable profits, based on the existing legislation, interpretations and practices in respect thereof. Pursuant to the approval from the National Office of Leading Group for Administration of Hi-tech Enterprise Recognition (全國高新技術企業認定管理工作領導小組辦公室), 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” (高新技術企業) qualification and were entitled to the preferential tax rate of 15% for the three consecutive years commencing from 2016.

Income tax expenses increased by 3.7% from RMB17.3 million for the six months ended 30 June 2018 to RMB17.9 million for the corresponding period of 2019, which was mainly due to increase in profit before tax.

Earnings per Share Attributable to Ordinary Equity Holders of the Company

Basic earnings per share increased from RMB15.9 cents for the six months ended 30 June 2018 to RMB17.2 cents for the corresponding period of 2019, mainly due to the increase in net profit caused by the reasons stated above.

Net Profit Margin

The net profit margin remained stable for the six months ended 30 June 2019 as compared to that in the corresponding period of 30 June 2018.

除稅前利潤

由於上述原因，除稅前利潤由截至二零一八年六月三十日止六個月的人民幣109.5百萬元增加7.1%至二零一九年同期的人民幣117.3百萬元。

所得稅開支

有關本集團中國內地經營業務的企業所得稅，已經根據相關現行法律、詮釋及慣例按稅率25%（二零一八年：25%）對應課稅利潤作出撥備。根據全國高新技術企業認定管理工作領導小組辦公室之批准，湖州老恒和釀造有限公司及湖州老恒和酒業有限公司（均為本公司全資附屬公司）獲授「高新技術企業」資格，可自二零一六年起連續三年享有優惠稅率15%。

所得稅開支由截至二零一八年六月三十日止六個月的人民幣17.3百萬元增加3.7%至二零一九年同期的人民幣17.9百萬元，主要由於除稅前利潤增加所致。

本公司普通權益持有人應佔每股盈利

每股基本盈利由截至二零一八年六月三十日止六個月的人民幣15.9分增加至二零一九年同期的人民幣17.2分。主要是由於上述原因導致的淨利潤增長所致。

淨利潤率

與二零一八年六月三十日同期相比，截至二零一九年六月三十日止六個月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

Working Capital Management

Prepayments

Details of prepayments as at 30 June 2019 and 31 December 2018 are as follows:

財務及流動資金狀況

營運資金管理

預付款項

於二零一九年六月三十日及二零一八年十二月三十一日的預付款項詳情如下：

			30 June 2019	31 December 2018
			二零一九年 六月三十日	二零一八年 十二月三十一日
			RMB'000	RMB'000
			人民幣千元	人民幣千元
		Notes 附註	(Unaudited) (未經審核)	(Audited) (經審核)
Prepayments for non-current assets	非流動資產的預付款項	(i)	402,769	415,746
Prepayments for procurements of base wine and condiment products	採購基酒及調味品的預付款項	(ii)	88,832	100,000
Prepayments for procurements of raw materials	採購原材料的預付款項	(iii)	86,316	83,220
Other prepayments	其他預付款項		2,211	4,394
			580,128	603,360

(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 RMB185,260,000 and RMB217,509,000 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. RMB57,918,000 and RMB30,914,000 of prepayments for procurements of condiment products would be gradually settled in a period of 12 months and 24 months according to the procurement schedule between the manufacturer and the Group, respectively.

(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185,260,000元及人民幣217,509,000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57,918,000元及人民幣30,914,000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。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

(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 to be settled in a period of 12 months according to the procurement schedules between the suppliers and the Group.

Trade Receivables

Trade receivables primarily represented the receivables for goods sold to the distributors. Trade receivables turnover days increased from 67 days for the year ended 31 December 2018 to 92 days for the six months ended 30 June 2019, mainly due to the Group's temporarily relaxation of the credit period for some customers with long-term cooperation intentions based on the sales expectations of new channel customers to consolidate our customer base.

Inventories

Inventories increased from RMB1,276.5 million as at 31 December 2018 to RMB1,285.8 million as at 30 June 2019 primarily due to an increase in work in progress. A substantial part of our inventories were work in progress, which mainly represented base wine, base soy sauce, base vinegar, soybean paste and semi-finished fermented bean curd in the brewing period.

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

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

(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個月內逐步核銷。

貿易應收款項

貿易應收款項主要指向經銷商售出貨品的應收款項。貿易應收款項的週轉天數由截至二零一八年十二月三十一日止年度的67天增至截至二零一九年六月三十日止六個月的92天，此乃主要由於為了鞏固我們的客戶基礎，本集團根據對新渠道客戶的銷售預期，暫時性地放寬了部分有長期合作意向的客戶的信用期所致。

存貨

存貨由截至二零一八年十二月三十一日的人民幣1,276.5百萬元增至截至二零一九年六月三十日的人民幣1,285.8百萬元，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、基醋、黃豆醬、腐乳半成品。

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Borrowings

As at 30 June 2019, the Group's total borrowings amounted to RMB1,109.2 million (31 December 2018: RMB1,030.7 million). The Group's principal sources of liquidity include cash generated from business operations, bank and other borrowings. The cash from these sources was primarily used for the Group's working capital and the expansion of production capacity. Presently, the Group does not employ any financial instruments to hedge against the interest rate exposure.

Exchange Risk

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

Liquidity and Financial Resources

As at 30 June 2019, the Group had cash and cash equivalents of RMB508.8 million (31 December 2018: RMB345.2 million). As at 30 June 2019, the Group had interest-bearing bank and other borrowings of an aggregate amount of RMB1,109.2 million (31 December 2018: RMB1,030.7 million), which were denominated in RMB, repayable within four years and bearing interests at 3.92% to 7.97% per annum. As at 30 June 2019, the gearing ratio was 32.2% (31 December 2018: 33.0%). The gearing ratio is calculated based on net debt divided by total equity and net debt as at 30 June 2019. Net debt includes total debt net of cash and cash equivalents. Total debt includes trade payables, other payables and accruals, lease liabilities, interest-bearing bank and other borrowings and other long term liabilities.

Capital Commitments

Capital commitments as at 30 June 2019 amounted to approximately RMB236.8 million (31 December 2018: RMB133.3 million), which was mainly related to the contracts of construction in progress relating to expansion of the condiment production factory.

Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liability.

借款

於二零一九年六月三十日，本集團借款總額為人民幣1,109.2百萬元(二零一八年十二月三十一日：人民幣1,030.7百萬元)，本集團流動資金的主要來源包括業務經營產生的現金、銀行及其他借款。來自該等來源的現金主要用於本集團的營運資金及擴大產能。目前，本集團並無使用任何金融工具對沖利率風險。

外匯風險

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

流動資金及財務資源

於二零一九年六月三十日，本集團現金及現金等價物為人民幣508.8百萬元(二零一八年十二月三十一日：人民幣345.2百萬元)。於二零一九年六月三十日，本集團計息銀行及其他借款合共為人民幣1,109.2百萬元(二零一八年十二月三十一日：人民幣1,030.7百萬元)，均以人民幣計值，於四年內償還，年息介乎3.92%至7.97%。於二零一九年六月三十日，資本負債比率為32.2%(二零一八年十二月三十一日：33.0%)。於二零一九年六月三十日，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、租賃負債、計息銀行及其他借款以及其他長期負債。

資本承擔

於二零一九年六月三十日，資本承擔約為人民幣236.8百萬元(二零一八年十二月三十一日：人民幣133.3百萬元)，主要與調味品廠房擴建的在建工程合約有關。

或有負債

於二零一九年六月三十日，本集團並無任何重大或有負債。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

Pledge of Assets

Please refer to note 17(a) of interim condensed consolidated financial statements for details of pledge of assets of the Group.

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

FUTURE PROSPECTS

In the first half of 2019, although the economic environment, both domestic and international, is very severe, the condiment major category sector, being a major product category, is in the stage of rapid growth with products being segmented and the market category gradually becoming concentrated. In addition, the booming development of the catering industry has also led to the continuous growth in demand for condiments products, and steady growth of consumption. In recent years, with the decline of the GDP growth, the advantages of leading brand enterprises in the cooking wine industry in terms of technology, capital, market and risk resistance are relatively obvious as compared to small enterprises. By deepening the measures on food safety and environmental protection, the leading brand enterprises in the industry will secure more room for development while that of small brands will be squeezed. As the market share of leading enterprises continues to increase, smart production, product sophistication and category diversification will become a major development direction for brand enterprises. Meanwhile, residents' consumption is vigorously encouraged by the state. As condiments are necessary consumables, high-quality products are becoming increasingly popular and the per capita consumption of condiments in China is gradually increasing, which requires ongoing improvement and innovation from the condiment enterprises to maintain healthy and sustainable development in the condiment industry.

As for the cooking wine market, with the promulgation of standards for cereal-based brewed cooking wine issued by China Alcoholic Drinks Association (中國酒業協會), it will inevitably facilitate the transformation or elimination of formulated cooking wine producers, and competition in the industry will shift from price to quality. Cooking wine market is expected to evolve into a stage of rapid growth in both sales volume and prices.

資產質押

有關本集團資產質押情況，請參閱中期簡明綜合財務報表附註17(a)。

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

未來前景

二零一九年上半年，雖然國內及國際的經濟形勢很嚴峻，調味品大品類行業正處於產品不斷細分、市場逐步集中的高速成長階段，加之餐飲業的蓬勃發展，也帶動了調味品需求市場的不斷擴張，消費量穩步增長。近幾年，隨著國民經濟GDP增速的下降，料酒行業內擁有領先地位的品牌企業相對於個別小企業在技術、資金、市場及抗風險能力的優勢日益明顯。隨著食品安全、環境保護措施的深化，行業前列的品牌企業，也會獲得更大的空間，而小品牌會受到擠壓。龍頭企業市場份額持續提升，企業生產智能化、產品高端化、品類多元化將是品牌企業的主要發展方向。同時，國家大力倡導居民消費，調味品作為必選消費品，產品高質量化趨勢明顯，我國人均調味品消費逐漸提高，促使調味品企業需要不斷改進與創新，讓調味品行業保持健康可持續的發展。

而對於料酒市場，隨著中國酒業協會發布的谷物釀造料酒團體標準，勢必會促進配制性料酒生產企業的轉型或淘汰，促使行業競爭由價格競爭轉向品質競爭，料酒市場預期會進入量價齊升的高速發展階段。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論與分析(續)

On the other hand, with the changes in consumer's consumption scenarios, we believe that the catering market will continue to be the major market for condiments consumption. In order to better penetrate into the catering market, we launched more new products with higher price-performance ratio for the catering market in the first half of 2019, such as 1.75L "Lao Heng He" cooking wine, 500ml "Lao Heng He" craft cooking wine (精製料酒), 500ml "Lao Heng He" cooking wine for braising (紅燒料酒) etc., which enjoy wide acceptance in the market. We expect to further increase our input in the catering channels end and product end to capture larger market share.

Under such major trend, our "Lao Heng He" products with outstanding brand awareness, modernised traditional craftsmanship, mature quality control system and completed product research and development system will secure more room for 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. We will also keep expanding our production capacity to enhance our overall profitability through economies of scale.

Therefore, we believe that our "Lao Heng He" brand products will continue to grow in China.

另一方面，隨著消費者消費場景的改變，我們認為餐飲市場將繼續成為調味品消費的主要市場，為了更好的切入餐飲市場，於二零一九年上半年，我們推出較多性價比較高、適合餐飲市場消費的新品，如1.75L老恒和料酒、500ml老恒和精製料酒、500ml老恒和紅燒料酒等，受到了市場的歡迎，我們預計會繼續加大在餐飲渠道端及產品端的投入，以獲取更大的市場份額。

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，我們仍將不斷堅持「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。

SUPPLEMENTARY INFORMATION

補充資料

SUPPLEMENTARY INFORMATION

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.

Employees & Remuneration Policies

As at 30 June 2019, the Group had a total of 557 employees (31 December 2018: 605). The employees' cost (excluding directors' and chief executive's remuneration) of the Group was RMB24.2 million during the six months ended 30 June 2019 (six months ended 30 June 2018: RMB19.8 million). The remuneration policies, bonus and training programs for employees of our Group were implemented continuously according to the policies disclosed in the Group's annual report for the year ended 31 December 2018 (the "2018 Annual Report") and no change has been made during the six months ended 30 June 2019.

Material Events After Reporting Period

There are no material subsequent events undertaken by the Company or the Group after 30 June 2019.

Significant Investments Held

There were no significant investments held by the Group as at 30 June 2019 (31 December 2018: nil).

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

There was no material acquisition and disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2019.

補充資料

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。

僱員及薪酬政策

於二零一九年六月三十日，本集團共聘有557名僱員(二零一八年十二月三十一日：605名)。本集團截至二零一九年六月三十日止六個月的僱員成本(不包括董事及最高行政人員薪酬)為人民幣24.2百萬元(截至二零一八年六月三十日止六個月：人民幣19.8百萬元)。本集團僱員的薪酬政策、花紅及培訓計劃繼續按照本集團截至二零一八年十二月三十一日止年度的年度報告(「二零一八年年度報告」)披露的政策執行且於截至二零一九年六月三十日止六個月並無變動。

報告期後重大事項

於二零一九年六月三十日之後，本公司或本集團並無進行任何重大期後事項。

所持重大投資

於二零一九年六月三十日，本集團概無持有任何重大投資(二零一八年十二月三十一日：無)。

附屬公司、聯營公司及合營企業重大收購及出售

截至二零一九年六月三十日止六個月，概無進行任何附屬公司、聯營公司及合營企業的重大收購及出售。

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2019, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Plans for Material Investments or Capital Assets

There is no future plan for material investments or capital assets as at 30 June 2019.

Dividend Policy

Policy on payment of dividend of the Company is in place setting out the factors in determination of dividend payment of the Company, the Company's long-term earning capacity and expected cash inflow and outflow, the frequency and form of dividend payments. The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019.

Corporate Governance

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

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

Save for the deviations explained below, the Company has complied with the Code for the six months ended 30 June 2019.

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

購買、贖回或出售本公司上市證券

截至二零一九年六月三十日止六個月，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。

重大投資或資本資產計劃

於二零一九年六月三十日，概無就重大投資或資本資產的未來計劃。

股息政策

本公司已制定股息派付政策，載明釐定本公司股息派付的因素、本公司的長期盈利能力及預期現金流入及流出、股息派付的頻率及形式。該政策應予定期檢討及提交董事會批准是否需要修改。

中期股息

董事會議決不就截至二零一九年六月三十日止六個月宣派任何中期股息。

企業管治

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

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

除下述偏離外，截至二零一九年六月三十日止六個月，本公司已遵守守則。

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

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

During the six months ended 30 June 2019, the positions of the Chairman and the CEO of the Company are held by Mr. Chen Weizhong. Although this deviates from the practice in provision A.2.1 of the Code, where the two positions should be held by two different individuals, Mr. Chen Weizhong 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.

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

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

Model Code for Securities Transactions By Directors

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

Upon specific enquiry, all the Directors confirm that they have complied with the Model Code during the six months ended 30 June 2019. In addition, the Company is not aware of any noncompliance of the Model Code by the senior management of the Group during the six months ended 30 June 2019.

Change in Corporate Positions

With effect from 12 April 2019, (i) Ms. Qian Yinglan (錢英嵐) has resigned as a non-executive Director and ceased to be a member of Audit Committee and (ii) Mr. He Yuanchuan (何源川) has been appointed as a non-executive Director and a member of Audit Committee.

截至二零一九年六月三十日止六個月，本公司的主席及首席執行官職務乃由陳衛忠先生擔任。儘管該情況偏離守則第A.2.1條，即該兩個職務應由兩名不同人士擔任，但由於陳衛忠先生總體上在料酒行業及管理方面擁有相當豐富及廣博的經驗，董事會認為首席執行官擔任主席符合本公司的最佳利益，董事會因此可從彼對業務的了解及領導董事會討論本集團的策略及長遠發展的能力中獲益。

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

董事會將繼續檢討及監控本公司的常規，旨在維持及實行高水平的企業管治常規。

董事進行證券交易的標準守則

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

經過特定諮詢後，全體董事已確認彼等於截至二零一九年六月三十日止六個月已遵守標準守則。此外，本公司並無獲悉於截至二零一九年六月三十日止六個月本集團高級管理層有任何違反標準守則的行為。

公司職位變更

自二零一九年四月十二日起，(i) 錢英嵐女士辭任非執行董事，並不再擔任審核委員會成員；及(ii) 何源川先生獲委任為非執行董事兼審核委員會成員。

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

As at 30 June 2019, the interests or short positions of the Directors, the chief executives of the Company (the “**Chief Executives**”) and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) (the “**Associated Corporations**”), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests and short positions in Shares and underlying Shares of the Company as at 30 June 2019

Name of Director	Long/Short Position	Type of interest	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital
董事姓名	好倉/淡倉	權益類型	持有的股份或相關股份數目	佔本公司已發行股本的概約百分比
Chen Weizhong 陳衛忠	Long Position 好倉	Interest of a controlled corporation (<i>Note</i>) 受控法團權益(附註)	283,018,750 (L)	48.90%
		Beneficial interest 實益權益	2,682,000 (L)	0.46%

(L): represents long position

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

Save as disclosed above, as at 30 June 2019, none of the Directors, the Chief Executives nor their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事及最高行政人員於證券的權益及淡倉

於二零一九年六月三十日，董事、本公司最高行政人員（「**最高行政人員**」）及彼等的聯繫人於本公司或其相聯法團（「**相聯法團**」）（定義見證券及期貨條例（「**證券及期貨條例**」）第XV部）的股份、相關股份及債券中擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所（包括根據證券及期貨條例有關該等條文彼等被視為或被當作擁有的權益及淡倉）；或(b)根據證券及期貨條例第352條須記錄於該條所述登記冊內；或(c)根據標準守則須知會本公司及聯交所的權益或淡倉如下：

於二零一九年六月三十日於本公司股份及相關股份的權益及淡倉

(L)：指好倉

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

除上文所披露者外，於二零一九年六月三十日，概無董事、最高行政人員及彼等的聯繫人於本公司或其任何相聯法團的股份、相關股份或債券中擁有根據證券及期貨條例第352條須予以記錄或根據標準守則須知會本公司及聯交所的權益或淡倉。

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

主要股東於證券的權益及淡倉

So far as is known to any Director or Chief Executive, as at 30 June 2019, the following corporations/persons (other than the Directors or Chief Executive) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

據任何董事或最高行政人員所知，於二零一九年六月三十日，下列法團／人士(不包括董事或最高行政人員)於本公司根據證券及期貨條例第336條須備存的登記冊中登記的本公司股份及相關股份中擁有權益或淡倉，直接或間接擁有或被視為擁有本公司已發行股本5%或以上權益：

Interests and short positions in the Shares and underlying Shares of the Company as at 30 June 2019

於二零一九年六月三十日於本公司股份及相關股份的權益及淡倉

Name	姓名	Nature of interests	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital ⁽¹⁾
		權益性質	持有股份或相關股份數目	佔本公司已發行股本概約百分比 ⁽¹⁾
Key Shine ⁽²⁾	Key Shine ⁽²⁾	Beneficial owner 實益擁有人	283,018,750 (L)	48.90%
Ms. Xing Liyu ⁽³⁾	邢利玉女士 ⁽³⁾	Interest of spouse 配偶權益	285,700,750 (L)	49.37%
China Construction Bank Corporation ⁽⁴⁾	中國建設銀行股份有限公司 ⁽⁴⁾	Person having a security interest in shares 擁有股份質押權益的人士	52,000,000 (L)	8.98%
Central Huijin Investment Ltd. ⁽⁴⁾	中央匯金投資責任公司 ⁽⁴⁾	Person having a security interest in shares 擁有股份質押權益的人士	52,000,000 (L)	8.98%
Wuxing City Investment HK Company Limited ⁽⁵⁾	Wuxing City Investment HK Company Limited ⁽⁵⁾	Person having a security interest in shares 擁有股份質押權益的人士	229,424,000 (L)	39.64%
Huzhou Wuxing Chengshi Touzi Fazhan Jituan Youxian Gongsi ⁽⁵⁾	湖州吳興城市投資發展集團有限公司 ⁽⁵⁾	Person having a security interest in shares 擁有股份質押權益的人士	229,424,000 (L)	39.64%
Huzhoushi Wuxingqu State-owned Assets Supervision and Administration Services Centre ⁽⁵⁾	湖州市吳興區國有資本監督管理服務中心 ⁽⁵⁾	Person having a security interest in shares 擁有股份質押權益的人士	229,424,000 (L)	39.64%

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

Name	姓名	Nature of interests 權益性質	Number of shares or underlying shares held 持有股份或相關股份數目	Approximate percentage of the Company's issued share capital ⁽¹⁾ 佔本公司已發行股本概約百分比 ⁽¹⁾
Hwabao Overseas Markets Investment No. 2 QDII Single Unit Trust Plan 32-8 ⁽⁶⁾	華寶•境外市場投資2號系列32-8期QDII單一資金信託計劃 ⁽⁶⁾	Beneficial owner 實益擁有人	72,625,000 (L)	12.55%
Chongqing Zhongxin Rongbang Investment Center (Limited Partnership) ⁽⁶⁾	重慶中新融邦投資中心(有限合夥) ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
Chongqing Zhongxin Rongchuang Investment Limited ⁽⁶⁾	重慶中新融創投資有限公司 ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
China Innovative Capital Management Limited ⁽⁶⁾	中新融創資本管理有限公司 ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
Beijing Zhonghai Jiacheng Capital Management Limited ⁽⁶⁾	北京中海嘉誠資本管理有限公司 ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
Mr. Xie Zhikun ⁽⁶⁾	解直錕先生 ⁽⁶⁾	Interest of a controlled corporation 受控法團權益	72,625,000 (L)	12.55%
Natural Seasoning International (HK) Limited (formerly known as China Seasoning International (HK) Limited) ⁽⁷⁾	Natural Seasoning International (HK) Limited (前稱 China Seasoning International (HK) Limited) ⁽⁷⁾	Beneficial owner 實益擁有人	60,000,000 (L)	10.37%
Natural Seasoning International Limited (formerly known as China Seasoning International Limited) ⁽⁷⁾	Natural Seasoning International Limited (前稱 China Seasoning International Limited) ⁽⁷⁾	Interest of a controlled corporation 受控法團權益	60,000,000 (L)	10.37%
Lunar Capital Partners IV LP ⁽⁷⁾	Lunar Capital Partners IV LP ⁽⁷⁾	Interest of a controlled corporation 受控法團權益	60,000,000 (L)	10.37%
Lunar Capital Partners IV GP, LP ⁽⁷⁾	Lunar Capital Partners IV GP, LP ⁽⁷⁾	Interest of a controlled corporation 受控法團權益	60,000,000 (L)	10.37%
LCM-IV General Partner Ltd. ⁽⁷⁾	LCM-IV General Partner Ltd. ⁽⁷⁾	Interest of a controlled corporation 受控法團權益	60,000,000 (L)	10.37%

(L): represents long position

(L): 指好倉

SUPPLEMENTARY INFORMATION (CONTINUED)

補充資料(續)

Save as disclosed above, as at 30 June 2019, there were no other corporations/persons (other than the Directors or Chief Executives) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Arrangements to purchase shares or debentures

At no time during the six months ended 30 June 2019 was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of the Company or any other body corporate.

AUDIT COMMITTEE

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

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial information, financial reporting system, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group's policies and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed the accounting principles and policies adopted by the Group together with the management and discussed auditing, internal controls and financial reporting matters including the review and pass of the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019.

REMUNERATION COMMITTEE

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

除上文所披露者外，於二零一九年六月三十日，概無其他法團／人士(不包括董事或最高行政人員)於本公司根據證券及期貨條例第336條須備存的登記冊中登記的本公司股份或相關股份中擁有權益或淡倉。

購買股份或債券的安排

於截至二零一九年六月三十日止六個月內任何時間，本公司、其控股公司或其任何附屬公司概無參與任何安排，致令董事可藉購入本公司或任何其他法人團體的股份或債務證券(包括債券)而獲益。

審核委員會

本公司之審核委員會由三位獨立非執行董事及一位非執行董事，即吳榮輝先生(主席)、沈振昌先生、孫頌先生及何源川先生組成。

審核委員會的主要職責為協助董事會就本集團的財務資料、財務申報系統、內部監控及風險管理系統的有效性提供獨立審閱，以監督審核程序、制定及審閱本集團的政策，並履行董事會賦予的其他職責及責任。審核委員會已連同管理層審閱本集團所採納的會計準則及政策並已就審計、內部監控及財務申報等事宜進行討論，其中包括審閱及通過本集團截至二零一九年六月三十日止六個月之未經審核中期簡明綜合財務報表。

薪酬委員會

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

SUPPLEMENTARY INFORMATION (CONTINUED) 補充資料(續)

NOMINATION COMMITTEE

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

SUFFICIENCY OF PUBLIC FLOAT

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

提名委員會

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

足夠公眾持股量

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

中期簡明綜合損益表

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		Six months ended 30 June		
		截至六月三十日止六個月		
		2019	2018	
		二零一九年	二零一八年	
		RMB'000	RMB'000	
		人民幣千元	人民幣千元	
		(Unaudited)	(Unaudited)	
		(未經審核)	(未經審核)	
		Notes		
		附註		
REVENUE	收入	4	402,218	384,943
Cost of sales	銷售成本		(195,992)	(185,584)
Gross profit	毛利		206,226	199,359
Other income and gains	其他收入及收益	4	7,509	8,621
Selling and distribution expenses	銷售及經銷開支		(32,465)	(37,116)
Administrative expenses	行政開支		(35,242)	(36,874)
Reversal of impairment losses	撥回減值虧損		243	-
Other expenses	其他開支		(405)	(1,264)
Finance costs	融資成本	6	(28,590)	(23,205)
PROFIT BEFORE TAX	除稅前利潤	5	117,276	109,521
Income tax expense	所得稅開支	7	(17,937)	(17,302)
PROFIT FOR THE PERIOD	期內利潤		99,339	92,219
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通權益持有人應佔每股盈利			
Basic and diluted	基本及攤薄	8	RMB17.2 cents	RMB15.9 cents
			人民幣 17.2 分	人民幣 15.9 分

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

中期簡明綜合全面收益表

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
PROFIT FOR THE PERIOD	期內利潤	99,339	92,219
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:	可能於其後期間重新分類至損益的其他全面收益：		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	573	1,521
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	期內全面收益總額	99,912	93,740

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

中期簡明綜合財務狀況表

30 June 2019 二零一九年六月三十日

			30 June 2019	31 December 2018
			二零一九年 六月三十日	二零一八年 十二月三十一日
			RMB'000	RMB'000
			人民幣千元	人民幣千元
	Notes 附註		(Unaudited)	(Audited)
			(未經審核)	(經審核)
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	1,000,172	1,010,516
Right-of-use assets	使用權資產		55,688	–
Prepaid land lease payments	預付土地租賃款項		–	51,973
Intangible assets	無形資產		1,119	414
Prepayments for items of property, plant and equipment	物業、廠房及設備項目的 預付款項	13	402,769	415,746
Deferred tax assets	遞延稅項資產		4,120	3,905
Total non-current assets	非流動資產總值		1,463,868	1,482,554
CURRENT ASSETS	流動資產			
Inventories	存貨	11	1,285,765	1,276,502
Trade receivables	應收貿易款項	12	217,065	194,659
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	13	399,024	342,909
Pledged deposits	已抵押存款	14	68,390	69,659
Cash and cash equivalents	現金及現金等價物	14	508,801	345,188
Total current assets	流動資產總值		2,479,045	2,228,917
CURRENT LIABILITIES	流動負債			
Trade payables	應付貿易款項	15	101,328	113,326
Other payables and accruals	其他應付款項及應計項目	16	232,636	147,743
Interest-bearing bank and other borrowings	計息銀行及其他借款	17	1,000,564	932,762
Lease liabilities	租賃負債		685	–
Tax payable	應繳稅項		67,302	51,977
Total current liabilities	流動負債總額		1,402,515	1,245,808
NET CURRENT ASSETS	流動資產淨值		1,076,530	983,109
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		2,540,398	2,465,663

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

中期簡明綜合財務狀況表(續)

30 June 2019 二零一九年六月三十日

		Notes	30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
		附註		
NON-CURRENT LIABILITIES	非流動負債			
Lease liabilities	租賃負債		2,988	-
Interest-bearing bank and other borrowings	計息銀行及其他借款	17	108,620	97,962
Other long term liabilities	其他長期負債	18	136,987	137,046
Deferred tax liabilities	遞延稅項負債		28,781	26,725
Total non-current liabilities	非流動負債總額		277,376	261,733
Net assets	資產淨值		2,263,022	2,203,930
EQUITY	權益			
Share capital	股本	19	1,767	1,767
Reserves	儲備		2,261,255	2,202,163
Total equity	權益總額		2,263,022	2,203,930

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

中期簡明綜合權益變動表

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 31 December 2018 (Audited)	於二零一八年十二月三十一日(經審核)	1,767	897,069	(1,000)	7,003	24,262	16,616	1,258,213	2,203,930
Effect of adoption of IFRS 16 (note 2)	採納國際財務報告準則第16號的影響(附註2)	-	-	-	-	-	-	(307)	(307)
At 1 January 2019 (Restated/unaudited)	於二零一九年一月一日(重列/ 未經審核)	1,767	897,069	(1,000)	7,003	24,262	16,616	1,257,906	2,203,623
Profit for the period	期內利潤	-	-	-	-	-	-	99,339	99,339
Other comprehensive income for the period:	期內其他全面收益:								
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	-	573	-	573
Total comprehensive income for the period	期內全面收益總額	-	-	-	-	-	573	99,339	99,912
Final 2018 dividend declared (note 9)	已宣派二零一八年末期股息(附註9)	-	(40,513)	-	-	-	-	-	(40,513)
At 30 June 2019 (Unaudited)	於二零一九年六月三十日(未經審核)	1,767	856,556	(1,000)	7,003	24,262	17,189	1,357,245	2,263,022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

中期簡明綜合權益變動表(續)

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		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
		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	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 2018 (Audited)	於二零一八年一月一日(經審核)	1,767	934,688	(1,000)	7,003	24,262	10,612	1,056,507	2,033,839
Profit for the period	期內利潤	-	-	-	-	-	-	92,219	92,219
Other comprehensive income for the period:	期內其他全面收益:								
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	-	1,521	-	1,521
Total comprehensive income for the period	期內全面收益總額	-	-	-	-	-	1,521	92,219	93,740
Final 2017 dividend declared	已宣派二零一七年年末股息	-	(37,617)	-	-	-	-	-	(37,617)
At 30 June 2018 (Unaudited)	於二零一八年六月三十日(未經審核)	1,767	897,071	(1,000)	7,003	24,262	12,133	1,148,726	2,089,962

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

中期簡明綜合現金流量表

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		Six months ended 30 June	
		截至六月三十日止六個月	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		Notes	
		附註	
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動的現金流量		
Profit before tax	除稅前利潤	117,276	109,521
Adjustments for:	就下列各項調整：		
Finance costs	融資成本	6	23,205
Interest income	利息收入	4	(883)
Depreciation	折舊	5	21,589
Depreciation of right-of-use assets	使用權資產折舊	5	833
Amortisation of prepaid land lease payment	攤銷預付土地租賃款項	5	-
Amortisation of intangible assets	攤銷無形資產	5	637
Reversal of impairment losses	撥回減值虧損	5	79
		(243)	-
		176,998	154,069
Increase in inventories	存貨增加	(9,263)	(47,335)
Increase in trade receivables	應收貿易款項增加	(22,163)	(88,208)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他 應收款項增加	(57,385)	(74,774)
Decrease in trade payables	應付貿易款項減少	(11,998)	(13,410)
Increase in other payables and accruals	其他應付款項及應計項目增加	37,429	10,143
Decrease in other long term liabilities	其他長期負債減少	(59)	(73)
Cash from/(used in) operations	來自/(用於)經營的現金	113,559	(59,588)
Interest received	已收利息	1,472	883
Interest element of finance lease rental payments	融資租賃租金付款的利息部分	(4,694)	(2,026)
Income tax paid	已付所得稅	(771)	(6,063)
Net cash flows from/(used in) operating activities	來自/(用於)經營活動的 淨現金流量	109,566	(66,794)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

中期簡明綜合現金流量表(續)

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		Six months ended 30 June	
		截至六月三十日止六個月	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Net cash flows from/(used in) operating activities	來自/(用於)經營活動的淨現金流量	109,566	(66,794)
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動的現金流量		
Prepayment for property, plant and equipment	物業、廠房及設備的預付款項	-	(100,632)
Purchases of items of property, plant and equipment	收購物業、廠房及設備項目	(1,664)	(55,449)
Additions to intangible assets	添置無形資產	(784)	-
Decrease/(increase) in pledged deposits	已抵押存款減少/(增加)	1,269	(1,559)
Net cash flows used in investing activities	用於投資活動的淨現金流量	(1,179)	(157,640)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動的現金流量		
Addition in interest-bearing bank and other borrowings	計息銀行及其他借款增加	390,040	403,310
Repayment of interest-bearing bank and other borrowings	償還計息銀行及其他借款	(295,147)	(375,760)
Principal portion of lease payments/finance lease rental payments	租賃付款/融資租賃租金付款的本金部分	(16,433)	(19,326)
Proceeds from finance leases	融資租賃所得款項	-	20,000
Interest paid	已付利息	(23,807)	(22,584)
Net cash flows from financing activities	來自融資活動的淨現金流量	54,653	5,640
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加/(減少)淨額	163,040	(218,794)
Cash and cash equivalents at beginning of the period	期初現金及現金等價物	345,188	443,893
Effect of foreign exchange rate changes, net	匯率變動的影響淨額	573	1,521
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	期末現金及現金等價物	508,801	226,620
		14	
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘分析		
Cash and bank balances	現金及銀行結餘	508,801	226,620
		14	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

中期簡明綜合財務報表附註

30 June 2019 二零一九年六月三十日

1. CORPORATE INFORMATION

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

The Company is an investment holding company. During the six months ended 30 June 2019, the Company and its subsidiaries (collectively known as the “**Group**”) were principally engaged in the manufacture and sale of condiment products under the brand name of “Lao Heng He” in the People’s Republic of China (the “**PRC**”).

The Company’s shares have been listed on the main board of The Stock Exchange of Hong Kong Limited since 28 January 2014.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Basis of preparation

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018.

1. 公司資料

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

本公司為一間投資控股公司。截至二零一九年六月三十日止六個月，本公司及其附屬公司(統稱「本集團」)主要於中華人民共和國(「中國」)從事「老恒和」牌調味品的製造與銷售業務。

本公司股份於二零一四年一月二十八日在香港聯合交易所有限公司主板上市。

2. 編製基準及會計政策與披露的變動

編製基準

截至二零一九年六月三十日止六個月的未經審核中期簡明綜合財務資料乃根據國際會計準則第34號「中期財務報告」編製。中期簡明綜合財務資料不包括年度財務報表所規定的全部資料及披露，且應與本集團截至二零一八年十二月三十一日止年度的年度綜合財務報表一併閱覽。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015–2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Other than as explained below regarding the impact of IFRS 16 *Leases*, the new and revised standards above did not have a material effect on this interim condensed consolidated financial information.

IFRS 16 – Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-Int 15 *Operating Leases – Incentives* and SIC-Int 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 account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

2. 編製基準及會計政策與披露的變動(續)

會計政策與披露的變動

除採納二零一九年一月一日生效的新訂準則及詮釋外，編製中期簡明綜合財務報表所採納會計政策與編製本集團截至二零一八年十二月三十一日止年度經審核綜合財務報表所遵從者一致。

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
國際財務報告準則第16號	租賃
國際會計準則第19號(修訂本)	修訂、縮減或結算計劃
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
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
二零一五年至二零一七年週期的年度改進	修訂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

除下文所述有關國際財務報告準則第16號「租賃」的影響外，上述新訂及經修訂準則對本中期簡明綜合財務資料並無重大影響。

國際財務報告準則第16號 – 租賃

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號釐定安排是否包含租賃、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的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人將所有租賃按單一的資產負債表內模式入賬。國際財務報告準則第16號大致沿用國際會計準則第17號內出租人的會計處理。出租人將繼續使用與國際會計準則第17號類似的原則將租賃分類為經營或融資租賃。因此，國際財務報告準則第16號對本集團作為出租人的租賃並無產生任何財務影響。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Changes in accounting policies and disclosures

(Continued)

IFRS 16 – Leases (Continued)

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

2. 編製基準及會計政策與披露的變動(續)

會計政策與披露的變動(續)

國際財務報告準則第16號 – 租賃(續)

本集團透過採用經修訂追溯採納法採納國際財務報告準則第16號，並於二零一九年一月一日首次應用。在此方法下，該準則已獲追溯應用，並將首次採納的累計影響確認為對於二零一九年一月一日的保留利潤期初結餘的調整，且二零一八年比較資料並無重列，並繼續根據國際會計準則第17號呈報。

租賃的新定義

根據國際財務報告準則第16號，倘合約為換取代價而給予在一段時間內控制使用已識別資產的權利，則該合約為租賃或包含租賃。當客戶有權從使用已識別資產獲得絕大部分經濟利益以及指示使用已識別資產時，即擁有控制權。本集團選擇使用過渡性可行權宜方式，以允許該準則僅適用於先前已於首次應用日期根據國際會計準則第17號及國際財務報告詮釋委員會詮釋第4號識別為租賃的合約。根據國際會計準則第17號及國際財務報告詮釋委員會詮釋第4號尚未識別為租賃的合約並無重新評估。因此，國際財務報告準則第16號項下的租賃定義已僅應用於在二零一九年一月一日或之後訂立或更改的合約。

於包含租賃部分的合約開始或獲重新評估時，本集團根據其獨立價格將合約中的代價分配予各租賃及非租賃部分。本集團已採納承租人可用的可行權宜方式，並不區分非租賃部分以及就租賃及相關非租賃部分(例如物業租賃的物業管理服務)入賬作為單一租賃部分。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The Group elected to present the lease liabilities separately in the statement of financial position.

The right-of-use assets amounting to RMB2,930,000 were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 January 2019. The Group elected to present the right-of-use assets separately in the statement of financial position. This, other than aforementioned, includes prepaid land lease payments in aggregate of RMB56,173,000 reclassified from prepaid land lease payments of RMB51,973,000 and prepayments, other receivables and other assets of RMB1,270,000, respectively. All these assets were assessed for any impairment based on IAS 36 on that date.

2. 編製基準及會計政策與披露的變動(續)

作為承租人 — 先前分類為經營租賃的租賃

採納國際財務報告準則第16號的影響性質

本集團擁有多個物業、機器、汽車及其他設備項目的租賃合約。作為承租人，本集團先前根據有關租賃是否將資產所有權的絕大部分回報及風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團採用單一方法確認及計量所有租賃的使用權資產及租賃負債，惟低價值資產租賃(按個別租賃基準選擇)及短期租賃(按相關資產類別選擇)的兩項選擇性豁免除外。本集團已選擇不就(i)低價值資產租賃(例如手提電腦及電話)；及(ii)於開始日期的租期為12個月或以下的租賃確認使用權資產及租賃負債。相反，本集團於租期內以直線法將與該等租賃相關的租賃付款確認為開支。

過渡影響

於二零一九年一月一日的租賃負債按餘下租賃付款現值確認，並使用二零一九年一月一日的增量借款利率貼現。本集團選擇在財務狀況表分開呈報租賃負債。

使用權資產人民幣2,930,000元按賬面值確認，猶如該準則一直獲應用，惟本集團於二零一九年一月一日所應用的增量借款利率除外。本集團選擇在財務狀況表分開呈報使用權資產。除上述者外，此包括預付土地租賃款項合共人民幣56,173,000元，分別自預付土地租賃款項人民幣51,973,000元以及預付款項、其他應收款項及其他資產人民幣1,270,000元重新分類。所有此等資產於當日均根據國際會計準則第36號評估減值。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

2. 編製基準及會計政策與披露的變動(續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡影響(續)

於二零一九年一月一日應用國際財務報告準則第16號時，本集團已使用以下選擇性可行權宜方式：

- 對於租期自首次應用日期起12個月內終止的租賃應用短期租賃豁免
- 倘合約包含延期／終止租賃的選擇權，則使用事後方式釐定租賃期

於二零一九年一月一日採納國際財務報告準則第16號所產生的影響如下：

		Increase/ (decrease) 增加／(減少) RMB'000 人民幣千元 (Unaudited) (未經審核)
Assets	資產	
Increase in right-of-use assets	使用權資產增加	56,173
Decrease in prepaid land lease payments	預付土地租賃款項減少	(51,973)
Decrease in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產減少	(1,270)
Increase in total assets	資產總值增加	2,930
Liabilities	負債	
Increase in lease payable	應付租賃增加	3,237
Increase in total liabilities	負債總額增加	3,237
Decrease in retained earnings	保留利潤減少	(307)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impacts on transition (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

2. 編製基準及會計政策與披露的變動(續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡影響(續)

於二零一九年一月一日的租賃負債與二零一八年十二月三十一日的經營租賃承擔的對賬如下：

		RMB'000 人民幣千元 (Unaudited) (未經審核)
Operating lease commitments as at 31 December 2018	於二零一八年十二月三十一日的經營租賃承擔	5,719
Weighted average incremental borrowing rate as at 1 January 2019	於二零一九年一月一日的加權平均增量借款利率	4.9%
Discounted operating lease commitments at 1 January 2019	於二零一九年一月一日的貼現經營租賃承擔	4,877
Less:	減：	
Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	與短期租賃及剩餘租期於二零一九年十二月三十一日或之前終結的租賃有關的承擔	(1,640)
Lease liabilities as at 1 January 2019	於二零一九年一月一日的租賃負債	3,237

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2. 編製基準及會計政策與披露的變動(續)

新會計政策概要

以下新會計政策自二零一九年一月一日採納國際財務報告準則第16號起取代截至二零一八年十二月三十一日止年度的年度財務報表所披露的租賃會計政策：

使用權資產

使用權資產於租賃開始日期確認。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就租賃負債的任何重新計量作出調整。使用權資產成本包括已確認租賃負債款額、初步已產生直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃獎勵。除非本集團合理確定於租期結束時取得租賃資產所有權，否則已確認使用權資產於其估計可使用年期及租期(以較短者為準)按直線法折舊。

租賃負債

租賃負債於租賃開始日期按於租賃期內作出的租賃付款現值確認。租賃付款包括固定付款(包括實質固定付款)減任何應收租賃優惠、取決於一項指數或比率的可變租賃付款及預期根據在剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使購買選擇權的行使價，及倘租賃期反映本集團行使終止選擇權，則須就終止租賃支付罰款。並非取決於一項指數或比率的可變租賃付款於觸發付款的事件或狀況出現期間確認為開支。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Summary of new accounting policies (Continued)

Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2. 編製基準及會計政策與披露的變動(續)

新會計政策概要(續)

租賃負債(續)

於計算租賃付款現值時，倘租賃中所隱含的利率並不易釐定，則本集團於租賃開始日期使用增量借款利率。於開始日期後，租賃負債金額增加，以反映利息增加及就所付的租賃付款減少。此外，倘出現修改、指數或比率變動所產生的未來租賃付款變動、租賃期變動、實質固定租賃付款變動或購買相關資產的評估更改，租賃負債的賬面值將予重新計量。

釐定有重續選擇權合約的租期時所用重大判斷

本集團將租賃期釐定為不可撤銷的租賃期，連同續租權涵蓋的任何期間(倘可合理確定續租權將獲行使)或終止租賃權涵蓋的任何期間(倘可合理確定終止租賃權將不獲行使)。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

Summary of new accounting policies (Continued)

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period are as follow:

2. 編製基準及會計政策與披露的變動(續)

新會計政策概要(續)

於中期簡明綜合財務狀況表及損益表確認的金額

本集團的使用權資產及租賃負債的賬面值以及期內變動如下：

		Right-of-use assets	
		使用權資產	
		Land	Lease liabilities
		土地	租賃負債
		RMB'000	RMB'000
		人民幣千元	人民幣千元
As at 1 January 2019	於二零一九年一月一日	56,173	3,237
Additions	添置	348	348
Depreciation charge	折舊支出	(833)	—
Interest expense	利息開支	—	88
As at 30 June 2019	於二零一九年六月三十日	55,688	3,673

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

3. 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 amounting to 10 percent or more of the Group's revenue derived from sales to a single customer for the six months ended 30 June 2019 is set out in the following table:

		Six months ended 30 June	
		截至六月三十日止六個月	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Customer X	客戶X	45,953	48,674
Customer Y	客戶Y	42,825	40,282
		88,778	88,956

3. 經營分部資料

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

- 生產及銷售調味品的食品分部

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

有關主要客戶之資料

下表載列截至二零一九年六月三十日止六個月，佔本集團收入10%或以上的個別客戶所產生的收入：

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

4. REVENUE, OTHER INCOME AND GAINS

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

4. 收入、其他收入及收益

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

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue from contracts with customers	客戶合約收益		
Sale of goods	銷售貨品	402,218	384,943

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2019

客戶合約收益

(i) 分列收益資料

截至二零一九年六月三十日止六個月

		Six months ended 30 June 截至 六月三十日 止六個月 2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Type of goods	貨品種類	
Condiment products	調味品	402,218
Timing of revenue recognition	收益確認時間	
Goods transferred at a point in time	於某一時點轉讓的貨品	402,218

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

4. 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/receipt 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

4. 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／收訖產品後達成，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

Six months ended 30 June

截至六月三十日止六個月

		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Subsidy received	已收補貼	5,764	7,144
Interest income	利息收入	1,472	883
Gain from sale of materials	材料銷售收益	187	508
Rental income	租金收入	86	86
		7,509	8,621

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

5. PROFIT BEFORE TAX

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

5. 除稅前利潤

本集團除稅前利潤乃經扣除/(計入)下列各項：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Cost of inventories sold	售出存貨成本	195,992	185,584
Depreciation	折舊	31,935	21,589
Depreciation of right-of-use assets	使用權資產折舊	833	-
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	-	637
Amortisation of intangible assets	無形資產攤銷	79	-
Minimum lease payments under operating leases	經營租賃項下的最低租賃款項	1,277	958
Auditor's remuneration	核數師酬金	477	380
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	22,330	17,695
Pension scheme contributions	退休金計劃供款	1,845	2,088
		24,175	19,783
Foreign exchange loss, net	匯兌虧損淨額	407	765
Donations	捐款	-	100
Research and development costs	研究與開發成本	17,987	17,978
Reversal of impairment losses of trade receivable	撥回應收貿易款項減值虧損	(243)	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

6. FINANCE COSTS

6. 融資成本

		Six months ended 30 June	
		截至六月三十日止六個月	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Interest on bank loans and other borrowings	銀行貸款及其他借款利息	26,388	21,179
Interest on finance leases	融資租賃利息	2,113	2,026
Interest on lease liabilities	租賃負債利息開支	89	-
		28,590	23,205

7. INCOME TAX EXPENSE

7. 所得稅開支

		Six months ended 30 June	
		截至六月三十日止六個月	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Current — PRC	即期 — 中國		
Charge for the period	期內支出	16,096	15,533
Deferred	遞延	1,841	1,769
Tax charge for the period	期內稅務支出	17,937	17,302

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 578,750,000 (six months ended 30 June 2018: 578,750,000) in issue during the six months ended 30 June 2019.

8. 本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本公司普通權益持有人應佔期內利潤及截至二零一九年六月三十日止六個月已發行普通股加權平均數578,750,000股(截至二零一八年六月三十日止六個月: 578,750,000股)。

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Profit attributable to ordinary equity holders of the Company (RMB'000)	本公司普通權益持有人應佔利潤 (人民幣千元)	99,339	92,219
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 Company — Basic and diluted (RMB cents)	本公司普通權益持有人應佔每股盈利 — 基本及攤薄(人民幣分)	17.2	15.9

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2019 and 2018 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue.

由於本集團期內並無已發行的具潛在攤薄作用的普通股，故並無就攤薄而對截至二零一九年及二零一八年六月三十日止期間呈列的每股基本盈利金額作出調整。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

9. DIVIDEND

No interim dividend was proposed for the six months ended 30 June 2019.

The proposed 2018 final dividend of RMB7.0 cents per share, totalling RMB40,513,000, was approved by the Company's shareholders at the annual general meeting on 31 May 2019. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2019.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group purchased property, plant and equipment with an aggregate cost of RMB21,591,000 (six months ended 30 June 2018: RMB33,436,000).

11. INVENTORIES

9. 股息

本公司並無就截至二零一九年六月三十日止六個月擬派發中期股息。

二零一八年建議末期股息每股人民幣7.0分(合共人民幣40,513,000元)已獲本公司股東於二零一九年五月三十一日在股東週年大會上批准。有關股息記入中期簡明綜合財務狀況表的「其他應付款項及應計項目」,並隨後於二零一九年七月派發。

10. 物業、廠房及設備

截至二零一九年六月三十日止六個月,本集團購買總成本為人民幣21,591,000元(截至二零一八年六月三十日止六個月:人民幣33,436,000元)的物業、廠房及設備。

11. 存貨

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Raw materials	原材料	24,933	12,113
Work in progress	在製品	1,244,876	1,225,093
Finished goods	成品	15,956	39,296
Total inventories	存貨總額	1,285,765	1,276,502

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

12. TRADE RECEIVABLES

12. 應收貿易款項

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Trade receivables	應收貿易款項	217,504	195,341
Impairment	減值	(439)	(682)
Trade receivables	應收貿易款項	217,065	194,659

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

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

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

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

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

本集團應收貿易款項按發票日期的賬齡分析如下：

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within 3 months	3個月以內	195,914	187,215
3 to 6 months	3至6個月	18,819	2,870
6 months to 1 year	6個月至1年	1,894	3,511
Over 1 year	1年以上	438	1,063
Total	總計	217,065	194,659

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

13. 預付款項、按金及其他應收款項

		30 June 2019	31 December 2018
		二零一九年 六月三十日	二零一八年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Prepayments	預付款項	580,128	603,360
Value-added tax recoverable	可收回增值稅	179,154	125,808
Deposits and other receivables	按金及其他應收款項	42,511	29,487
		801,793	758,655
Portion classified as non-current	獲分類為非流動部份	(402,769)	(415,746)
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	399,024	342,909

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

上述結餘為無抵押、免息及並無固定還款年期。董事認為，毋須就預付款項、按金及其他應收款項計提撥備。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

14. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

14. 現金及現金等價物以及定期存款

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Cash and bank balances	現金及銀行結餘	508,801	345,188
Time deposits	定期存款	68,390	69,659
		577,191	414,847
Less:	減：		
Pledged for bank loans	抵押以獲取銀行貸款	(68,390)	(69,659)
Cash and cash equivalents	現金及現金等價物	508,801	345,188
Cash and cash equivalents are denominated in:	現金及現金等價物以下列貨幣計值：		
RMB	人民幣	505,058	339,071
Hong Kong Dollar (HK\$)	港元(「港元」)	2,642	5,170
USD	美元	1,101	947
Cash and cash equivalents	現金及現金等價物	508,801	345,188

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

15. TRADE PAYABLES

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

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within 3 months	3個月以內	50,016	77,248
3 to 6 months	3至6個月	19,655	20,661
Over 6 months	6個月以上	31,657	15,417
		101,328	113,326

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.

15. 應付貿易款項

本集團應付貿易款項按發票日期的賬齡分析如下：

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within 3 months	3個月以內	50,016	77,248
3 to 6 months	3至6個月	19,655	20,661
Over 6 months	6個月以上	31,657	15,417
		101,328	113,326

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

16. OTHER PAYABLES AND ACCRUALS

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Other payables	其他應付款項	192,611	100,230
Accruals	應計項目	29,136	26,048
Contract liabilities	合約負債	10,889	21,465
		232,636	147,743

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

16. 其他應付款項及應計項目

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Other payables	其他應付款項	192,611	100,230
Accruals	應計項目	29,136	26,048
Contract liabilities	合約負債	10,889	21,465
		232,636	147,743

上述結餘為無抵押、不計息及其他應付款項的平均期限為三個月。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

17. 計息銀行及其他借款

		30 June 2019	31 December 2018
		二零一九年 六月三十日	二零一八年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Current	即期		
Bank loans — secured ^(a)	銀行貸款 — 有抵押 ^(a)	943,277	898,157
Other borrowings ^(a)	其他借款 ^(a)	21,969	—
Finance lease payables ^(a)	應付融資租賃款項 ^(a)	35,318	34,605
		1,000,564	932,762
Non-current	非即期		
Bank loans — secured ^(a)	銀行貸款 — 有抵押 ^(a)	55,000	70,000
Other borrowings ^(a)	其他借款 ^(a)	42,804	—
Finance lease payables ^(a)	應付融資租賃款項 ^(a)	10,816	27,962
		108,620	97,962
Total	總計	1,109,184	1,030,724

The interest-bearing bank and other borrowings as at 30 June 2019 were all denominated in RMB, repayable within three years and bearing interests at 3.92%–7.97% per annum.

於二零一九年六月三十日的計息銀行及其他借款全部均以人民幣計值，須三年內償還及按照年利率3.92%至7.97%計息。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

17. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

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

		Carrying values	
		賬面值	
		30 June	31 December
		2019	2018
		二零一九年	二零一八年
		六月三十日	十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Property, plant and equipment	物業、廠房及設備	376,943	257,155
Leasehold land	租賃土地	-	53,179
Right-of-use assets	使用權資產	52,554	-
Inventories	存貨	712,114	703,415
Pledged deposits	已抵押存款	68,390	69,659
		1,210,001	1,083,408

- (b) Certain of the Group's bank loans were guaranteed by Mr. Chen Weizhong, the Director of the Company, Ms. Xing Liyu, spouse of Mr. Chen Weizhong, Mr. Chen Weidong, brother of Mr. Chen Weizhong and related companies of the Group (note 22(d)).
- (c) As at 30 June 2019, the Group's bank loans amounting to approximately RMB730,277,000 (31 December 2018: RMB660,920,000) were not in compliance with certain financial loan covenants, among which a balance of RMB22,000,000 (31 December 2018: RMB88,000,000) that is repayable after one year from 30 June 2019 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.

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

17. 計息銀行及其他借款(續)

- (a) 以下資產已抵押作為計息銀行及其他借款的擔保：

- (b) 本集團若干銀行貸款由本公司董事陳衛忠先生、陳衛忠先生的配偶邢利玉女士、陳衛忠先生的胞兄弟陳衛東先生及本集團的關聯公司擔保(附註22(d))。
- (c) 於二零一九年六月三十日，本集團的銀行貸款約人民幣730,277,000元(二零一八年十二月三十一日：人民幣660,920,000元)並不符若干金融貸款契諾，當中結餘人民幣22,000,000元(二零一八年十二月三十一日：人民幣88,000,000元)須於二零一九年六月三十日起計一年後償還，並獲分類為流動負債。上述銀行貸款其餘部分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。

本集團銀行及其他借款的賬面值與其公平值相若。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

18. OTHER LONG TERM LIABILITIES

18. 其他長期負債

			30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
		Notes 附註		
Other long term payables	其他長期應付款項	(a)	133,000	133,000
Special payables	應付專項款項	(b)	3,987	4,046
			136,987	137,046

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

18. OTHER LONG TERM LIABILITIES

(a) (Continued)

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

		30 June 2019	31 December 2018
		二零一九年 六月三十日	二零一八年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Amounts repayable:	應償還款項：		
1 to 5 years	1至5年	133,000	83,000
Over five years	五年以上	-	50,000
		133,000	133,000

(b) As at 30 June 2019, 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 shareholder, Mr. Chen Weizhong, and the early retirement obligations for employees who early retired were RMB3,987,000 (31 December 2018: RMB4,046,000). The benefit obligations arising from the plans were unfunded.

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

		30 June 2019	31 December 2018
		二零一九年 六月三十日	二零一八年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Carrying amount at the beginning of the period/year	期/年初的賬面值	4,046	4,179
Benefits paid	已付福利	(59)	(133)
At the end of the period/year	於期/年末	3,987	4,046

18. 其他長期負債

(a) (續)

其他長期應付款項結餘的分析如下：

	30 June 2019	31 December 2018
	二零一九年 六月三十日	二零一八年 十二月三十一日
	RMB'000	RMB'000
	人民幣千元	人民幣千元
	(Unaudited)	(Audited)
	(未經審核)	(經審核)
Amounts repayable:		
1 to 5 years	133,000	83,000
Over five years	-	50,000
	133,000	133,000

(b) 於二零一九年六月三十日，有關於控股股東陳衛忠先生收購湖州老恒和釀造有限公司前退休的僱員的退休福利責任及提早退休僱員的提早退休責任而存在的精算負債為人民幣3,987,000元(二零一八年十二月三十一日：人民幣4,046,000元)。計劃產生的福利責任為未置存基金。

於財務狀況表內確認的精算負債變動如下：

	30 June 2019	31 December 2018
	二零一九年 六月三十日	二零一八年 十二月三十一日
	RMB'000	RMB'000
	人民幣千元	人民幣千元
	(Unaudited)	(Audited)
	(未經審核)	(經審核)
Carrying amount at the beginning of the period/year	4,046	4,179
Benefits paid	(59)	(133)
At the end of the period/year	3,987	4,046

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

19. SHARE CAPITAL

Shares

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Authorised:	法定：		
1,000,000,000 ordinary shares of US\$0.0005 (RMB0.00305) each	1,000,000,000 股每股面值 0.0005 美元(人民幣 0.00305 元)的普通股	3,050	3,050
Issued and fully paid:	已發行及繳足：		
578,750,000 ordinary shares of US\$0.0005 (RMB0.00305) each	578,750,000 股每股面值 0.0005 美元(人民幣 0.00305 元)的普通股	1,767	1,767

19. 股本

股份

20. OPERATING LEASE ARRANGEMENTS

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

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

20. 經營租賃安排

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

本集團根據到期的不可撤銷經營租賃支付的未來最低租賃款項總額如下：

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Within one year	一年內	2,139
In the second to fifth years, inclusive	第二年至第五年內(包括首尾兩年)	2,076
After five years	五年後	1,504
		5,719

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

21. COMMITMENTS

In addition to the operating lease commitments detailed in note 20 above, the Group had capital commitments as follows:

	30 June 2019	31 December 2018
	二零一九年 六月三十日	二零一八年 十二月三十一日
	RMB'000	RMB'000
	人民幣千元	人民幣千元
	(Unaudited)	(Audited)
	(未經審核)	(經審核)
Contracted, but not provided for: Plant and machinery	236,759	133,281
已訂約但未計提撥備： 廠房及機器		

21. 承擔

除上文附註20所詳述的經營租賃承擔外，本集團擁有下列資本承擔：

22. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name 姓名／名稱	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
Ms. Xing Liyu 邢利玉女士	Spouse of Mr. Chen Weizhong 陳衛忠先生的配偶
Zhejiang Zhongwei Brewery Limited 浙江中味釀造有限公司	Company significantly influenced by Mr. Chen Jinhao, son of Mr. Chen Weizhong 陳衛忠先生的兒子Chen Jinhao先生具有重大影響力的公司

(b) Outstanding balances with related parties

The Group had no outstanding balance due to its related parties as at 30 June 2019.

22. 與關聯方交易

(a) 關聯方的姓名／名稱及關係

(b) 與關聯方的未償還結餘

於二零一九年六月三十日，本集團概無應付關聯方的未償還結餘。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

中期簡明綜合財務報表附註(續)

30 June 2019 二零一九年六月三十日

22. RELATED PARTY TRANSACTIONS

(Continued)

(c) Compensation of key management personnel of the Group

		Six months ended 30 June	
		截至六月三十日止六個月	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	293	293
Pension scheme contributions	退休金計劃供款	40	38
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	333	331

22. 與關聯方交易(續)

(c) 本集團主要管理人員的酬金

(d) Transactions with related parties:

		30 June	31 December
		2019	2018
		二零一九年	二零一八年
		六月三十日	十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Bank loans guaranteed by:	銀行貸款由以下各方擔保：		
Mr. Chen Weizhong	陳衛忠先生	–	50,000
Mr. Chen Weizhong and Ms. Xing Liyu	陳衛忠先生及邢利玉女士	569,040	587,160
Mr. Chen Weizhong and Mr. Chen Weidong	陳衛忠先生及陳衛東先生	70,000	20,000
Mr. Chen Weizhong and Ms. Xing Liyu and Zhejiang Zhongwei Brewery Limited	陳衛忠先生及邢利玉女士以及浙江中味釀造有限公司	135,000	95,000
		774,040	752,160

(d) 與關聯方的交易：



Honworld Group Limited

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