



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

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 00336

A decorative background illustration featuring a large, stylized leaf with a network of veins. Overlaid on the leaf are various elements: a blue and purple flowing ribbon, a blue wireframe structure, a cluster of green leaves and yellow flowers, a whole and sliced passion fruit, and a slice of orange. The overall color palette is soft and natural, with shades of green, yellow, orange, and purple.

Annual Report 2019 年度報告

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. CHU Lam Yiu (*Chairlady & CEO*)
 Mr. XIA Liqun (*Vice Chairman*)
 Mr. POON Chiu Kwok (*Company Secretary*)
 Mr. LAM Ka Yu

Independent Non-executive Directors

Mr. LEE Luk Shiu
 Ms. MA Yunyan
 Mr. WU Chi Keung
 Mr. Jonathan Jun YAN

AUDIT COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
 Ms. MA Yunyan
 Mr. WU Chi Keung
 Mr. Jonathan Jun YAN

REMUNERATION COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
 Ms. MA Yunyan
 Mr. WU Chi Keung
 Mr. XIA Liqun

NOMINATION COMMITTEE

Ms. CHU Lam Yiu (*Chairlady*)
 Mr. LEE Luk Shiu
 Mr. WU Chi Keung

QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCPA, FCCA*

COMPANY SECRETARY

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

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISOR

Herbert Smith Freehills

公司資料

董事會

執行董事

朱林瑤女士 (*主席兼首席執行官*)
 夏利群先生 (*副主席*)
 潘昭國先生 (*公司秘書*)
 林嘉宇先生

獨立非執行董事

李祿兆先生
 麻雲燕女士
 胡志強先生
 Jonathan Jun YAN先生

審核委員會

李祿兆先生 (*主席*)
 麻雲燕女士
 胡志強先生
 Jonathan Jun YAN先生

薪酬委員會

李祿兆先生 (*主席*)
 麻雲燕女士
 胡志強先生
 夏利群先生

提名委員會

朱林瑤女士 (*主席*)
 李祿兆先生
 胡志強先生

合資格會計師

蔡文霞女士 *FCPA, FCCA*

公司秘書

潘昭國先生 *FCIS, FCS, FCPA (Aust.)*

核數師

羅兵咸永道會計師事務所

法律顧問

史密夫斐爾律師事務所

Corporate Information

PRINCIPAL BANKERS

China Citic Bank Corporation Limited
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Hang Seng Bank Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

COMPANY WEBSITE

www.huabao.com.hk

公司資料

主要往來銀行

中信銀行股份有限公司
招商銀行股份有限公司
中國民生銀行股份有限公司
恒生銀行有限公司

總部及香港主要營業地點

香港
灣仔
港灣道18號
中環廣場30樓
3008室

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心54樓

股份代號

香港聯合交易所有限公司：00336

公司網址

www.huabao.com.hk

Financial Highlights

財務摘要

		Year ended 31 December 2019 截至2019年 12月31日 止年度 RMB'000 人民幣千元	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月 RMB'000 人民幣千元
Revenue	營業額	4,241,040	3,058,707
Gross profit	毛利	2,745,410	1,949,805
Gross profit margin	毛利率	64.7%	63.7%
Operating profit	營運盈利	1,728,811	1,287,750
EBITDA margin	EBITDA率	47.0%	46.9%
EBIT margin	EBIT率	40.8%	42.1%
Selling and marketing expenses to sales	銷售及市場推廣開支佔銷售比率	8.4%	6.8%
Administrative expenses to sales	行政費用佔銷售比率	20.5%	18.8%
Profit before income tax	除稅前盈利	1,745,817	1,374,957
Profit from continuing operations	持續經營業務之盈利	1,373,741	1,054,152
Profit from continuing and discontinued operation attributable to the equity holders of the Company	本公司權益持有人應佔持續經營與終止經營業務之盈利	1,112,004	1,017,959
Basic and diluted earnings per share (RMB cents)	每股基本及攤薄盈利(人民幣分)		
– Continuing operations	– 持續經營業務	35.78	27.78
– Discontinued operation	– 終止經營業務	–	4.97
		35.78	32.75
Net cash generated from operating activities	營運活動產生之現金淨額	1,559,583	1,232,906
Net cash*	淨現金*	2,723,298	3,452,252
Total equity	總權益	13,599,473	13,745,418
Final dividend per share (HK cents)	每股期末股息(港仙)	10.0	8.8
Special dividend per share (HK cents)	每股特別股息(港仙)	–	18.9
Total dividend per share for the year/ period (HK cents)	本年/期間每股總股息(港仙)	18.8	37.7
Dividend payout ratio for the year/ period	本年/期間總派息率	47.3%	100.9%
Debt ratio#	負債比率#	25.4%	31.4%
Current ratio (times)	流動比率(倍)	4.9	4.2
Liquidity ratio (times)	速動比率(倍)	4.4	3.8
Inventory turnover (days)	存貨周轉率(日)	220	199
Trade receivables turnover (days)	應收賬款周轉率(日)	88	98
Trade payables turnover (days)	應付賬款周轉率(日)	77	78

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

* [淨現金]等於「短期定期存款」加「現金及現金等價物」減「貸款」。

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

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

Company Profile and Corporate Culture

CORPORATE PROFILE

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

集團簡介及企業文化

集團簡介

華寶國際控股有限公司及附屬公司（「本集團」）下設香精板塊、香原料板塊、煙用原料板塊及調味品板塊，主要從事香精、香原料、煙用原料和調味品的研發、生產和銷售，並圍繞核心產業鏈進行多元化投資，是一家基於中國味覺系消費品市場的實業控股集團。



Company Profile and Corporate Culture

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

The Group is also one of the market leaders in China's tobacco raw materials field, where its production capacity and sales revenue account for a significant market share and its production technology and product quality have taken the leading position at domestic level and reached advanced international level. Guangdong Jinye, a subsidiary of the Group, is one of the RTL R&D bases authorised by the STMA. In November 2012, the second phase of RTL production line of Guangdong Jinye was completed, put into production and accepted by the STMA, which became the first landmark of paper-making RTL production line certified by the STMA. Its production technology has been recognized by the STMA to have reached the highest technology level in terms of domestic paper-making RTL production, while its major technical parameters have also reached advanced international level. In 2016, the "Key Laboratory for RTL Technology Research in Tobacco Industry", which was jointly founded by Guangdong Jinye and Guangdong Tobacco, was recognized as the sole key laboratory in the RTL field in China. In terms of new materials, Shanghai Huabao Biological Technology Co., Ltd. has developed rapidly in the cigarette new materials field, which is represented by flavour capsule and core line. Newly established bases Jiangxi Huabao Xinhui Technology Co., Ltd. in 2017, as well as Yunnan Dianhua Benxiang Technology Co., Ltd. which was established by joint venture with Yunnan Tobacco New Materials in 2018, became two flavour capsule business bases. Both of the bases expanded the Group's flavour capsule production capacity.

集團簡介及企業文化

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

本集團也是中國煙用原料領域的領導者之一，其生產能力及銷售額同樣在行內佔有重要市場份額，而且其生產工藝及產品質量均達到國內領先和國際先進水平。本集團的下屬公司廣東金葉是國煙局再造煙葉研發基地之一。二零一二年十一月，廣東金葉二期再造煙葉生產線竣工投產，並通過國煙局驗收，成為國內首條獲得認證的造紙法再造煙葉標誌性生產線，其生產工藝獲國煙局評定為國產造紙法再造煙葉技術最高水平，主要技術指標亦已達國際先進水平。二零一六年，廣東金葉與廣東中煙共建的「煙草行業再造煙葉技術研究重點實驗室」獲得國煙局認定，成為再造煙葉領域唯一重點實驗室。新材料方面，上海華寶生物科技有限公司在以爆珠、芯線等為代表的捲煙新材料領域發展非常迅速。二零一七年新設的江西華寶芯蒼科技有限公司及二零一八年與雲南中煙新材料合資成立的雲南滇華本香科技有限公司成為爆珠業務的兩大新基地，全面拓展爆珠產能。

Company Profile and Corporate Culture

The Group is also one of the leading enterprises in China's aroma raw materials field. The principal products include many natural aroma and synthetic aroma products. Its production capacity and sales revenue account for a significant market share in the industry, and its production technology and product quality have reached the leading domestic and international level. In 2017, the Group successfully acquired Jiangxi Xianghai. The acquisition played a positive role in the establishment and layout of the Group's aroma raw materials segment. The Group, by virtue of its own industry advantages of the leading position and strong scientific research strength, plans to build a leading aroma raw materials production base in Asia and even the world.

In 2018, the Group made strategic adjustments to its business. Through the acquisition of Jiahao, the Group entered into the compound condiment market that is of great growth room, and also further completed the Group's business structure and sources of income. At present, the Group has successfully established an industry chain with full coverage from raw materials, processing, to consumption, which brings the Group's competitive strength in taste-based fast-moving products industry to a new level. The Group will also combine its industry expertise and integration capability with the social capital, through the multi-capital platforms, multi-collaboration channels, as well as multi-investment collaboration models, to create more value for the shareholders.

集團簡介及企業文化

本集團還是中國香原料領域的領先企業之一，主要產品包括多種天然香料和合成香料。其生產能力和銷售額在行業內佔有重要市場份額，生產工藝及產品質量均達到國內外領先水平。二零一七年，集團成功收購江西香海，對本集團香原料板塊的建立和佈局起到了積極的作用。本集團將憑借自身在行業領先的地位優勢和強大的科研實力，打造亞洲乃至全球領先的香原料生產基地。

二零一八年，本集團對業務進行戰略性調整。透過收購嘉豪，本集團進入具備巨大增長空間的複合調味品市場，進一步完善集團業務結構，為股東創造更多收入來源。目前，本集團成功完成了「原料、加工、消費」一體化的全產業鏈覆蓋，在味覺系消費品市場的競爭實力進一步增強。本集團將繼續通過多資本平台，多合作渠道，及多種投資合作模式將我們的產業知識、整合能力與社會資本結合，為股東創造更大價值。

Company Profile and Corporate Culture

集團簡介及企業文化

VISION 願景

Leader to a better life
美好生活引領者

SPIRIT 精神

Innovative, pragmatic,
loyal and cooperative
創新、務實、忠誠、協作

CORE VALUES 核心價值觀

Client first, value creation and
shared achievements
客戶至上、價值創造、共享共贏

STRATEGY 戰略

- Adhere to the “concentric diversification strategy” and develop into the world’s leading taste-based consumer product industrial holdings group
- Consolidate the existing market of flavours and fragrances and explore new markets with product and technology innovation
- Seize the opportunity of integration in aroma raw materials industry and strives to achieve the goal of “Being the global leader in the aroma raw materials industry”
- Closely monitor international markets and expand the market of tobacco raw materials
- Consolidate the Group’s leading role in the niche segment in the condiment industry, leverage innovative sales platform and enriched product mix to build condiment business as the Group’s growth point
- 堅持「同心多元化戰略」，發展成為全球領先的味覺系消費品實業控股集團
- 穩固香精業務的存量市場，透過產品及技術創新，開拓增量市場
- 抓住香原料行業整合的機會，向「成為全球領先的香原料龍頭企業」這一目標奮進
- 密切關注國際市場，拓展煙用原料市場範圍
- 鞏固在調味品市場細分領域的領先地位，利用創新型銷售平台和更為豐富的產品結構，推進調味品業務成為集團業績增長點

Chairlady's Statement

主席報告書



CHU Lam Yiu
朱林瑤
Chairlady & CEO
主席兼首席執行官

Dear Shareholders,

In 2019, China's economy recorded a year-on-year increase of 6.1% under the pressure of both the Sino-US trade war internationally as well as the cyclical adjustment experienced domestically. However, in comparison to the same period in 2018, the economic growth rate decreased by 0.5 percentage point in 2019. The rise of CPI eroded consumer confidence to some extent, while the fall of the industrial producer price index increased the pressure on business operation. Amid the uncertainties and changes in external environment, the Group maintained steady growth of the profit by cost reduction and optimizing strategies. For the financial year ended 31 December 2019, the Group's revenue amounted to approximately RMB4,241 million, and net profit attributable to the shareholders of the Company amounted to approximately RMB1,112 million.

During the Current Reporting Period, each business segment of the Group had made development. While the sales of traditional cigarettes slowed down and the food flavours and fragrances industry was increasingly competitive, our flavours and fragrances business remained steady amid the competitive market. Tobacco raw materials business was provided an injection of human and financial resources by the Group in researching innovative tobacco-related materials, which aims to be prepared for seizing the next development opportunity. Aroma raw materials business saw a boost in development, production and management efficiency as the aroma raw materials production base in Jiangxi Xianghai was further standardized and systematized. Condiments business was on the track of achieving its performance target by optimization in product mix, distribution channels, and marketing and brand positioning. I am pleased with the achievements of each business segment.

各位股東，

2019年，中國經濟在中美貿易戰帶來的外部衝擊以及內部週期性調整的雙重壓力之下同比增長6.1%。與2018年同期相比，2019年經濟增速放緩0.5個百分點。居民消費價格指數攀升一定程度上削弱了消費者信心，工業生產者價格指數下滑則增大了企業的經營壓力。在不容樂觀的外部環境之下，集團降本增效，優化戰略，讓業績維持穩健增長。截至2019年12月31日止之財年，集團實現銷售收入約人民幣42.41億元，歸屬於公司權益持有人的盈利約人民幣11.12億元。

本報告期，集團各個業務板塊均有發展。在傳統捲煙銷售放緩及食用日用香精競爭激烈的背景下，香精業務仍然維持穩定；煙用原料業務方面，集團投入人力及財務資源研發新型煙草相關材料，為捕獲下一個發展機遇做好準備；香原料方面，江西香海香原料生產基地建設進度提升，使香原料的研發及生產更加標準化、規模化，管理效率進一步提升；調味品方面，集團從產品結構、渠道開拓、營銷及品牌定位上三管齊下，向業績目標邁進。對於各業務板塊所取得的成績，我深感欣慰。

Chairlady's Statement

From the perspective of competition and development, the consolidation of flavours and fragrances industry is accelerating. In 2019, world-renowned flavours and fragrances giants have made a number of acquisitions to enrich their business portfolios through upstream and downstream extensions of their presence in the industry, and they aimed to grow their performance by shifting from organic growth to external mergers and acquisitions. Adopting a product differentiation strategy, some of the large enterprises in flavours and fragrances industry in mainland China have developed their businesses closer to the end consumers, thereby breaking away from the limited market size by diversifying their business structures and sources of revenue. During the Current Reporting Period, through post-acquisition integration, our condiments business have built up an optimized system integrated with functions in research, production and distribution, demonstrating our determination in implementing the Group's "concentric diversification" strategy.

In January 2020, the outbreak of COVID-19 pneumonia in mainland China has spread to other regions and countries across the world, causing massive impact to both China and global economies. Due to the expected slowdown in both domestic and global macro-economies and the further weakening market demand, competition among businesses will further intensify to compete for consumers and customers, and the capabilities of businesses in bargaining, pricing and making profit will be challenged.

Against the backdrop of such adversity, the Group will improve its products, services and market research capabilities to consolidate its market share. At the same time, it will cautiously look for emerging trends and choose projects that can propel the Group's performance in the long run. We believe that cyclical economic downturn is both a challenge and an opportunity. As long as we stick to our business vision "Leader to a Better Life", implement our existing development strategy and prudently optimize our business structure, we can establish our comparative advantage, occupy a favourable position in the market, and create value for the shareholders and the society.

Lastly, on behalf of the Board, I would like to extend my sincere gratitude to our shareholders, customers, suppliers, and business partners for their continuing support. I would also like to earnestly thank all the directors, management, and employees. With a challenging 2020 ahead, we look forward to working together side-by-side in guiding Huabao to achieve a leading status in the taste-based fast-moving products industry.

CHU Lam Yiu
Chairlady & CEO
Hong Kong, 27 March 2020

主席報告書

從競爭及發展角度來看，香精香料行業的集中度正快速提升。2019年，國際知名的香精香料巨頭完成多項收購，向產業上下游延伸豐富業務結構，將業績的增長方式由內生型增長轉向外生型增長。國內較具規模的香精香料企業則透過差異化的競爭策略，發展更加接近終端消費者的業務，以擺脫香精香料有限的市場規模，多元化業務結構及收入來源。本報告期，透過收購後整合，我們的調味品業務搭建起了更為優化的研、產、銷體系，反映出集團踐行「同心多元化」策略的決心。

2020年1月，新冠肺炎在中國內地爆發，並蔓延至世界其它地區及國家，對中國及世界經濟都產生很大影響。可以看到，國內外宏觀經濟皆將放緩，市場需求將進一步疲弱。為爭奪消費者及客戶，企業間的競爭將更加激烈，企業的議價、定價及盈利能力都面臨挑戰。

在如此不利的大環境下，集團會提升產品、服務及市場調研水平，穩固既有市場份額，同時審慎的尋找新的風口，甄選能夠提升集團長遠業績的項目。我們相信，週期性的經濟下滑是挑戰也是機遇，只要我們恪守「美好生活引領者」這一企業願景，執行既定的發展戰略，審慎優化業務結構，我們就能夠在市場建立比較優勢、佔據有利地位，為股東及社會持續創造價值。

最後，本人謹代表董事會對各位股東、客戶、供應商和業務夥伴的長期支持表示衷心感謝，對集團的董事、管理層及員工表示誠摯的謝意。在更具挑戰性的2020年，我們期望和大家並肩同行，一起迎難而上，將華寶打造為味覺系快消品領域的領頭羊。

朱林瑤
主席兼首席執行官
香港，二零二零年三月二十七日

Management Discussion and Analysis

INDUSTRY OVERVIEW

Overview of the tobacco industry

In 2019, China's economic growth slowed down to 6.1%, representing a decrease of 0.5 percentage point as compared to the corresponding period in 2018. During the period, there were voices in the society proposing an increase in cigarette taxes. The social awareness of tobacco control and smoking ban was further strengthened. According to the data from National Bureau of Statistics, the cigarette production volume in China reached 47.285 million cases in 2019, representing an increase of 1.23% year-on-year while sales volume reached approximately 47.353 million cases, representing a slight decline of 0.17% year-on-year. According to the data from the STMA, the tobacco industry realized industrial and business tax and profit of RMB1,205.6 billion, representing an increase of 4.3% year-on-year; the tobacco industry has paid RMB1,177.0 billion to the treasury department, representing an increase of 17.7% year-on-year. The total profit and the amount paid to the treasury department by the tobacco industry reached record-high, which contributed to the increase of local governments' fiscal income and the overall development of the economy.

In the area of innovative cigarettes, thin cigarettes, short cigarettes, medium-length cigarettes and capsule cigarettes continued to play an important role in optimising product mix and are well received by the market. At the same time, regulators imposed stricter regulation on these innovative cigarettes such that the promotion of these products to the market is more regulated so as to protect the interests of the public.

During the Current Reporting Period, the promotion and sales of innovative tobacco products in overseas and Chinese markets were subject to more stringent supervision and restrictions. Entry barriers are getting higher for the innovative tobacco industry in terms of capital, technology and talents. The development of the industry has become more standardized and centralized. At the same time, changes in regulations and policies also posed uncertainties to the development of the innovative tobacco industry.

As for tobacco leaves, the STMA committed to further the supply side reform to enhance the quality of tobacco leaves, thereby propelling the tobacco leaves industry to develop toward high quality. (Source: Tobacco Online)

管理層討論及分析

行業概況

煙草行業概況

2019年，中國經濟增長放緩至6.1%，與2018年同期相比下降0.5個百分點。期間，社會對捲煙加稅呼聲再起，控煙、戒煙意識進一步提高。根據國家統計局數據，2019年中國捲煙產量達到4,728.5萬箱，同比增加約1.23%；銷量達到約4,735.3萬箱，同比輕微減少約0.17%。根據國煙局數據，2019年煙草行業實現工商稅利總額人民幣12,056億元，同比增長4.3%；上繳財政總額人民幣11,770億元，同比增長17.7%，利潤總額和上繳財政總額創歷史新高水平，為國家和地方財政增收、經濟發展作出積極貢獻。

新型捲煙方面，細支煙、短支煙、中支煙、爆珠煙在優化捲煙產品結構方面繼續發揮重要作用，受到市場歡迎。但同時，監管機構對這些新型捲煙的營銷加強了監管，使新型捲煙產品在向市場推廣時更加規範，保護公眾利益。

本報告期，新型煙草製品在海外及中國市場的宣傳及銷售都受到更為嚴格的監管及限制，進入新型煙草行業的資金、技術及人才門檻逐步提高，行業朝向更加規範化、集中化方向發展。同時，監管及政策的變化給新型煙草行業的運作和發展帶來了更多的不確定性。

煙葉方面，國煙局堅持深化供給側結構性改革，提升煙葉供給質量，推動煙葉高質量發展。(資料來源：煙草在線)

Management Discussion and Analysis

Overview of the food, beverage and fragrances industry

In 2019, as affected by the escalation of the Sino-US trade war and the domestic structural economic reform, the GDP of China has further slowed down as compared to the corresponding period last year to an increase of only 6.1% year-on-year. Amid such unfavorable macro-economic environment, macro adjustment measures were adopted by the Chinese government in order to encourage consumption, such that the food and beverage industry has maintained a steady growth. According to data from National Bureau of Statistics, in 2019, the gross industrial output of enterprises of industrial scale remained stable growth, among which the agricultural product processing industry rose by 1.9% year-on-year, the food processing industry rose by 5.3% year-on-year, and the alcohol, beverage and refined tea processing industry jumped by 6.2% as compared to the corresponding period last year. During the Current Reporting Period, consumers not only increased their demand for natural, healthy and functional foods and beverages, but they were also concerned about the brand values and beliefs that the food and beverage brands delivered. As a result, the food and beverage manufacturers have been paying more attention to ensure that their marketing strategies and brand positionings were kept abreast of the times.

In respect of fragrances industry, according to the figures of the National Bureau of Statistics on enterprises of industrial scale, from January to November in 2019, the revenue of those with soap and detergent as main business was RMB114.3 billion, representing a drop of 0.21% year-on-year; the revenue of those with cosmetics as main business was RMB113.4 billion, representing a drop of 3.6% year-on-year; the revenue of those with oral cleansing products as main business was RMB23.1 billion, representing an increase of 8.56% year-on-year. Despite the slowed growth rate experienced by the soap and detergents industry, it accounted for the largest market share in the fragrances industry. Although there was a sluggish growth for the revenue of cosmetics industry, it still demonstrated a burgeoning growth thanks to the promotion of new business models including beauty makeup, new retail and social e-commerce.

管理層討論及分析

食品、飲料和日化行業概況

2019年，受到中美貿易戰加劇及國內經濟結構性改革的影響，中國國內生產總值同比增長6.1%，與去年同期相比，經濟增速進一步放緩。在不景氣的宏觀經濟環境下，中國政府運用宏觀調節措施鼓勵消費，食品飲料行業維持合理增速。根據國家統計局數據，2019年，全國規模以上食品企業工業增加值保持穩定增長，其中農副食品加工業累計同比增長1.9%，食品製造業累計同比增長5.3%，酒、飲料和精製茶製造業累計同比增長6.2%。本報告期，消費者不僅對食品飲料的天然、健康、及功能性需求不斷增長，同時也關注食品飲料品牌所傳遞的價值及主張，使食品飲料製造商更加注重營銷策略及品牌定位能夠與時俱進。

日化行業方面，根據國家統計局對規模以上企業的統計，2019年1至11月，肥皂及洗滌劑主營業務收入達人民幣1,143億元，同比減少0.21%；化妝品主營業務收入人民幣1,134億元，同比減少3.6%；口腔清潔用品主營業務收入人民幣231億元，同比增長8.56%。肥皂及洗滌劑在日化行業增速放緩，但仍佔據最大的市場份額。化妝品行業收入雖然有所放緩，但其在美妝、新零售、社交電商等新型商業模式推動下呈現蓬勃發展態勢。

Management Discussion and Analysis

Overview of the condiment industry

According to the data of the National Bureau of Statistics, the total revenue of the catering industry reached approximately RMB4.67 trillion with a year-on-year growth of approximately 9.4% in 2019, demonstrating a steady and healthy growth as compared to the 7.7% growth rate in 2018. Following the successful achievement of standardization, economies of scale and chain-store deployments by a number of Chinese catering enterprises, the catering industry not only demanded better product qualities and supply capabilities, but also attached importance to the ability of providing integrated solutions by the condiment suppliers. The current situation of low concentration ratio in China's condiment market has attracted capital investment and intensified the competition in the condiment industry, in which the big industry players will become even stronger. In addition to the advantages in their respective market segments, condiment enterprises also begin to develop product mix to cover all categories of product. The competition in the condiment industry will become more intense.

RESULTS

For the twelve months ended 31 December 2019, the Group's sales revenue reached approximately RMB4,241 million; the gross profit margin was approximately 64.7%; operating profit reached approximately RMB1,729 million, operating profit margin was approximately 40.8%. The profit attributable to the equity holders of the Company amounted to approximately RMB1,112 million, and the basic earnings per share was RMB35.78 cents.

SPECIAL NOTE

The Group's subsidiaries incorporated in PRC are statutorily required to prepare their accounts with the financial year end date of 31 December. On 11 December 2018, the Board resolved to change the financial year end date of the Company from 31 March to 31 December to align the Company's financial year end date with that of the Group's PRC subsidiaries and to facilitate the preparation of the consolidated financial statements of the Group. The financial statements for the current financial period covered the twelve-month period from 1 January to 31 December 2019 ("the Current Reporting Period") with the comparative figures covered the nine-month period from 1 April to 31 December 2018 ("April 2018 to December 2018"). In order to let our shareholders and other stakeholders better understand the Group's operating results, the Group also presents the unaudited financial results for the twelve-month period from 1 January to 31 December 2018 ("the Corresponding Period Last Year") on a voluntary basis for year-on-year comparison.

管理層討論及分析

調味品行業概況

根據國家統計局數據，2019年全國餐飲業收入達到約人民幣46,700億元，同比增長約9.4%，增速高於2018年的7.7%，餐飲行業發展穩健。隨著一批中式餐飲企業成功實現標準化、規模化、連鎖化，餐飲企業不僅對調味品企業的產品質量、供應鏈能力提出更高的要求，同時開始注重調味品企業提供綜合解決方案的能力。在當前中國調味品市場集中度低的情況下，市場資本積極加入，使調味品行業競爭加劇，向「強者愈強」的方向發展。調味品企業除了穩固在細分市場的優勢，還開始向全品類產品組合發展，調味品行業的競爭會更加激烈。

業績

截至2019年12月31日止之十二個月，本集團實現銷售收入約人民幣42.41億元；毛利率約64.7%；營運盈利約人民幣17.29億元，營運盈利率約40.8%；本公司權益持有人應佔盈利約人民幣11.12億元，每股基本盈利約人民幣35.78分。

特別說明

本集團於中國註冊成立之子公司按法定要求須以12月31日為財政年度結算日編製賬目。董事會於2018年12月11日已決議把本公司財政年度年結日由3月31日更改為12月31日，旨在使本公司財政年度結算日與本集團於中國之子公司財政年度結算日一致，並將便於編製本集團綜合財務報表。此財務報告報告期涵蓋2019年1月1日至12月31日止十二個月期間（「本報告期」），相關比較數字涵蓋2018年4月1日至12月31日止九個月期間（「2018年4-12月」）。為了更好的讓股東以及其他持份者瞭解本集團之經營狀況，本集團自願呈列2018年1月1日至12月31日止十二個月期間（「去年同期」）之未經審核財務業績，以作同期比較。

Management Discussion and Analysis

管理層討論及分析

The results for the Current Reporting Period (Audited) and the Corresponding Period Last Year (Unaudited) are summarized below:

本報告期(經審核)以及去年同期(未經審核)之財務業績列示如下：

		For the twelve months ended 31 December 截至12月31日止十二個月	
		2019 2019年 (Audited) (經審核) RMB'000 人民幣千元	2018 2018年 (Unaudited) (未經審核) RMB'000 人民幣千元
Continuing operations	持續經營業務		
Revenue	營業額	4,241,040	3,981,536
Gross profit	毛利	2,745,410	2,590,939
Gross profit ratio	毛利率	64.7%	65.1%
Other income and other gains – net	其他收入及其他收益－淨額	225,509	180,464
Selling and marketing expenses	銷售及市場推廣開支	(358,305)	(264,169)
Administrative expenses	行政費用	(867,398)	(760,668)
Net impairment losses on financial assets	金融資產減值損失淨額	(16,405)	(1,616)
Operating profit	營運盈利	1,728,811	1,744,950
Finance (costs)/income – net	(融資成本)/財務收入－淨額	(12,028)	112,892
Share of results of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之業績	29,034	14,272
Profit before income tax	除稅前盈利	1,745,817	1,872,114
Income tax expense	所得稅	(372,076)	(430,529)
Profit from continuing operations for the year/period	持續經營業務之本年度/期間盈利	1,373,741	1,441,585

	Segment Revenue 分部營業額		Segment Result 分部業績	
	For the twelve months ended 31 December 截至12月31日止十二個月		For the twelve months ended 31 December 截至12月31日止十二個月	
	2019 2019年 (Audited) (經審核) RMB'000 人民幣千元	2018 2018年 (unaudited) (未經審核) RMB'000 人民幣千元	2019 2019年 (Audited) (經審核) RMB'000 人民幣千元	2018 2018年 (unaudited) (未經審核) RMB'000 人民幣千元
Continuing operations:	持續經營業務：			
Flavours & Fragrances	2,163,927	2,149,369	1,287,737	1,229,883
Tobacco Raw Materials	754,424	954,528	311,052	455,784
Aroma Raw Materials	620,409	706,469	82,124	117,649
Condiments	700,386	170,979	144,816	23,451
Others	1,894	191	(96,918)	(81,817)
	4,241,040	3,981,536	1,728,811	1,744,950

Management Discussion and Analysis

BUSINESS REVIEW

Review of flavours and fragrances business

During the Current Reporting Period, sales revenue of the flavours and fragrances business of the Group amounted to approximately RMB2,164 million, accounting for approximately 51.0% of the Group's total revenue. Operating profit of the business segment amounted to approximately RMB1,288 million, EBIT margin was approximately 59.5%. In comparison to the Corresponding Period Last Year, revenue of the flavours and fragrances business for the Current Reporting Period increased by 0.7% year-on-year, operating profit increased by 4.7% year-on-year, and EBIT margin recorded an increase of 2.3 percentage points year-on-year. The revenue of the business segment was stable, with increases in EBIT margin mainly attributable to the reasonable cost management and control by the Group as well as increased government grants.

(1) Flavours

In 2019, the sales volume, selling price and market share of the Group's tobacco flavours business remained stable, which were in line with the stable development situation in China's cigarette market. The business team and R&D team of tobacco flavours provided customised and stable products to customers based on their different products and brands, and assisted in helping to make customers' products more tasty. In terms of food flavours, the Group adjusted its product mix according to the growing trend in the food and beverage market with an emphasis on the concepts and the functions of products, which were being developed toward a natural, healthy and functional direction. At the same time, the Group increased investments in the R&D and sales team to enhance product and service quality to meet customers' demands.

(2) Fragrances

Xiamen Amber has continuously maintained a leading market share in the areas of incenses and household disinfection and insecticide. During the Current Reporting Period, Xiamen Amber successfully expanded its sales regions by exporting products to Africa region. In addition, the Group also increased its efforts in R&D and market surveys in the areas of personal care and cosmetics fragrances, aiming to tap into the demand of domestic small and medium enterprises.

管理層討論及分析

業務回顧

香精業務回顧

本報告期，本集團香精業務銷售收入約人民幣21.64億元，佔整個集團的收入約51.0%。板塊營運盈利約人民幣12.88億元，EBIT率約59.5%。與去年同期相比，本報告期香精業務收入同比增長約0.7%，營運盈利同比增長約4.7%，EBIT率同比上升約2.3個百分點。本報告期板塊收入穩健，EBIT率的提升主要由於集團合理管控費用以及政府津貼收入有所增加所致。

(1) 食用香精

2019年，集團煙用香精業務銷售量、銷售價格及市場份額維持穩定，符合中國捲煙市場平穩發展的現狀。煙用香精的業務及研發團隊根據客戶產品及品牌的差異，提供定制化及穩定的產品，做好客戶產品的口感。食品用香精方面，集團根據食品飲料市場對產品概念及功效愈發重視的趨勢，相應調整產品結構，使產品朝向天然、健康、功能性的方向發展，同時加大對研發及銷售團隊的投入，提升產品質量和服務水平，滿足客戶需求。

(2) 日用香精

廈門琥珀在熏香及消殺這一細分領域繼續維持領先的市場份額。本報告期，廈門琥珀成功拓展銷售區域，將產品銷售至非洲地區。此外，集團加大在個人護理及化妝品香精方面的研發及市場調查，挖掘更多本土中小企業的產品需求。

Management Discussion and Analysis

Investment Progress of the Proceeds Raised by the Flavours and Fragrances Segment

As at 31 December 2019, the cumulative amount of the funds raised from the initial public offering of Huabao Flavours in 2018 and dedicated for the “Huabao Yingtan Flavours and Ingredients production base project” (“Huabao Yingtan Project”) was approximately RMB97.8449 million, representing an investment progress of approximately 9.46%; the cumulative amount of IPO Proceeds and dedicated for the “Huabao Lhasa Pure Land Healthy Food project” (“Huabao Lhasa Project”) was approximately RMB17.7184 million, representing an investment progress of approximately 3.77%; the cumulative amount of IPO Proceeds and dedicated for the “Huabao H&K Food Flavours and Food Technology Development project” (“Huabao H&K Project”) was approximately RMB169,700, representing an investment progress of approximately 0.11%. As of 31 December 2019, the balance of unused proceeds (including accumulated interest income received) amounted to approximately RMB1,640 million.

The construction progress of the Huabao Yingtan Project was not as expected because of the excessive rainfalls during the initial stage of the project. Meanwhile, Huabao Flavours adopted an optimised approach of gradual investment with an aim to adapt to changes in market demands and control project investment risks. Currently, the construction work for Huabao Yingtan Project Phase I has been completed, and the tender for the design of the construction work of Phase II has been completed. Huabao Flavours is currently implementing specific optimisation designs for the subsequent construction work. The progress of the initial stage of the Huabao Lhasa Project was slow because of the high-altitude climate in Tibet and that the time available for construction work was short. At the same time, there were factors such as market and raw materials, as well as Huabao Flavours’ controlled investments, resulting in slowdown of project constructions. As the initial construction progress of the Huabao Yingtan Project was not satisfactory, Huabao Kongque was only able to complete the corresponding production transition in February 2019, resulting in the delay of the commencement of the project. In 2019, Huabao Flavours further optimised its design on the specific implementation of the Huabao H&K Project. After a comprehensive consideration of the current industrial support provided by local governments and the development strategies of itself, Huabao Flavours intended to change the site for the implementation of the Huabao H&K Project. Huabao Flavours will speed up the implementation once the site is confirmed.

管理層討論及分析

香精業務募集資金投資進度

截至2019年12月31日止，「華寶鷹潭食品用香精及食品配料生產基地項目」(以下簡稱「華寶鷹潭項目」)使用華寶股份於2018年首次公開募股資金累計約人民幣9,784.49萬元，投資進度約9.46%；「華寶拉薩淨土健康食品項目」(以下簡稱「華寶拉薩項目」)使用募集資金累計約人民幣1,771.84萬元，投資進度約3.77%。「華寶孔雀食品用香精及食品技術研發項目」(以下簡稱「華寶孔雀項目」)使用募集資金累計約人民幣16.97萬元，投資進度約0.11%。截至2019年12月31日止，尚未使用的募集資金餘額(包括累計收到的利息收入)約人民幣16.40億元。

華寶鷹潭項目前期由於江西鷹潭雨水較多，施工進展不及預期。同時，為適應市場需求變化、控制項目投入風險，華寶股份採取逐步投入的優化方式。截至目前，華寶鷹潭項目一期建設工程已經完成，二期建設工程已完設計招標工作，華寶股份正在對後續建設項目的具體落實進行進一步優化。華寶拉薩項目由於拉薩地區高原氣候、施工時間短，導致項目前期進度較慢。同時受市場、原材料等多種因素影響，華寶股份控制項目投入，導致項目建設有所放緩。華寶孔雀項目前期由於華寶鷹潭項目施工進度不及預期，華寶孔雀於2019年2月才完成相應的生產過渡，導致項目開工滯後。2019年度，華寶股份對華寶孔雀項目的具體落實做了進一步優化設計，同時綜合考慮當前地方政府產業扶持政策及自身發展戰略等因素後，華寶股份擬對華寶孔雀項目實施地點進行重新規劃，待實施地點確定後，華寶股份將加快實施。

Management Discussion and Analysis

Review of the tobacco raw materials business

During the Current Reporting Period, sales revenue of the Group's tobacco raw materials business was approximately RMB754 million, accounting for approximately 17.8% of the Group's total revenue. The operating profit of the segment amounted to approximately RMB311 million, EBIT margin was approximately 41.2%. In comparison to the Corresponding Period Last Year, the revenue of the tobacco raw materials business for the Current Reporting Period decreased by 21.0%, operating profit of the segment recorded a decrease of 31.8%, EBIT margin decreased by 6.5 percentage points. The decrease in sales revenue and the decrease in EBIT margin were mainly attributable to the decrease in market demand and the intense competition in the industry, which resulted in the decrease in sales volume and selling prices of the products.

(1) RTL

In 2019, the production and sales volume of cigarette industry remained stable, but there was overcapacity in the RTL industry, which led to the drop in sales volume for the Group's RTL. During the Current Reporting Period, sales volume and sales amount of RTL achieved significant growth in the overseas markets, which also optimised and broadened the income sources of the Group's RTL business.

In 2019, licenses for sale of heat-not-burn ("HNB") tobacco products were granted by more regulatory authorities in overseas, which provided the opportunity and momentum for the development in HNB tobacco related materials. During the Current Reporting Period, the Group built up a professional team to develop products and analyze the market, with an aim to seizing commercial chances related to HNB tobacco related materials in the future.

(2) Tobacco new materials

Flavour capsule cigarettes was popular in the market. New competitors continued to enter the market, resulting in a rapid growth in the supply of flavour capsule, which exceeded the growth of market demand and led to declined prices. Although the flavour capsule cigarettes industry has developed considerable market size and demand, the increased competition in the industry has put pressure on the profitability of market participants. During the Current Reporting Period, the Group demonstrated its flexibility in adjusting the price to consolidate its market share.

管理層討論及分析

煙用原料業務回顧

本報告期，本集團煙用原料業務銷售收入約人民幣7.54億元，佔整個集團的收入約17.8%，板塊營運盈利約人民幣3.11億元，EBIT率約41.2%。與去年同期相比，本報告期煙用原料業務收入下降約21.0%，營運盈利同比下降約31.8%，EBIT率下降約6.5個百分點。板塊銷售收入及EBIT率下降是由於市場需求減少以及行業競爭加劇導致產品銷量及價格下滑所致。

(1) 再造煙葉

2019年，捲煙行業產銷維持平穩，但再造煙葉行業的供給過剩。受此影響，集團再造煙葉的銷量有所下降。本報告期，再造煙葉在海外市場的銷售量及銷售額均取得大幅度的提升，優化了集團再造煙葉業務的收入來源。

2019年，加熱不燃燒煙草製品在海外獲得更多監管機構的銷售許可，這為加熱不燃燒煙相關材料的發展提供了機遇和動能。本報告期，集團搭建專業團隊研發產品、分析市場、了解有關監管及政策，以能夠在未來抓住加熱不燃燒煙草製品相關材料的商業機會。

(2) 捲煙新材料

由於爆珠煙受到市場歡迎，相繼有新的競爭者進入市場，使得爆珠行業產品供應快速增長，超過市場需求增長速度，爆珠價格下行。雖然爆珠煙行業已形成較為可觀的市場規模及需求，但是不斷加劇的行業競爭讓市場參與者的盈利空間承壓。本報告期，集團靈活調整價格，穩固市場份額。

Management Discussion and Analysis

Review of aroma raw materials business

During the Current Reporting Period, the Group's aroma raw materials business recorded a sales revenue of RMB620 million, accounting for approximately 14.6% of the Group's total revenue, the operating profit reached approximately RMB82.12 million, EBIT margin was approximately 13.2%. In comparison to the Corresponding Period Last Year, the revenue of the aroma raw materials business for the Current Reporting Period decreased by 12.2%, operating profit decreased by 30.2%, EBIT margin decreased by 3.5 percentage points. The decrease in sales revenue of the segment was mainly attributable to the overcapacity in the maltol industry, increase in competition and the maintenance work on the factories of Yancheng Chunzhu.

In 2019, as affected by the escalation of the Sino-US trade war and global economic growth slowdown, demand for aroma raw materials declined in both overseas and domestic markets. To maintain market share, some companies in the industry engaged in price competition, putting pressure on the prices of the industry's products. In addition, government authorities had commenced rectification work on the chemical industry, which required chemical enterprises to allocate more resources to environmental protection and safety facilities and services, resulting in certain impact on the profitability of chemical enterprises. However, from a long-term perspective, government regulations can be conducive to regulate the production and operation of chemical enterprises and thus can provide a more promising development prospect for the chemical enterprises in the future.

During the Current Reporting Period, Jiangxi Xianghai Phase I Project was completed and put into production. Land development and equipment installation of Phase II Project and the land development work in Phase III Project were close to completion. Jiangxi Xianghai produces various types of products with high standard of craftsmanship. It is expected to contribute more revenue and profit to the segment of aroma raw materials.

The price of maltol declined due to overcapacity and fierce competition in the industry. Guangdong Zhaoqing adopted the sales strategy of "Big Customers, Big Brands" to strengthen the partnership with big clients to maintain market share and pricing power.

While Yongzhou Shanxiang continued to cooperate with world-renowned flavours and fragrances companies, it was also engaged in the development and production of other products such as benzaldehyde. During the Current Reporting Period, Yongzhou Shanxiang has optimised its production lines for the production of benzaldehyde and provides quality products and services to customers with improved efficiency.

管理層討論及分析

香原料業務回顧

本報告期，本集團香原料業務銷售收入約人民幣6.20億元，佔整個集團的收入約14.6%，營運盈利約人民幣8,212萬元，EBIT率約13.2%。與去年同期相比，本報告期香原料業務收入下降約12.2%，營運盈利下降約30.2%，EBIT率下降約3.5個百分點。板塊銷售收入下降主要由於麥芽酚行業產能過剩、競爭加劇以及鹽城春竹進行檢修所致。

2019年，受到中美貿易戰不斷升級及世界經濟增速下滑影響，海外及國內香原料市場的需求均出現下滑。為了保住市場份額，有同行公司採取價格戰，讓行業產品價格承壓。此外，政府部門對化工行業展開整治工作，使化工企業需要投入更多資源於環保及安全方面的設施及服務，讓化工企業盈利能力受到一定影響。不過從長遠看，政府的監管也有助於規範化工企業的生產及運作，使化工企業有一個更好的發展前景。

本報告期，江西香海一期項目已經完成投產，二期項目的土地建設及設備安裝都已接近完成，三期項目的土地建設工作接近完成。江西香海生產的產品品類多、工藝要求高，未來會為香原料板塊貢獻更多的收入及利潤。

行業產能過剩、競爭激烈，導致麥芽酚價格下降。廣東肇慶採取「大客戶、大品牌」的銷售策略，強化與大客戶的合作關係，維持市場份額及定價能力。

永州山香在維持與國際知名香精香料公司合作的同時，還積極推進研發和生產苯甲醛等其它產品。本報告期，永州山香已經成功完成苯甲醛生產線的優化，更加高效的為客戶提供優質產品和服務。

Management Discussion and Analysis

Chemical enterprises in Jiangsu Province have all re-evaluated their own environmental protection and safe production capability due to a chemical accident occurred in Jiangsu Province in March 2019. As a leading manufacturer in the market segment of aroma raw materials, Yancheng Chunzhu has allocated resources for the re-inspection of its production facilities and education of its employees on safety and environmental protection training, with an aim to achieve a sustainable development.

Review of condiment business

During the Current Reporting Period, the sales revenue of the Group's condiment business was approximately RMB700 million, accounting for approximately 16.5% of the Group's total revenue. Its operating profit reached approximately RMB145 million, EBIT margin was approximately 20.7%. The Group completed the acquisition of Jiahao on 4 September 2018. Therefore, the financial figures of the Corresponding Period Last Year only covers the period from the date of completion of the acquisition to 31 December 2018. In comparison to the Corresponding Period Last Year, the operating profit margin of the condiment business for the Current Reporting Period increased by approximately 7.0 percentage points. The increase in the operating profit margin of the segment was mainly attributable to the Group's enriched product mix, expansion in distribution channels and optimization in marketing strategies.

管理層討論及分析

由於2019年3月江蘇化工事故的發生，江蘇省內的化工企業都對自己的環保及安全生產能力進行重新評估。作為細分市場領先的香原料製造商，鹽城春竹投入資源對公司生產設施進行重新排查，對員工進行安全和環保方面的培訓，以實現企業的可持續發展。

調味品業務回顧

本報告期，本集團調味品業務銷售收入約人民幣7.00億元，佔整個集團收入約16.5%，營運盈利約人民幣1.45億元，EBIT率約20.7%。本集團於2018年9月4日完成對嘉豪的收購，因此，去年同期的財務數據僅包含收購完成日至2018年12月31日之期間。與去年同期相比，本報告期營運盈利率增長約7.0個百分點。板塊營運盈利率的增長主要由於集團豐富產品結構、拓展銷售渠道、優化營銷策略。



Jiahao launched new products such as "Light Flavoured" chicken bouillon, "Chilli Liquid Seasoning", etc.
嘉豪推出「清香型」雞汁及「辣鮮露」等新產品

Management Discussion and Analysis

In terms of product mix, the Group strengthened the market position of the core products. At the same time, the Group upgraded the core products by dividing them into sub segments. The Group launched two types of chicken bouillon including “Rich Flavoured” chicken bouillon and “Light Flavoured” chicken bouillon to satisfy different needs of chefs in the catering industry. The Group launched the “Light Salted Chicken Powder” with the “Low Sodium, Full Flavour” feature in the southern China market according to its marketing strategy, while “Rich Flavoured Chicken Powder” was promoted to the northern market to suit the taste of the local consumers. Sichuan cuisine has become widely accepted and popular in China. The Group launched the “Chilli Liquid Seasoning” and swiftly gained market share with its exquisite quality and reasonable price.

In terms of distribution channels, the Group has set up flagship stores on Taobao Tmall to boost online sales. In terms of offline sales, the Group’s sales team has covered seven large sales regions in China to work closely with distributors to develop business. In addition, the Group also took advantage of the online and offline distribution channels of Weizhijia to increase the sales revenue of Jiahao.

In terms of marketing strategy, the Group positioned Jiahao Foodstuff as the “Chinese tastes expert” to strengthen its professional brand image. The Group also invited master chefs and other chefs to compete with each other in their culinary skills in the hope of enhancing Jiahao’s awareness, recognition, and influence among professional chefs. The Group aims to leverage these marketing strategies to turn the chefs into users and thereby increasing sales.

管理層討論及分析

產品結構方面，集團在穩固核心產品市場地位的同時，還對核心產品進行細分升級，推出「濃香型」和「清香型」兩種類型雞汁，滿足餐飲業廚師烹飪的細分需求。集團推出的「薄鹽雞粉」以「減鹽不減鮮」的工藝及營銷策略推向中國南方市場，而在北方則推出「濃香型」雞粉，迎合當地消費者的口味。川式菜系在全國的接受度和受歡迎程度越來越高，集團推出的「辣鮮露」產品以優質的品質及性價比，快速搶佔市場份額。

銷售渠道方面，集團於淘寶天貓商城開設旗艦店，提升線上銷量。線下銷售方面，集團銷售團隊覆蓋全國七個銷售區域，與經銷商深入合作，發展業務。另外，集團還利用味之家的線上及線下的銷售渠道，提升嘉豪的銷售收入。

營銷策略方面，集團將嘉豪定位為「中國味道專家」，強化其專業品牌形象。此外，集團邀請餐飲行業知名大廚與其他廚師一道進行廚藝比拼，提升嘉豪在專業廚師中的知名度、口碑及影響力。集團旨在採用這些營銷策略，將廚師轉換成用家，以達到提升產品銷量的目的。



The Group hosted culinary skills competition to enhance Jiahao’s brand awareness and influence among professional chefs

集團舉辦廚藝大賽，提升嘉豪在專業廚師心中的品牌知名度和影響力

Management Discussion and Analysis

Review of R&D

During the Current Reporting Period, the Group's investment in R&D was approximately RMB291 million. R&D expense accounted for approximately 6.9% of sales revenue, which was 0.4 percentage point higher than the 6.5% for April 2018 to December 2018.

In terms of flavours and fragrances, the Group was granted 10 invention patents and four utility patents, among which four invention patents were granted to Huabao Flavour, including "A tobacco flavour preparation method and its application" and "A method of extracting ophiopogonin for the enhancement of antioxidant activity". The invention patent for "A preparation method for geranyl acetone sustained-release material" was jointly granted to Guangzhou Hua Fang, China Tobacco Yunnan Industrial Co., Ltd. and South China University of Technology. Guangzhou Huabao obtained three invention patents for "A preparation method of water-soluble capsicum oleoresin of high pungency degree", "A crab flavour preparation and its application" and "An analytical method for capsicum characteristic index compound". Huabao Kongque obtained two innovative utility patents for "A type of filter press" and "A type of stirred tank for flavours and fragrances". Xiamen Amber obtained one invention patent for "A preparation method for natural extracts and its application" and two innovative utility patents for "A quality testing device for flavour blending" and "A highly effective swinging preparation tank for aroma manufacturing". In addition, Huabao Flavours obtained the "High and New Technology Enterprise Certificate" jointly issued by the Department of Science and Technology, Department of Finance, the State Administration of Taxation of the Tibet Autonomous Region in March 2019.

In terms of RTL, Guangdong Jinye applied for 46 new patents, including 42 domestic patents and four international patents. During the Current Reporting Period, Guangdong Jinye obtained 13 new authorized patents. Guangdong Jinye also completed the re-evaluation of four important enterprise qualifications, three of which have been completed successfully. These are the "Certification of Shantou Province Reconstituted Tobacco Leaves Technology and Development Centre", "Re-evaluation of National Intellectual Property Outstanding Enterprise" and "Guangdong Province Academician Experts Enterprise Workstation Expansion Assessment".

In terms of tobacco new materials, Huabao Biological Technology Co., Ltd. applied for 11 new patents and was granted nine authorized patents; Yunnan Xinyun applied for one new patent and was granted two new authorised patents. Yunnan Xinyun also obtained the qualification as a "Kunming Municipal Enterprise Technology Centre".

管理層討論及分析

研發情況回顧

本報告期，集團投入研發費用約人民幣2.91億元。研發費用佔據銷售收入的比例約為6.9%，較2018年4至12月的6.5%增加約0.4個百分點。

香精方面，集團共獲得發明專利10項，實用新型專利4項。其中，華寶股份獲得《一種煙用香料的制備方法及其應用》《一種提高抗氧化活性的麥冬皂甙的提取工藝方法》等4項發明專利。廣州華芳與雲南中煙工業有限責任公司、華南理工大學聯合獲得《一種制備香葉基丙酮緩釋材料的方法》的發明專利。廣州華寶獲得《一種高辣度水溶辣椒油樹脂的制備方法》《一種蟹香精及其制備方法和應用》和《一種辣椒油風味特徵指標化合物的分析鑒定方法》3項發明專利。華寶孔雀獲得《一種壓濾機》《一種香精攪拌釜》2項實用新型專利。廈門琥珀獲得《一種天然液及其制備方法與應用》的發明專利和《一種香料調配質量檢測裝置》《一種香料生產用高效擺動調配罐》2項實用新型專利。另外，華寶股份於2019年3月獲得由西藏自治區科學技術廳、西藏自治區財政廳、國家稅務總局西藏自治區稅務局聯合頒發的《高新技術企業證書》。

再造煙葉方面，廣東金葉申請了46項新專利，其中國內專利42項，國際專利4項。本報告期，廣東金葉新獲授權專利13項。此外，廣東金葉完成4項企業重要資質的復評工作，其中3項已經順利通過，分別是《汕頭市再造煙葉工程技術研究中心考評》《國家知識產權優勢企業複審》《廣東省院士專家企業工作站續建評審》。

捲煙新材料方面，華寶生物科技有限公司新申請專利11份，新獲授權9份；雲南芯韻新申請專利1份，新獲授權專利2份。雲南芯韻還獲得《昆明市企業技術中心》資格。

Management Discussion and Analysis

In terms of aroma raw materials, Jiangxi Xianghai obtained a total of six patents, including “Patent no. of a drying tank”, “Patent no. of a reactor” and “Patent no. of a new type of filtration device.” These patents demonstrate the high requirements of the Group in regards to the craftsmanship of aroma raw materials.

For condiments, Jiahao applied for three patents, namely, “A preparation method for a highly flavoured composite seasoning based on the evaluation of the degree of seasoning flavouring”, “A preparation method for moisture-resistant chicken powder” and “A preparation for thermal-resistant wasabi pastes condiment and its application”. Jiahao also established the “Jiangnan University-Jiahao Food Oriental Flavour Research Center” with Jiangnan University to leverage on the R&D advantages of Jiangnan University and Jiahao in the field of condiment products, with an aim of developing more tastes that are accepted and preferred by consumers in China. In addition, Jiahao was also awarded the “Top 100 Innovative Enterprises” by the “2019 China Science and Technology Innovation Summit”.

Human Resources and Corporate Culture Construction

As at 31 December 2019, the Group employed 3,544 employees in mainland China, Hong Kong, Germany, Botswana, the U.S. and Korea. During the Current Reporting Period, the labour costs (including pension and mandatory provident fund, pension insurance, etc.) amounted to approximately RMB604 million.

In 2019, following the Group’s strategy “Concentric Diversification”, the Group has systematically promoted the management work of human resources. The Group is committed to the values of growing together with its employees, providing a development platform for the employees with ability and integrity, sincerity and passion to fully develop their talents. During the Current Reporting Period, the Group vigorously introduced professional talents with management and industrial experience in the fast moving consumer goods industry, aiming to enhance the operation and management of Jiahao and strengthen the breadth and depth of Jiahao’s business expansion. The Group also actively introduced talented personnel with overseas education and working background to study overseas business model and to facilitate the development of the Group’s international development strategy.

管理層討論及分析

香原料方面，江西香海共取得6項專利，包括《一種乾燥釜專利號》《一種反應釜專利號》《一種新型過濾裝置專利號》，這些專利體現出集團對香原料工藝水準的高要求。

調味品方面，嘉豪申請3項專利，分別是《一種基於調味料鮮度評價的極鮮復合調味料的制備方法》《一種防吸潮雞粉的制備方法》《一種耐高溫芥辣風味調味料的制備及應用》。嘉豪還與江南大學成立「江南大學－嘉豪食品東方風味聯合研究中心」，利用江南大學及嘉豪在調味品領域的研發優勢，研發更多為中國消費者所接受和喜愛的味道。此外，嘉豪還獲得「2019年中國科技創新峰會」所頒發的「創新型企業100強」。

人力資源及企業文化建設

於2019年12月31日，集團於中國內地、香港、德國、博茨瓦納、美國及韓國共聘用員工3,544人。本報告期，共發生員工成本（包括退休金、強積金、退休保險等）約人民幣6.04億元。

2019年，本集團在「同心多元化」戰略的引領下，有條不紊地推動人力資源各項管理工作。集團踐行公司與員工共同成長的價值觀，為德才兼備、有誠信有激情的員工提供舞台，施展所長。本報告期，集團積極引進具備快速消費品行業資深管理和從業經驗的專業人才，提升嘉豪營運和管理水平，加強嘉豪業務拓展的廣度和深度。集團還積極引進具有海外教育及工作背景的優秀人才，深入研究海外業務模式，促進集團國際化發展戰略的落地。

Management Discussion and Analysis

According to the development stage and characteristics of each business segment, the Group seeks to improve the incentive mechanism to maximise the value of talents and improve the Group's core values of "Value Creation and Shared Achievements". In addition, the Group also organised a wide range of cultural and entertainment activities for its employees so that they can enjoy a balanced work life with physical and mental developments, which is the best condition for productivity.

During the Current Reporting Period, the Group actively fulfilled its social responsibilities and continued to carry out activities such as poverty alleviation, donation and education to win the trust of the society and achieve sustainable development.

Outlook

In the area of flavours and fragrances, the Group will continue to expedite the construction of investment projects and improve the Group's competitive edge in the area of food flavours. The Group will take advantage of the economic downturn to identify M&A targets that are of high quality, low prices, and potential synergies to expand the scale of the flavours and fragrances business. For tobacco raw materials, the Group will consolidate the leading position of the RTL segment in R&D and technology in China, continue to boost the sales volume in overseas market, and rigorously carry out R&D projects and analysis of innovative tobacco related materials. For aroma raw materials, the Group will comply with the government and regulatory departments' requirements, strengthen the training in safe production and achieve sustainable development, as well as to focus on big customer relationship, improve pricing power and profitability. As for condiments, the Group will further promote new products and strengthen distribution channel penetration. Through offline interaction with the chefs, Jiahao's brand image of "Chinese tastes expert" would be delivered to customers to enhance Jiahao's brand recognition among them.

管理層討論及分析

集團根據各業務板塊的發展階段和特點，通過完善激勵機制，最大化發揮人才價值，踐行集團「價值創造、共享共贏」的核心價值觀。此外，集團為員工組織豐富多樣的文娛活動，使員工身心協同發展，以最佳的狀態投入工作。

本報告期，集團積極履行社會責任，繼續開展扶貧、教育公益等活動，以贏得社會的信任，實現可持續的發展。

未來展望

香精方面，集團將繼續推進募投項目的建設，提升在食品用香精行業的競爭力，同時利用經濟下行週期的機會，尋找質優價廉、能夠為香精業務帶來協同效應的企業進行兼併收購，擴大業務規模。煙用原料方面，集團將穩固在國內再造煙業研發及技術領域領先的市場地位，繼續提升在海外市場的銷售額，大力進行新型煙草製品相關原料的研發及分析；香原料方面，集團將按照政府及監管部門要求，強化安全生產培訓，做到可持續發展，同時進一步強化與大客戶的關係，提升定價及盈利能力。調味品方面，集團會進一步推廣新產品，強化渠道的滲透，透過線下與廚師進行親密互動，傳遞嘉豪「中國味道專家」的品牌形象，提升客戶對嘉豪的品牌認可度。



The Group is actively engaged in social welfare activities and received recognition from the government
集團積極參與公益事業，獲得政府肯定

Management Discussion and Analysis

In the year ahead, phase I of the trade deal has been made between China and the U.S. However, the uncertainty of the trade relationship between China and the U.S. brings economic growth slowdown risk to China. In addition, the spread of the COVID-19 Pneumonia has further weakened market demand and lead many industries' development to slow down and even decrease, of which the catering industry was hit the most. In the short term, the Group's condiment business will face challenges due to the sluggish catering industry, but the management will monitor market, assess impact, and devise strategies to tackle these challenges ahead. In the long term, the size, demand, and growth potential of Chinese catering industry remain robust, the management remains confident in the development prospect of Chinese catering and condiment industry. The management believes that, with clear operation strategies of each business segment, the Group will be able to maintain stable growth and development. The Group will be committed to its "Concentric Diversification" strategy, closely monitor the impact of COVID-19 Pneumonia on operation environment, market demand, and clients, flexibly adjust its sales strategies, and optimize resources allocation to rise to the challenges and create value for shareholders and society.

FINANCIAL REVIEW

Analysis of annual results for the year ended 31 December 2019

Sales revenue

The Group's sales revenue amounted to RMB4,241,040,000 for the year ended 31 December 2019 (for the nine months ended 31 December 2018 from continuing operations: RMB3,058,707,000), of which sales revenue from flavours and fragrances reached RMB2,163,927,000, contributing approximately 51.0% of total sales revenue; sales revenue from tobacco raw materials reached RMB754,424,000, contributing approximately 17.8% of total sales revenue; sales revenue from aroma raw materials reached RMB620,409,000, contributing approximately 14.6% of total sales revenue; sales revenue from condiment reached RMB700,386,000, contributing approximately 16.5% of total sales revenue.

For the Current Reporting Period, sales revenue was increased by 6.5% as compared with RMB3,981,536,000 (unaudited) for the Corresponding Period Last Year from continuing operations. The increase in sales revenue is mainly attributable to the consolidation of twelve months' sales revenue of condiment business acquired last year in the Current Reporting Period, whereas the sales revenue of condiment business in the Corresponding Period Last Year only included the sales revenue from 4 September 2018 (date of completion of acquisition) to 31 December 2018. However, part of the increase was offset by the decrease in sales revenue of tobacco raw materials and aroma raw materials.

管理層討論及分析

新的一年，中美達成首階段貿易協議。然而，中美貿易關係的不確定性使中國經濟前景仍然面臨着增長放緩的風險。此外，新冠肺炎的蔓延進一步削弱了市場需求，使眾多行業的增長放緩甚至下滑，其中餐飲業受到的負面影響尤為突出。短期來看，集團調味品板塊面對著餐飲行業發展疲弱的挑戰，管理層將監測市場、評估影響並製定策略應對。長期來看，中國餐飲行業的市場規模、需求及增長潛力仍然巨大，管理層對中國餐飲行業及調味品行業的發展前景充滿信心。管理層相信，憑借各業務板塊清晰的營運策略，集團能夠維持穩定的成長及發展。集團會堅持「同心多元化」發展戰略，同時密切監測新冠肺炎對經營環境、市場需求以及客戶的影響，靈活調整銷售策略，優化資源配置，讓集團能夠迎難而上，為股東及社會創造價值。

財務狀況回顧

截至2019年12月31日止年度的業績分析

營業額

截至2019年12月31日止年度，本集團的營業額達人民幣4,241,040,000元（截至2018年12月31日止九個月來自持續經營業務：人民幣3,058,707,000元），其中香精的營業額達人民幣2,163,927,000元，佔總收入約51.0%；煙用原料的營業額達人民幣754,424,000元，佔總收入約17.8%；香原料的營業額達人民幣620,409,000元，佔總收入約14.6%；調味品的營業額達人民幣700,386,000元，佔總收入約16.5%。

本報告期的營業額較去年同期來自持續經營業務的人民幣3,981,536,000元（未經審核）增加了約6.5%。營業額的增加，主要是由於去年收購調味品業務，在本報告期包含了十二個月的營業額，而去年同期只包含由2018年9月4日（收購完成日）至2018年12月31日止的營業額；但部份升幅卻被煙用原料及香原料的營業額下降所抵銷了。

Management Discussion and Analysis

Cost of goods sold

The Group's cost of goods sold amounted to RMB1,495,630,000 for the year ended 31 December 2019. The Group's cost of goods sold amounted to RMB1,108,902,000 for the nine months ended 31 December 2018 from continuing operations.

Gross profit and gross profit margin

For the year ended 31 December 2019, gross profit of the Group amounted to RMB2,745,410,000 (for the nine months ended 31 December 2018 from continuing operations: RMB1,949,805,000). Gross profit margin was approximately 64.7%, representing an increase of 1.0 percentage point from 63.7% of the nine months ended 31 December 2018.

Gross profit of the Current Reporting Period was increased by 6.0% as compared with RMB2,590,939,000 (unaudited) for the Corresponding Period Last Year from continuing operations, it is mainly attributable to the consolidation of twelve months' figures of condiment business in the Current Reporting Period, whereas only four months' figures was included in the Corresponding Period Last Year. However, part of the increase was offset by the decrease in gross profit of tobacco raw materials and aroma raw materials. Gross profit margin of the Current Reporting Period was slightly decreased by 0.4 percentage point from 65.1% (unaudited) of the Corresponding Period Last Year. It was mainly because sales revenue of products with relatively lower gross profit margin accounted for a higher proportion than that in the Corresponding Period Last Year.

Other income and other gains – net

Other income and other gains (net) of the Group was RMB225,509,000 for the year ended 31 December 2019, representing an increase of RMB45,045,000 as compared with RMB180,464,000 (unaudited) for the Corresponding Period Last Year from continuing operations. The increase in other income and other gains was mainly due to the increase in government grants for the Current Reporting Period.

管理層討論及分析

銷售成本

截至2019年12月31日止年度，本集團的銷售成本為人民幣1,495,630,000元，而截至2018年12月31日止九個月，本集團來自持續經營業務的銷售成本為人民幣1,108,902,000元。

毛利和毛利率

截至2019年12月31日止年度，本集團的毛利為人民幣2,745,410,000元（截至2018年12月31日止九個月來自持續經營業務：人民幣1,949,805,000元）。本報告期之毛利率約為64.7%，較截至2018年12月31日止九個月的63.7%上升了1.0個百分點。

本報告期的毛利較去年同期的來自持續經營業務的人民幣2,590,939,000元（未經審核）增加了6.0%，主要因為調味品板塊在本報告期包含了十二個月的業績，而去年同期只包含了四個月的業績；但部份升幅卻被煙用原料及香原料的毛利下降所抵銷了。本報告期之毛利率較去年同期的65.1%（未經審核）稍為下降了0.4個百分點，主要是因為毛利率稍低之產品營業額佔比較去年同期有所上升。

其他收入及其他收益－淨額

截至2019年12月31日止年度，本集團的其他收入及其他收益－淨額為人民幣225,509,000元，較去年同期來自持續經營業務的人民幣180,464,000元（未經審核）上升了人民幣45,045,000元。其他收入及其他收益的增加主要是由於本報告期政府津貼增加所致。

Management Discussion and Analysis

Selling and marketing expenses

The selling and marketing expenses of the Group mainly comprised travelling expenses, transportation costs, advertising and promotion expenses, salaries and office expenses. The selling and marketing expenses of the Group for the year ended 31 December 2019 were RMB358,305,000 (for the nine months ended 31 December 2018 from continuing operations: RMB208,417,000). Selling and marketing expenses to total sales revenue of the Current Reporting Period amounted to approximately 8.4%, representing an increase of 1.6 percentage points as compared with 6.8% for the nine months ended 31 December 2018. The increase of such ratio was mainly attributable to the selling and marketing expenses to sales ratio of condiment business acquired last year was higher than that for the other businesses of the Group, which caused the Group's composite ratio increased.

Administrative expenses

The Group's administrative expenses amounted to RMB867,398,000 for the year ended 31 December 2019 (for the nine months ended 31 December 2018 from continuing operations: RMB574,345,000). Administrative expenses to total sales revenue for the Current Reporting Period amounted to approximately 20.5%, representing an increase of approximately 1.7 percentage points as compared with 18.8% for the nine months ended 31 December 2018. The increase of such ratio was mainly due to the amortisation expenses of intangible assets related to the acquisition of condiment business and higher employee benefit expenses of the Group.

Operating profit

Operating profit of the Group for the year ended 31 December 2019 was RMB1,728,811,000 (for the nine months ended 31 December 2018 from continuing operations: RMB1,287,750,000). The operating profit margin was decreased by 1.3 percentage points from approximately 42.1% for the nine months ended 31 December 2018 to approximately 40.8% of the Current Reporting Period.

Operating profit of the Current Reporting Period was decreased by RMB16,139,000, representing a decrease of approximately 0.9% as compared with RMB1,744,950,000 (unaudited) for the Corresponding Period Last Year from continuing operations, mainly due to the decrease in operating profit of tobacco raw materials and aroma raw materials.

管理層討論及分析

銷售及市場推廣開支

本集團的銷售及市場推廣開支主要包括差旅費、運輸成本、廣告及宣傳費、薪金及辦公費用等。截至2019年12月31日止年度，本集團的銷售及市場推廣開支為人民幣358,305,000元（截至2018年12月31日止九個月來自持續經營業務：人民幣208,417,000元）。本報告期間的銷售及市場推廣開支所佔銷售收入的比例為約8.4%，較截至2018年12月31日止九個月的6.8%上升了1.6個百分點。該比例的上升主要是由於去年新收購的調味品業務之銷售及市場推廣開支佔銷售收入的比例較集團其他業務高，因此拉高了集團的綜合比例。

行政費用

截至2019年12月31日止年度，本集團的行政費用為人民幣867,398,000元（截至2018年12月31日止九個月來自持續經營業務：人民幣574,345,000元）。本報告期的行政費用所佔銷售收入的比例為約20.5%，較截至2018年12月31日止九個月的18.8%上升了1.7個百分點。該比例的上升主要是因為新收購的調味品業務所產生之無形資產攤銷費用和集團的僱員及福利開支有所上升所致。

營運盈利

本集團的營運盈利在截至2019年12月31日止年度為人民幣1,728,811,000元（截至2018年12月31日止九個月來自持續經營業務：人民幣1,287,750,000元），營運盈利率約40.8%，較截至2018年12月31日止九個月的42.1%下降了1.3個百分點。

本報告期的營運盈利較去年同期來自持續經營業務的人民幣1,744,950,000元（未經審核）減少人民幣16,139,000元，減少了0.9%，主要是由於煙用原料及香原料營運盈利下降。

Management Discussion and Analysis

Income tax expense

Income tax expense of the Group for the year ended 31 December 2019 was RMB372,076,000 (for the nine months ended 31 December 2018 from continuing operations: RMB320,805,000). Income tax rate for the Current Reporting Period was approximately 21.3%, which was slightly decreased by approximately 2.0 percentage points as compared with 23.3% for the nine months ended 31 December 2018. It was mainly attributable to the decrease in withholding income tax.

Profit attributable to the equity holders of the Company

Profit attributable to the equity holders of the Company was RMB1,112,004,000 for the year ended 31 December 2019, while profit attributable to the equity holders of the Company was RMB1,017,959,000 for the nine months ended 31 December 2018.

Net current asset value and financial resources

As at 31 December 2019, the net current asset value of the Group was RMB6,957,179,000 (31 December 2018: RMB7,734,866,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 31 December 2019, the Group's cash and bank balances amounted to RMB5,722,074,000 (31 December 2018: RMB7,142,391,000), over 80% of which was held in RMB. In addition, the Group held bank financial products of RMB726,191,000 (31 December 2018: RMB515,177,000) which was classified as financial assets at fair value through profit or loss.

Bank borrowings and debt ratio

As at 31 December 2019, the Group had bank borrowings of RMB2,998,776,000 (31 December 2018: RMB3,690,139,000), of which secured loan amounted to RMB2,310,474,000 (31 December 2018: RMB2,888,092,000) was due within four years, and the unsecured loans amounted to RMB688,302,000 (31 December 2018: RMB802,047,000) were due within one year. For the year ended 31 December 2019, the average annual interest rate of the secured loan was 5.70%, and the average annual interest rate of the unsecured loans was 3.63% (31 December 2018: 3.72%). As at 31 December 2019, the Group's gearing ratio (total debts, include current and non-current borrowings, divided by total equity (excludes non-controlling interests) was 25.4%, which was lower than the 31.4% as of 31 December 2018. It was mainly attributable to the repayment of approximately RMB578 million secured loan related to the acquisition of Jiahao during the Current Reporting Period.

管理層討論及分析

稅務開支

本集團的稅務開支在截至2019年12月31日止年度為人民幣372,076,000元(截至2018年12月31日止九個月來自持續經營業務：人民幣320,805,000元)。本報告期所得稅稅率約為21.3%，較截至2018年12月31日止九個月的約23.3%下降了2.0個百分點，主要是由於本報告期預提所得稅較少所致。

本公司權益持有人應佔盈利

本公司權益持有人應佔盈利在截至2019年12月31日止年度為人民幣1,112,004,000元，而在截至2018年12月31日止九個月持續經營業務的約為人民幣1,017,959,000元。

流動資產淨值和財務資源

於2019年12月31日，本集團的流動資產淨值人民幣6,957,179,000元(2018年12月31日：人民幣7,734,866,000元)。本集團主要透過經營業務提供營運資金，維持穩健財務狀況。於2019年12月31日，本集團的銀行及庫存現金為人民幣5,722,074,000元(2018年12月31日：人民幣7,142,391,000元)，其中超過80%是以人民幣持有。此外，本集團持有之銀行理財產品之公允值為人民幣726,191,000元(2018年12月31日：人民幣515,177,000元)，此項以公允價值計量且其變動計入損益之金融資產列示。

銀行貸款及負債比率

於2019年12月31日，本集團的銀行借貸總額為人民幣2,998,776,000元(2018年12月31日：人民幣3,690,139,000元)，當中有抵押貸款為人民幣2,310,474,000元(2018年12月31日：人民幣2,888,092,000元)，並於四年內到期償還；而無抵押貸款為人民幣688,302,000元(2018年12月31日：人民幣802,047,000元)，並於一年內到期償還。截至2019年12月31日止年度，有抵押貸款之平均年息率為5.70厘；而無抵押貸款的平均年息率為3.63厘(2018年12月31日：3.72厘)。於2019年12月31日，本集團之負債比率(總債務(包括流動及非流動貸款)除以總權益，不含非控制性權益)為25.4%，較2018年12月31日的31.4%有所下降，主要由於本報告期償還了部份用於收購嘉豪食品的有抵押貸款約人民幣5.78億元。

Management Discussion and Analysis

Investing activities

The Group's investing activities included the purchase of property, plant and equipment, financial assets investment and merger & acquisition activities related to the strategical development strategies. For the year ended 31 December 2019, the net cash used in investing activities amounted to RMB1,072,514,000, mainly used for new placement of short-term time deposits, purchase of properties, plant and equipment and financial assets investment. For the nine months ended 31 December 2018, the net cash used in investing activities amounted to RMB5,375,678,000.

Financing activities

For the year ended 31 December 2019, the net cash used in financing activities amounted to RMB2,671,539,000, mainly comprised of cash dividends of approximately RMB1,279,486,000 paid to shareholders of the Company, cash dividends of RMB479,367,000 paid to non-controlling interests, repayment of bank loans of RMB1,461,703,000 and addition of bank loans of RMB756,607,000. For the nine months ended 31 December 2018, the net cash generated from financing activities amounted to RMB2,940,612,000.

Trade receivables turnover period

Trade receivable turnover period is calculated on the basis of the average amount of trade receivables as at the beginning and end of a relevant financial year divided by the total sales revenue for the corresponding period and multiplied by 360 days (nine months ended 31 December 2018: 270 days). The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with the customers. For the year ended 31 December 2019, the Group's average trade receivables turnover period was 88 days, decreased by 10 days as compared with 98 days for the nine months ended 31 December 2018. It was mainly attributable to the very low balance of trade receivables of condiment business acquired last year which cause the Group's average figures decreased.

Trade payables turnover period

Trade payable turnover period is calculated on the basis of the average amount of trade payables as at the beginning and at the end of a relevant financial year divided by the cost of goods sold for the corresponding period and multiplied by 360 days (nine months ended 31 December 2018: 270 days). Credit periods granted by suppliers to the Group ranged from 0-180 days. For the year ended 31 December 2019, the Group's average trade payables turnover period was 77 days, remaining stable as compared with 78 days for the nine months ended 31 December 2018.

管理層討論及分析

投資活動

本集團的投資活動主要包括購買物業、機器及設備；金融資產投資和與戰略性發展策略有關的收購兼併活動。截至2019年12月31日止年度，投資活動所用的現金淨額為人民幣1,072,514,000元，主要用於新增短期定期存款、購買物業、機器及設備及金融資產投資。而截至2018年12月31日止九個月，投資活動所用的現金淨額為人民幣5,375,678,000元。

融資活動

截至2019年12月31日止年度，本集團融資活動所用的現金淨額為人民幣2,671,539,000元，主要包括向本公司股東支付約人民幣1,279,486,000元之現金股息、向非控制性權益支付人民幣479,367,000元之現金股息、償還銀行貸款人民幣1,461,703,000元及新增銀行貸款人民幣756,607,000元。而截至2018年12月31日止九個月，融資活動所產生的現金淨額為人民幣2,940,612,000元。

應收賬週轉期

應收賬週轉期乃通過將有關財政期間之期初及期末的應收貿易賬款平均金額除以相應期間的營業總額再乘以360天（截至2018年12月31日止九個月：270天）計算。本集團一般給予客戶約0-180日的信貸期，根據客戶業務量的大小和業務關係時間長短而定。截至2019年12月31日止年度，本集團的平均應收賬週轉期為88日，較截至2018年12月31日止九個月期間的98日下降了10日，主要由於去年新收購的調味品業務幾乎沒有應收賬款，令到集團綜合數字有所下降。

應付賬週轉期

應付賬週轉期乃通過將有關財政期間期初及期末的應付貿易賬款平均金額除以相應期間的銷售成本再乘以360天（截至2018年12月31日止九個月：270天）計算。供貨商給予本集團的信貸期介乎零日至180日。截至2019年12月31日止年度，本集團的平均應付賬週轉期為77日，與截至2018年12月31日止九個月期間的78日持平。

Management Discussion and Analysis

管理層討論及分析

Inventory and inventory turnover period

As at 31 December 2019, the Group's inventory balance amounted to RMB931,385,000 (31 December 2018: RMB896,243,000). For the year ended 31 December 2019, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and end of a relevant financial year divided by the total cost of goods sold for the corresponding period and multiplied by 360 days (nine months ended 31 December 2018: 270 days) was 220 days, increased by 21 days as compared with 199 days for the nine months ended 31 December 2018. The increase in inventory balance was mainly due to the flavours and fragrances segment increased its inventory balance in response to the fluctuation in raw materials market price.

Foreign exchange and exchange rate risk

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

Pledge of assets

As at 31 December 2019, the Group's equity interest in Jiahao Foodstuff Limited and Guangdong Jiahao Foodstuff Co., Ltd, and its land and buildings in Zhongshan China were used as collateral for a bank loan of approximately RMB2.31 billion.

Capital Commitments

As at 31 December 2019, the Group had capital commitments in respect of the purchase of property, plant, equipment, financial assets at fair value through other comprehensive income, investment in associate, etc., contracted for but not provided in the financial statements amounting to approximately RMB265,106,000 (31 December 2018: RMB363,516,000), which was mainly investment in domestic and overseas funds amounted to RMB109,790,000.

Contingent liabilities

Based on the information available to the Board, the Group had no material contingent liabilities as at 31 December 2019.

存貨和存貨週轉期

本集團的存貨結餘於2019年12月31日為人民幣931,385,000元（2018年12月31日：人民幣896,243,000元）。在截至2019年12月31日止年度，存貨週轉期（將有關財政期間期初及期末的存貨平均結餘除以相應期間的銷售成本總額再乘以360天（截至2018年12月31日止九個月：270天）計算）為220日，較截至2018年12月31日止九個月期間的199日上升了21天。存貨餘額的上升主要是受市場原料價格波動影響，香精板塊進行了原料的備貨所致。

外匯及匯率風險

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

資產抵押

於2019年12月31日，本集團以嘉豪食品有限公司及廣東嘉豪食品有限公司之股權及其位於中國中山的土地及樓宇作為約人民幣23.1億元銀行貸款之抵押。

資本承擔

於2019年12月31日，本集團就已訂約購買的物業、廠房、設備、以公允價值計量且其變動計入其他綜合收益之金融資產及於聯營公司之投資等但並未於財務報表撥備的資本承擔約人民幣265,106,000元（2018年12月31日：人民幣363,516,000元），主要是國內及海外基金的投資約人民幣109,790,000元。

或然負債

根據可供董事會查閱的資料，本集團於2019年12月31日並無任何重大的或然負債。

Biographical Details of Directors and Senior Management 董事及高級管理層履歷

EXECUTIVE DIRECTORS 執行董事



Ms. CHU Lam Yiu, aged 50, the Chairlady of the Board, CEO, Executive Director and the Chairlady of Nomination Committee of the Company. Ms. Chu has been a member of the Board since March 2004. Ms. Chu is the mother of Mr. LAM Ka Yu (Executive Director of the Company). Ms. Chu is also a director of the Company's principal subsidiaries marked with "C1" as set out in Note 35 to the consolidated financial statements. Ms. Chu has extensive experience in formulating strategies and making executive decisions on business operation, investments and market development. She was a member of the Fourth and Fifth Chinese People's Political Consultative Conference Committee (Shenzhen, Guangdong province). Ms. Chu, through the corporations controlled by her, is the beneficial owner of shares of the Company as set out on pages 72 to 73 of this annual report headed under Directors' Interests in Shares, Underlying Shares and Debentures.

朱林瑤女士，50歲，本公司董事會主席、首席執行官、執行董事及提名委員會主席，自2004年3月起出任董事會成員。朱女士為林嘉宇先生（本公司執行董事）之母。朱女士亦是載於綜合財務報表附註35內有「C1」符號之本公司主要附屬公司的董事。朱女士擁有企業營運、投資及市場拓展之策略制定及決策方面之豐富經驗。彼曾擔任中國人民政治協商會議廣東省深圳市第四及第五屆委員會委員。朱女士，透過受其控制的公司，實益擁有本公司股份，詳情已載於本年報第72至73頁標題為董事於股份、相關股份及債券之權益。

Mr. XIA Liquan, aged 53, an Executive Director, Vice Chairman and a member of the Remuneration Committee of the Company. Mr. Xia has been a member of the Board since September 2006. Mr. Xia is also a director of the Company's principal subsidiaries marked with "X1" and the legal representative of those companies marked with "X2" as set out in Note 35 to the consolidated financial statements. Mr. Xia holds a Bachelor's degree in economics and is a certified accountant, certified tax specialist and certified appraiser in China. Mr. Xia has over 20 years of financial and corporate management experience. He previously worked in domestic accounting firms in China and was a senior management member of a foreign invested enterprise in China. Mr. Xia is currently the honorary chairman of the Food Additives and Ingredients Association in Shanghai City.

夏利群先生，53歲，本公司執行董事、副主席及薪酬委員會委員，自2006年9月起出任董事會成員。夏先生亦是載於綜合財務報表附註35內分別有「X1」及「X2」符號之本公司主要附屬公司的董事及法定代表人。夏先生持有經濟學學士學位及中國註冊會計師、註冊稅務師及註冊評估師資格。夏先生擁有逾二十年財務及企業管理方面經驗。彼曾任職於中國內地會計師事務所和擔任中國之外商投資企業高層管理職位。夏先生現擔任上海市食品添加劑和配料行業協會名譽會長。



Biographical Details of Directors and Senior Management 董事及高級管理層履歷



Mr. POON Chiu Kwok, aged 57, an Executive Director, Vice President and the Company Secretary of the Company. Mr. Poon has been a member of the Board since March 2004. Mr. Poon was awarded the postgraduate diploma in laws by the University of London. He holds a Bachelor's degree in laws, a Bachelor's degree in business studies and a Master's degree in international accounting. He is a fellow of CPA Australia Ltd., The Chartered Governance Institute (formerly known as Institute of Chartered Secretaries and Administrators), and The Hong Kong Institute of Chartered Secretaries and a member of its Technical Consultation Panel, China Focus Group and Audit Committee and a fellow member of the Hong Kong Securities and Investment Institute and its associate instructor. Mr. Poon has extensive experience and knowledge in areas of compliance, corporate finance and corporate governance of listed companies.

潘昭國先生，57歲，本公司執行董事、副總裁及公司秘書，自2004年3月起出任董事會成員。潘先生獲倫敦大學授予法學研究生文憑；擁有法學學士學位、商業學學士學位和國際會計學碩士學位。彼為澳洲會計師公會之資深註冊會計師、英國特許公司治理公會（原稱為：特許秘書及行政人員公會）及香港特許秘書公會資深會士，香港特許秘書公會的技術諮詢小組、中國大陸關注小組及審計委員會成員。彼亦是香港證券及投資學會資深會員及其特邀導師。彼於上市公司之合規、企業財務及治理方面擁有多多年經驗。

Mr. LAM Ka Yu, aged 27, an Executive Director of the Company. Mr. Lam has been a member of the Board since November 2013. Mr. Lam is the son of Ms. CHU Lam Yiu (the Chairlady of the Board, CEO, Executive Director and controlling shareholder of the Company). Mr. Lam is also a director of the Company's principal subsidiaries marked with "L1" and the legal representative of those companies marked with "L2" as set out in Note 35 to the consolidated financial statements. Mr. Lam was educated in the United Kingdom and the United States of America. For corporate management experiences, Mr. Lam is currently a managing director and legal representative of a private company, which is engaged in e-commerce business in China. He previously served as a director and the general manager of a company which is engaged in advertising media business in China, and a director of a non-profit foundation in China.

林嘉宇先生，27歲，本公司執行董事，自2013年11月起出任董事會成員。林先生為朱林瑤女士（本公司董事會主席、首席執行官、執行董事及控股股東）的兒子。林先生亦是載於綜合財務報表附註35內分別有「L1」及「L2」符號之本公司主要附屬公司的董事及法定代表人。林先生於英國及美國接受教育。就企業管理經驗而言，林先生目前於一家主要在中國經營電子商務業務的私人公司擔任董事長及法定代表人，彼曾於一家在中國經營廣告傳媒業務的公司擔任董事及總經理職務及曾為國內一家非牟利基金會的理事。



Biographical Details of Directors and Senior Management 董事及高級管理層履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事



Mr. LEE Luk Shiu, aged 62, an Independent Non-executive Director, the chairman of both of the Audit Committee and Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Lee has been a member of the Board since May 2006. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lee has over 30 years of experience in commercial accounting and corporate finance. Mr. Lee has principally engaged in corporate finance and regulatory aspects in the Hong Kong Stock Exchange. He was an assistant vice president of the Listing Division of the Stock Exchange, and his duties included regulating and monitoring the Hong Kong listed companies in relation to their compliance with the Listing Rules and processing new listing applications. He also served as a senior consultant of an investment bank for more than 5 years.

李祿兆先生，62歲，本公司獨立非執行董事、審核委員會和薪酬委員會主席及提名委員會委員，自2006年5月起出任董事會成員。李先生為英國特許公認會計師公會資深會員及香港會計師公會會員。李先生在商業會計及企業融資方面擁有超過三十年經驗，曾主要從事香港聯交所之企業融資及監管事宜。李先生曾任職香港聯交所上市科助理副總監，其職責包括規管及監督香港上市公司有關遵守上市規則的情況及處理新上市申請之程序。彼亦曾擔任一間投資銀行的高級顧問逾五年時間。

Ms. MA Yunyan, aged 59, an Independent Non-executive Director and a member of both of the Audit Committee and Remuneration Committee of the Company. Ms. Ma has been a member of the Board since September 2004. Ms. Ma graduated from the Law School of Peking University in 1984 and obtained qualification as a lawyer in China in 1986. She is the senior Partner of Shu Jin Law Firm. Ms. Ma is currently an independent director of Shenzhen Techand Ecology & Environment Co., Ltd. and Jiangsu Nata Opto-Electronic Material Co., Ltd. (both of the companies are listed on the Shenzhen Stock Exchange). She was a member of the Fourth, Eighth and Ninth Listing Committee of Shenzhen Stock Exchange. From August 2009 to August 2011, she was a member of the Growth Enterprises Board Public Offering Review Committee of China Securities Regulatory Committee. She has been dedicated to teaching and doing research in the Law School in relation to international commerce and investment aspects for 10 years. She has years of experience in the legal field in relation to the capital markets, including investment, merger and acquisition, issuance of securities, etc., and has lead-managed the issuance of shares and convertible bonds and major restructuring of numerous companies listed in PRC and Hong Kong.



麻雲燕女士，59歲，本公司獨立非執行董事、審核委員會和薪酬委員會委員，自2004年9月起出任董事會成員。麻女士於1984年畢業於北京大學法律系，1986年於中國內地取得律師資格，為廣東信達律師事務所高級合夥人。麻女士現擔任深圳市鐵漢生態環境股份有限公司及江蘇南大光電材料股份有限公司之獨立董事（上述兩家均於深圳證券交易所上市）。彼亦曾擔任深圳證券交易所第四屆、第八屆以及第九屆上市委員會委員。彼由2009年8月至2011年8月止擔任中國證券監督管理委員會創業版發行審核委員會委員。彼曾經從事國際商務與投資領域的法學教學、研究工作共十年時間。彼多年從事投資、收購合併、證券發行等資本市場的法律業務，曾主辦了多家於中國及香港上市之公司的股票、可換股債券發行以及重大重組。

Biographical Details of Directors and Senior Management 董事及高級管理層履歷



Mr. WU Chi Keung, aged 63, an Independent Non-executive Director and a member of both of the Audit Committee and Remuneration Committee of the Company. Mr. Wu has been a member of the Board since August 2013. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Wu has over 30 years of experience in financial audit, corporate restructuring and merger and acquisitions. He was a partner of Deloitte Touche Tohmatsu until he retired in December 2008.

胡志強先生，63歲，本公司獨立非執行董事、審核委員會和薪酬委員會委員，自2013年8月起出任董事會成員。胡先生為英國特許公認會計師公會資深會員及香港會計師公會會員。胡先生於財務審計、企業重組及收購合併方面擁有超過三十年經驗。直至2008年12月退休前，彼曾為德勤•關黃陳方會計師行合夥人。

Mr. Jonathan Jun YAN, aged 57, an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Yan has been a member of the Board since May 2019. Mr. Yan graduated from University of Technology, Sydney with a Master of Management. Mr. Yan previously served as the Director of the MBA (Mandarin International) Education Centre of the University of Technology, Sydney from 1998 to 2000, the General Manager of Insearch Consulting (Shanghai) Ltd. from 2001 to 2005, and the General Manager of Ecole Fashion Consulting (Beijing) Ltd. from 2006 to 2013. He is the Director of Global Finance Development Education Center of PBC School of Finance, Tsinghua University since 2013. Mr. Yan is currently an independent director of Haisco Pharmaceutical Group Co. Ltd., Beijing Shuzhi Technology Co. Ltd. and Guangdong Baolihua New Energy Stock Co. Ltd. (all are listed on the Shenzhen Stock Exchange) since January 2017, September 2018 and May 2019, respectively.

Jonathan Jun YAN先生，57歲，本公司獨立非執行董事和審核委員會委員，自2019年5月起出任董事會成員。嚴先生畢業於悉尼科技大學，管理學碩士。嚴先生於1998年至2000年在悉尼科技大學商學院擔任中文國際MBA教育中心主任；於2001年至2005年任英世企諮詢(上海)有限公司總經理；於2006年至2013年任意國時尚管理諮詢(北京)有限公司總經理；2013年至今任清華大學五道口金融學院全球金融發展教育中心主任。嚴先生現擔任海思科醫藥集團股份有限公司、北京數知科技股份有限公司及廣東寶麗華新能源股份有限公司(均於深圳證券交易所上市)之獨立董事，各任期分別自2017年1月、2018年9月及2019年5月開始。



Biographical Details of Directors and Senior Management 董事及高級管理層履歷

SENIOR MANAGEMENT 高級管理層



Ms. YUAN Xiao Qin, aged 51, a president of Huabao Flavours, joined the Group since August 2006. Ms. Yuan is also a director of the Company's principal subsidiaries marked with "YX1" and the legal representative of those companies marked with "YX2" as set out in Note 35 to the consolidated financial statements. Ms. Yuan holds an MBA degree and is a qualified engineer. Before joining the Group, Ms. Yuan served as executive in a Hong Kong listed state-owned enterprise. She has over 20 years of experience in senior management position. Ms. Yuan is currently the deputy director of China Association of Fragrance Flavour and Cosmetic Industries, deputy director of China Association of Bakery & Confectionery Industry, chairman of the Food Additives and Ingredients Industry Association in Shanghai City and consultant of the Federation of Industry and Commerce in Chaoyang District, Shantou City. She was a representative of the People's Congress in Shantou City, Guangdong Province and a member of the National Committee of the Chinese People's Political Consultative Conference in Chaoyang District, Shantou City.

袁肖琴女士，51歲，華寶股份總裁，自2006年8月起加入本集團。袁女士亦是載於綜合財務報表附註35內分別有「YX1」和「YX2」符號之本公司主要附屬公司的董事及法定代表人。袁女士持有工商管理碩士學位及工程師資格。袁女士在加入本集團前，在一家香港上市的中國國有企業擔任管理職務，擁有超過二十年的高層行政經驗。袁女士現兼任中國香料香精化妝品工業協會副理事長、中國焙烤食品糖製品工業協會副理事長、上海市食品添加劑和配料行業協會會長、汕頭市潮陽區工商業聯合會顧問。彼曾擔任廣東省汕頭市人民代表大會代表及汕頭市潮陽區政協委員。



Mr. CHOY Man Fai, aged 56, a vice president of Huabao Flavours, joined the Group since August 2006, responsible for marketing and sales of tobacco flavours. Mr. Choy is also a director of the Company's principal subsidiaries marked "FC1" and the legal representative of those companies marked "FC2" as set out in Note 35 to the consolidated financial statements. He holds a diploma of applied chemical technology of Hong Kong Polytechnic University. Mr. Choy served as a marketing manager in a number of world renowned flavours and fragrances companies. Mr. Choy has over 20 years of experience in flavours and fragrances marketing and management.

蔡文輝先生，現年56歲，華寶股份副總裁，自2006年8月起加入本集團，負責煙用香精市場與銷售工作。蔡先生亦是載於綜合財務報表附註35內有「FC1」和「FC2」符號之本公司主要附屬公司的董事及法定代表人。彼持有香港理工大學應用化學技術工藝專業文憑。蔡先生曾任職於多家國際知名香精香料公司市場銷售管理職位。蔡先生擁有超過二十年香精香料市場行銷及管理方面經驗。

Biographical Details of Directors and Senior Management 董事及高級管理層履歷

Mr. Alan DAVIES, aged 72, the chief flavourist of Huabao Flavours and general manager of Aromascape Development Centre in Germany, joined the Group since February 2007. Mr. Davies is also a director of the Company's principal subsidiaries marked with "AD1" as set out in Note 35 to the consolidated financial statements. Mr. Davies holds a Higher National Diploma in food science of Grimsby College of Technology, United Kingdom. Mr. Davies served as a senior flavourist in charge of creation and applications in a number of world renowned flavours and fragrances companies and tobacco factory, including BBA, Carreras Rothmans, Dragoco and Symrise. Mr. Davies has over 35 years of experience in tobacco flavours.

Alan DAVIES先生，72歲，華寶股份首席調香師，德國Aromascape研發中心總經理，自2007年2月起加入本集團。Davies先生亦是載於綜合財務報表附註35內有「AD1」符號之本公司主要附屬公司的董事。Davies先生持有英國Grimsby College of Technology的食品科學高級國家文憑，亦曾任職多家國際知名的香精香料公司和煙廠，包括BBA、Carreras Rothmans、Dragoco及Symrise，期間擔任高級調香師及主管開發和應用，Davies先生擁有超過三十五年的煙用香精香料經驗。



Mr. LUO Jing, aged 41, a vice president and chief human resources officer of the Company, joined the Group since September 2017. Mr. Luo is also a director of the Company's principal subsidiaries marked with "LJ1" and the legal representative of those companies marked with "LJ2" as set out in Note 35 to the consolidated financial statements. Mr. Luo graduated from the Department of International Politics at Fudan University with a bachelor's degree in Law, and then obtained a master's degree in Management from University of Leeds. Mr. Luo also holds a senior human resources management qualification. Prior to joining the Group, he held the position of chief human resources officer and some other senior management positions in a number of large group companies, as well as accumulated rich management and consulting experiences in enterprises human resources planning and organizational strategic development.

羅晶先生，現年41歲，本公司副總裁及首席人力資源官，自2017年9月起加入本集團。羅先生亦是載於綜合財務報表附註35內分別有「LJ1」和「LJ2」符號之本公司主要附屬公司的董事及法定代表人。羅先生畢業於復旦大學國際政治系專業，獲法學學士學位，並獲英國利茲大學管理學碩士學位。羅先生擁有高級人力資源管理師資格，在加入本集團前曾在多家大型集團公司擔任首席人力資源官等高級管理職位，在企業的人力資源規劃及組織戰略發展方面累積了豐富的管理及諮詢經驗。



Biographical Details of Directors and Senior Management 董事及高級管理層履歷



Mr. REN Miao, aged 40, a vice president of Huabao Flavours, joined the Group since September 2016. Mr. Ren graduated from Taiyuan University of Technology with a bachelor's degree in Machinery Design, Manufacturing and Automation. Prior to joining the Group, Mr. Ren held several executive positions such as marketing director, vice president, etc. at various companies, and has extensive practical experience in marketing strategy management.

任淼先生，現年40歲，華寶股份副總裁，自2016年9月起加入本集團。任先生畢業於太原理工大學機械設計製造及其自動化專業，本科學歷。任先生在加入本集團前曾在多家企業擔任行銷總監、副總裁等高級管理職位，在企業行銷戰略發展方面累積了豐富的管理及實戰經驗。

Mr. GAO Xu, aged 36, the president of Tobacco Raw Materials Business Division and general manager of the Company's subsidiaries named – Shanghai Huabao Biological Technology Co., Ltd., Guangdong Jinye and Hunan Jishou Minzu Materials Co., Ltd joined the Group since April 2007. Mr. Gao is also a director of the Company's principal subsidiaries marked with "GX1" and the legal representative of those companies marked with "GX2" as set out in Note 35 to the consolidated financial statements. Mr. Gao holds a bachelor's degree in Food Science and Engineering from Nanjing University of Finance and Economics and a master's degree in Food Science from Jiangnan University. Since joining the Group in 2007, Mr. Gao has held different positions, namely technician of tobacco flavour market service center, deputy general manager of Yunnan Tianhong Flavor and Fragrance Co., Ltd., assistant to the chairman of Guangdong Jinye, vice president of Tobacco Raw Materials Business Division and president of Tobacco Raw Materials Business Division. He has extensive operational and managerial experience in tobacco raw materials.



高旭先生，現年36歲，本公司煙用原料事業部總裁，兼任本公司附屬公司上海華寶生物科技有限公司、廣東金葉及湖南吉首市民族煙材有限公司總經理，自2007年4月起加入本集團。高先生亦是載於綜合財務報表附註35內分別有「GX1」和「GX2」符號之本公司主要附屬公司的董事及法定代表人。高先生畢業於南京財經大學食品科學與工程專業，獲工學學士學位，後就讀於江南大學食品科學專業，獲工學碩士學位。高先生自加入本集團以來，歷任煙用香精市場服務中心技術員，雲南天宏香精有限公司副總經理，廣東金葉董事長助理，煙用原料事業部副總裁，煙用原料事業部總裁等職務。高先生在煙用原料相關領域有豐富的經營管理經驗。

Corporate Governance Report

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

CORPORATE GOVERNANCE

Throughout the financial year ended 31 December 2019 (the "Financial Year"), the Company had complied with the code provisions in the CG Code and, where appropriate, adopted the recommended best practice as set out in the code provisions, except for code provisions A.2.1 and A.4.1:

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

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

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

企業管治報告

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

企業管治

於截至2019年12月31日止財政年度(「本財政年度」)整年內，本公司已遵守企業管治守則之守則條文，並在適當的情況下採納守則條文所載之建議最佳常規，惟守則條文第A.2.1條及第A.4.1條除外：

守則條文第A.2.1條規定，主席與行政總裁的角色應有區分，且不應由一人同時兼任。儘管本公司董事會主席兼執行董事朱林瑤女士自2013年4月9日起兼任首席執行官職務，惟董事會定期舉行會議討論有關本集團業務營運的事項，故董事會認為有關安排將不會削弱董事會與執行管理層之間之權責平衡，公司的規劃、策略的執行及決策的效率大致上將不會受到影響。

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

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

Corporate Governance Report

Changes in Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, no changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 23 August 2019 (being the date of approval of the Company's 2019 interim report) and 27 March 2020 (being the date of approval of this annual report) of the Company.

THE BOARD

Board Composition

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

Executive Directors

Ms. CHU Lam Yiu (*Chairlady and CEO*)
Mr. XIA Liqun (*Vice Chairman*)
Mr. POON Chiu Kwok (*Company Secretary*)
Mr. LAM Ka Yu

Independent Non-executive Directors

Mr. LEE Luk Shiu
Ms. MA Yunyan
Mr. WU Chi Keung
Mr. Jonathan Jun YAN

There is no relationship (including financial, business, family or other material relationship) between any members of the Board, except for Ms. CHU Lam Yiu is the mother of Mr. LAM Ka Yu (both are Executive Directors of the Company). Biographies of the Directors are set out on pages 30 to 33 of this annual report. The present Board has experience, expertise, and qualifications in aspects of production and operation, management, accounting and finance, legal and regulatory both in Hong Kong and China. Two out of four INEDs possess recognized professional qualification in accounting. The INEDs bring independent judgment, professional knowledge and experience appropriate for the Board's deliberations. All Directors have relevant qualifications in relevant field of expertise and have exhibited personal and professional ethics and integrity. The diversity of experiences and backgrounds enables the Board to enhance better corporate governance and performance standard and to bring in valuable contributions and objective advices for the development of the Group's businesses.

企業管治報告

董事資料更新

根據上市規則第13.51B(1)條，於2019年8月23日（為通過本公司2019年之中期報告當日）至2020年3月27日（為通過本年報當日）期間，本公司的董事資料未有根據第13.51(2)條(a)至(e)及(g)段變動而需予披露。

董事會

董事會成員

本公司有一個全面化的董事會。董事會由四名執行董事及四名獨立非執行董事組成。董事會成員如下：

執行董事

朱林瑤女士 (*主席兼首席執行官*)
夏利群先生 (*副主席*)
潘昭國先生 (*公司秘書*)
林嘉宇先生

獨立非執行董事

李祿兆先生
麻雲燕女士
胡志強先生
Jonathan Jun YAN先生

董事會成員之間並無任何關係（包括財務、業務、家屬或其他重大關係），除了朱林瑤女士及林嘉宇先生（均為本公司執行董事）為母子關係。董事履歷載於本年報第30至33頁。現時之董事會於生產營運、管理、會計及金融、法律以及香港和中國規管方面具有經驗、專長及資格。四名獨立非執行董事當中兩名擁有認可的會計專業資格。獨立非執行董事為董事會議事提供適當專業的知識、經驗及獨立判斷。所有董事在其專業範圍內擁有相關資歷，並顯示了個人專業操守和誠信。董事會的多元化經驗及背景可提升良好企業管治表現及標準，並為本集團業務發展帶來寶貴貢獻及客觀建議。

Corporate Governance Report

During the Financial Year, the Board met the requirements of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board, with at least one independent non-executive director possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules). During the Financial Year, Mr. Lee Luk Shiu ("Mr. Lee"), one of the INEDs, retired by rotation and, being eligible, offered himself for re-election at the AGM of the Company held on 3 May 2019. Mr. Lee joined the Company since May 2006 and has been serving as an INED for more than nine years. The Company has complied with the code provision A.4.3 of the CG Code that the election of Mr. Lee as the INED was subject to a separate resolution and the relevant circular contained reasons why the Board was of the view that Mr. Lee was still independent and should be re-elected. The Company has received, from each of the INEDs, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the INEDs are considered to be independent pursuant to the Listing Rules.

Chairlady and Chief Executive Officer

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

Mr. XIA Liqun as Vice Chairman, is responsible for the daily operational management of the Group and reports to the CEO directly. With the support of Mr. XIA Liqun as the Vice Chairman, Mr. POON Chiu Kwok as the Company Secretary, and the Qualified Accountant, the Chairlady shall ensure that all Directors are properly briefed on issues arising at board meetings and receive adequate, complete, reliable and timely information for making decisions. Apart from the above, the Chairlady is also responsible for the duties as specified in code provisions A.2.4 to A.2.9 of the CG Code.

企業管治報告

於本財政年度內，董事會符合上市規則有關委任佔董事會成員人數至少三分之一的獨立非執行董事，並且其中至少一名獨立非執行董事須具備適當的專業資格，或具備相關適當的會計或相關的財務管理專長之規定（遵守上市規則第3.10條的規定）。於本財政年度內，李祿兆先生（「李先生」），其中一位獨立非執行董事，於2019年5月3日舉行的股東週年大會上輪值告退，惟彼符合資格，並願膺選連任。李先生於2006年5月份加入本公司，擔任獨立非執行董事已經超過九年。本公司已遵守企業管治守則條文第A.4.3條規定，以獨立決議案形式重選李先生為獨立非執行董事並於相關通函載列董事會為何認為李先生仍屬獨立人士及應獲重選的原因。根據上市規則第3.13條，本公司已獲得各獨立非執行董事之年度獨立性確認書。董事會已評估彼等之獨立性，並認為全體獨立非執行董事根據上市規則均被視為獨立。

主席與首席執行官

朱林瑤女士為本公司董事會主席（負責領導董事會的運作及本集團的戰略規劃）兼執行董事，彼自2013年4月9日起兼任首席執行官（負責本集團重大管理及業務決策）職務。朱女士於企業營運和策略規劃方面具有豐富經驗，董事會相信朱女士同時出任主席及首席執行官之職，有利於本集團的業務發展及管理。

夏利群先生兼任副主席，負責本集團日常營運管理工作，並直接向首席執行官匯報。主席於副主席夏利群先生、公司秘書潘昭國先生及合資格會計師的支持下，須確保所有董事就於董事會會議提出的事項得到適當說明，並獲得充足完整、可靠和及時的資料以作出決策。除上述外，主席亦負責企業管治守則條文第A.2.4至A.2.9條指定之職務。

Corporate Governance Report

Roles and Responsibilities of Directors

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

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

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

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

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

Board Meetings

The Board conducts scheduled board meetings on a quarterly basis to discuss strategies and business issues, including financial performance of the Group. Details of attendance of the Directors at the physical meetings are set out on page 56 of this annual report.

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

企業管治報告

董事的角色和責任

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

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

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

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

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

董事會會議

董事會每季舉行預定的董事會會議，討論政策和業務事宜，包括本集團財務表現。董事出席會議的紀錄載於本年報第56頁。

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

Corporate Governance Report

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

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

During the Financial Year, the Chairlady has held a meeting with the INEDs without the presence of other Directors.

Directors' Appointment and Re-election

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

Directors' Interests and Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding dealing in the securities of the Company by the Directors. Having made specific enquiries of all Directors, the Company has received their written confirmations that they have complied with the required standard as set out in the Model Code throughout the Financial Year. Full details of the Directors' interests in the Shares are set out on pages 72 to 73 of this annual report.

Delegation of Directors

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

企業管治報告

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

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

於本財政年度內，主席已與獨立非執行董事舉行一次沒有其他董事出席的會議。

董事之委任和重選

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

董事權益和進行證券交易

本公司已採納標準守則，作為董事進行本公司證券交易的操守準則。經向全體董事作出特定查詢後，本公司已收到全體董事之書面確認彼等在本財政年度整年內均已遵守標準守則所規定之標準。董事權益詳情載列於本年報第72至73頁。

董事的委託

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

Corporate Governance Report

BOARD COMMITTEES

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

Remuneration Committee

The Remuneration Committee consists of three INEDs, namely Mr. LEE Luk Shiu (the chairman of Remuneration Committee), Ms. MA Yunyan, Mr. WU Chi Keung, and one Executive Director, Mr. XIA Liqun.

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

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

Directors will abstain from voting in determining their own remuneration packages. During the Financial Year, the Remuneration Committee met four times to, among other things, review the emolument packages of the Directors and senior management. The individual attendance of Remuneration Committee members at meetings is set out on page 56 of this annual report. Details of the emolument of the Directors are set out in Note 37 to the consolidated financial statements while details of the Share Option Scheme to the Directors and senior management are set out on pages 67 to 70 of this annual report.

企業管治報告

董事委員會

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

薪酬委員會

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

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

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

董事須就釐定彼等薪酬組合時放棄投票。於本財政年度內，薪酬委員會就（其中包括）審閱本公司董事和高級管理層的薪酬組合召開四次會議。各薪酬委員會委員出席會議的紀錄載於本年報第56頁。董事之薪金詳情載於綜合財務報表附註37，而購股權計劃詳情亦載於本年報第67至70頁。

Corporate Governance Report

Audit Committee

The Audit Committee comprises four INEDs, namely Mr. LEE Luk Shiu (the chairman of Audit Committee), Ms. MA Yunyan, Mr. WU Chi Keung and Mr. Jonathan Jun YAN.

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

- To review the financial budget and planning including the annual and interim financial statements and results announcements during the financial year/for the reporting period;
- To discuss with the external auditors and the management on possible accounting risks;
- To review the effectiveness of the Group's financial controls, corporate governance, internal controls and risk management systems;
- To review the sufficiency of manpower, resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
- To approve the audit fees and terms of engagement of the external auditors;
- To review the independence of the external auditors and make recommendations to the Board on the re-appointment of the external auditors; and
- To review and monitor the Company's policies and practices on compliance with corporate governance and other legal and regulatory requirements, and to report to the Board on their decisions or recommendation.

企業管治報告

審核委員會

審核委員會由四名獨立非執行董事，即李祿兆先生（為審核委員會主席）、麻雲燕女士、胡志強先生和Jonathan Jun YAN先生組成。

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

- 審閱財政年度／報告期內之財務預算及籌資計劃，包括全年及中期財務報表及業績公佈；
- 與外聘核數師及管理層就潛在會計風險作出討論；
- 檢討本集團之財務監控、企業管治、內部監控及風險管理系統之有效性；
- 檢討處理會計、內部審核及財務匯報職能方面的人手、資源、員工資歷經驗及接受的培訓課程及有關預算是否充足；
- 批准外聘核數師之核數費用及委任任期；
- 審閱外聘核數師之獨立性及就續任外聘核數師向董事會作出推薦意見；及
- 檢討及監察本公司在遵守企業管治及其他法律及監管規定方面的政策及常規，並向董事會匯報其決定或建議。

Corporate Governance Report

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

The Audit Committee meets regularly with the Company's external auditors to discuss accounting issues, and reviews the effectiveness of risk management and internal control systems. During the Financial Year, the Audit Committee met twice for reviewing the financial reports for 2019 audited annual results and 2019 interim results (including the Company's compliance with the CG Code and the contents disclosed in the Corporate Governance Report) and the effectiveness of the Group's risk management and internal controls system. The individual attendance of Audit Committee members at meetings is set out on page 56 of this annual report. Members of the Audit Committee were satisfied with the Company's risk management and internal control systems and the financial reporting disclosures.

The Audit Committee of the Company has reviewed the Group's audited annual results for the Financial Year.

Nomination Committee

The Nomination Committee comprises an Executive Director, Ms. CHU Lam Yiu (the Chairlady of Nomination Committee) and two INEDs, namely Mr. LEE Luk Shiu and Mr. WU Chi Keung.

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

- To review the structure, size and composition of the Board and diversity of Board members, and make any proposed changes to the Board according to the Company's corporate strategy;
- To consider the development targets and strategies of the Company and the skills mix needed in respect of the Board, and make recommendations to the Board;
- To assess the independence of INEDs and review the INEDs' annual confirmations on their independence; and make disclosure of its review results in the Corporate Governance Report;
- To review the time required from a Director to perform his/her responsibilities; and
- To make recommendations to the Board on the appointment or re-appointment of directors.

企業管治報告

審核委員會的職權範圍已刊登於本公司網站 www.huabao.com.hk 和香港聯交所網站 www.hkexnews.hk。

審核委員會與公司的外聘核數師定期開會討論會計問題，並檢討風險管理及內部監控系統之有效性。於本財政年度內，審核委員會舉行兩次會議以審閱2019年度之經審核全年業績及2019年度之中期業績（包括本公司遵守企業管治守則情況和於企業管治報告中披露的內容）以及檢討本集團之風險管理及內部監控系統之有效性。各審核委員會委員出席會議的紀錄載於本年報第56頁。審核委員會委員對本公司之風險管理及內部監控系統和財務報告的披露表示滿意。

本公司審核委員會已審閱本集團本財政年度之經審核全年業績。

提名委員會

提名委員會由一名執行董事，朱林瑤女士（為提名委員會主席）和兩名獨立非執行董事，即李祿兆先生和胡志強先生組成。

提名委員會之主要職責為制定提名政策供董事會考慮，並執行經董事會批准的提名政策，考慮公司發展目標策略和董事會所需的技能組合，以及就董事委任和董事的繼任計劃向董事會提出建議。提名委員會的職權範圍已刊登於本公司網站 www.huabao.com.hk 和香港聯交所網站 www.hkexnews.hk。履行其職責時，提名委員會已進行下列工作：

- 檢討董事會的架構、人數、組成及成員的多元化，並按公司的企業策略向董事會提出任何改動建議；
- 考慮公司發展目標策略及董事會所需的技能組合，然後向董事會提出建議；
- 評核獨立非執行董事的獨立性及審視獨立非執行董事就其獨立性而作出的年度確認；並在《企業管治報告》內披露檢討結果；
- 檢討董事履行其責任所需付出的時間；及
- 就董事的委任或重新委任向董事會提出建議。

Corporate Governance Report

Board Diversity Policy

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

During the Financial Year, the Nomination Committee met once for reviewing the board structure, the diversity of Board members and the commitment of Directors and making recommendations to the Board. The Nomination Committee considered that the composition of the Board is well balanced and diversified in terms of gender, age, educational background, professional skills and experience. It meets the needs of the business operations and development of the Group. The Board is of the view that every Director has dedicated sufficient time and attention to the affairs of the Company. Each Director had disclosed to the Company at the time of his/her appointment of the directorships held in other listed companies or nature of offices held in public organizations and other significant commitments. The Company has also requested Directors to provide in a timely manner any change in such information. The individual attendance of Nomination Committee members at meetings is set out on page 56 of this annual report.

企業管治報告

董事會成員多元化政策

本公司於2013年9月採納之董事會成員多元化政策(本「政策」)載列董事會為達致成員多元化而採取的方針，當中會考慮多項因素及可計量目標，包括但不限於性別、年齡、文化及教育背景、專業技能、知識、經驗及服務任期方面，以確保董事會的才能、技能、經驗及背景有恰當的比重及權衡。董事會成員的委任均以用人唯才為原則，在考慮人選時以客觀條件進行評估，本公司亦會根據本身的業務模式及與時並進的特定需要去考慮各種因素。提名委員會將監察本政策的執行，並不時作出檢討，向董事會匯報其討論決定或提出任何修訂建議，並交由董事會審批，以確保本政策持續有效。

於本財政年度內，提名委員會就檢討董事會的架構、成員的多元化和董事履行職務的情況召開一次會議，並向董事會提出建議。提名委員會認為董事會的組成結構平衡得宜，不論在性別、年齡、教育背景、專業技能及經驗上均呈現多元化，亦配合集團的業務運作及發展需求。董事會確認每名董事均已投入足夠時間及精神處理公司之事務。每名董事於接受委任時均會向公司披露於其他上市公司之董事職務或於公眾組織所擔任之職位性質以及其他重大承擔。公司亦已要求董事適時向公司提供該等資料之任何變動。各提名委員會委員出席會議的紀錄載於本年報第56頁。

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

Organizational Structure and Risk Management

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

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

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

企業管治報告

風險管理及內部監控

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

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

董事會為有效的內部監控已設立的主要程序，如下：

組織結構及風險管理

本集團設有適當的組織結構和明確的營運政策和程序以及責任和授權。

本公司設立內部審計組，其工作範疇經由審核委員會建議。

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

Corporate Governance Report

Authority and Control

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

Budgetary Control and Financial Reporting

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

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

Risk Management and Internal Control Review

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

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

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

企業管治報告

授權和監控

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

預算控制和財務匯報

本集團實施預算管理，財務預算經董事會批准後執行。已設有相關程序評估、檢討和批准重大資本支出和經常性支出，和定期審閱和比較經營業績與預算。

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

風險管理及內部監控評估

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

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

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

Corporate Governance Report

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

Identification, assessment and management:

- The head of each department such as the Investment Department, Finance Department and the Board of the Company will inform and report to the relevant Directors regarding the factors that have impact on the profit and price based on the nature of business and their own experience. During the course of execution, the concerned project teams of the Company will handle relevant documents and report to the relevant personnel (including the Directors).
- As for the matters as required to be disclosed under the Listing Rules, the Compliance Department will present the issues to the Board for review and discussion, and the Legal Department and Compliance Department will inform relevant members of the project team that dealing in the shares of the Company is prohibited.

Review prior to the transactions:

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

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

企業管治報告

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

辨認、評估及管理：

- 本公司的部門主管(包括投資部、財務部及董事會)會根據業務性質及自身經驗，針對那些對盈利或價格有影響的因素知會有關董事及作出匯報。當有關的項目執行中時，本公司相關專案小組會處理專案文件，並向有關人員(包括董事)匯報情況。
- 若按上市規則需要披露的事項，合規部門將提呈董事會審閱及審議，同時法務部及合規部會通知項目組有關成員禁止買賣本公司股票。

截至交易前的檢查：

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

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

Corporate Governance Report

Measures to further enhance Internal Control Systems and Corporate Governance practices

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

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

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

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

企業管治報告

提升內部監控制度及企業管治的措施

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

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

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

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

Corporate Governance Report

Directors' Training

All Directors participated in appropriate continuous professional development and provided the Company with their records of training they received during the Financial Year. Directors participated in the training which included reading regulatory updates, attending seminars or conducting training sessions and exchanging views.

Executive Directors

Ms. CHU Lam Yiu
Mr. XIA Liqun
Mr. POON Chiu Kwok
Mr. LAM Ka Yu

執行董事

朱林瑤女士
夏利群先生
潘昭國先生
林嘉宇先生

Independent Non-executive Directors

Mr. LEE Luk Shiu
Ms. MA Yunyan
Mr. WU Chi Keung
Mr. Jonathan Jun YAN

獨立非執行董事

李祿兆先生
麻雲燕女士
胡志強先生
Jonathan Jun YAN先生

Company Secretary's Training

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

During the Financial Year, Mr. Poon has obtained over 60 hours of relevant professional trainings.

企業管治報告

董事培訓

於本財政年度內，所有董事均已參與合適之持續專業發展，並已向公司提供所接受培訓之紀錄。董事參與的培訓，包括閱讀最新監管資料，以及出席專題研討會或作培訓交流。

Attend seminars/ conduct training sessions and exchange views

出席 專題研討會/ 作培訓交流

Yes	有
Yes	有
Yes	有
Yes	有
Yes	有
Yes	有
Yes	有
Yes	有
Yes	有

公司秘書培訓

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

於本財政年度內，潘先生已獲得超過60小時之相關專業培訓。

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Directors' Responsibility in Preparing Financial Reporting

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

Auditors' Report and Remuneration

The Company's external auditors are PricewaterhouseCoopers. There has been no change in the Company's external auditors for the preceding three years.

The external auditors have a primary responsibility for auditing and reporting on the financial statements. The Auditors' Report to the Shareholders is set out on pages 81 to 88 of this annual report.

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

Nature of Services	服務性質	Amount 金額 (RMB'000) (人民幣千元)
Audit services	核數服務	
– for the audit of the Group	– 集團審計	4,200
– for the statutory and other audits of the subsidiaries	– 子公司法定及其他審計	5,456
Non-audit services	非核數服務	100

Please also refer to Note 25 to consolidated financial statement set out on page 190 of this annual report for details of Auditors' Remuneration.

企業管治報告

問責和審核

董事編製財務報表的責任

董事會負責編製並準時刊發財務報表。編製財務報表時，有關法律法規已獲遵守，香港現行的適用會計準則已獲採納，適當的會計政策持續地予以應用，持續經營基準已獲採納，以及合理和謹慎的判斷和估算已獲應用。

核數師報告和酬金

本公司外部核數師為羅兵咸永道會計師事務所。過去三年內本公司之外部核數師並無任何變動。

外部核數師主要職責為就財務報表核數及作出報告。致股東之核數師報告載於本年報第81至88頁。

於本財政年度內，就本公司核數師（包括附屬公司法定的核數師）向本集團提供之核數及非核數服務，已付／應付核數師之費用如下：

核數師酬金詳情請參考載於本年報第190頁綜合財務報表附註25。

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Shares with voting rights in the Company are ordinary shares. The number of issued ordinary shares as at 31 December 2019 was 3,107,836,876. Details of share capital of the Company are set out in Note 18 to the consolidated financial statements on page 180 of this annual report. Shareholders holding issued ordinary shares of the Company were set out below:

Category/Name	類別／名稱	Full details can be found on the following page of this report 詳細資料載於本年報以下頁數	Total number of issued Shares held	Percentage of the issued share capital
			合共持有已發行股份數目	佔已發行股本百分比
Ms. CHU Lam Yiu ^(Note)	朱林瑤女士 ^(附註)	Pages 72 to 73 第72至73頁	2,293,408,900	73.79%
Public	公眾人士		814,427,976	26.21%
Total	合計		3,107,836,876	100.00%

Note:

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

企業管治報告

股東權利

賦有投票權的股份均為本公司普通股股份。於2019年12月31日，已發行普通股股份數目為3,107,836,876股。本公司股本詳情載於本年報第180頁綜合財務報告附註18內。持有本公司已發行普通股之股東如下：

Full details can be found on the following page of this report
詳細資料載於本年報以下頁數

Total number of issued Shares held
合共持有已發行股份數目

Percentage of the issued share capital
佔已發行股本百分比

附註：

按上市規則釋義，任何有權在本公司股東大會上行使或控制行使30%（或《公司收購、合併及股份回購守則》不時規定會觸發強制性公開要約所需的其他百分比）或30%以上投票權的人士（包括預託證券持有人）。

Corporate Governance Report

Procedures for shareholders to convene a special general meeting

Pursuant to bye-law 58 of the bye-laws of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting ("SGM") to be called by the Board for the transaction of any business transaction specified in such requisition.

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

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

Shareholders' right to propose resolutions at general meeting

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

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

企業管治報告

股東召開股東特別大會的程序

按本公司之公司細則第58條，於遞呈要求之日期持有不少於賦有本公司股東大會表決權之本公司繳足股本十分之一之股東，於任何時候均有權透過向董事會或本公司秘書發出書面要求，要求董事會召開股東特別大會（「股東特別大會」），以處理有關要求中指明之任何事項。

有關要求須清楚列明擬於股東特別大會上考慮及批准的事項和聯絡詳情，並經遞呈要求人士簽署後以書面形式通知董事會，在建議召開股東特別大會日期至少21天前遞交至本公司於香港的主要營業地點。

股東特別大會應於遞呈該要求後兩個月內舉行。倘董事未能於接獲要求當日起計21天內召開該大會，遞呈要求人士可以按照1982年百慕達公司法（經修訂）（「公司法」）第74(3)條之規定召開該大會，惟據此召開的任何股東大會不得於遞呈要求當日起計三個月屆滿後舉行。

股東於股東大會上提呈議案的權利

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

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

Corporate Governance Report

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

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

Making enquiries by Shareholders

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

ACCESSIBLE AND TRANSPARENT COMMUNICATION WITH SHAREHOLDERS

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

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

Open Communications

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

Shareholders' Communication Policy

The shareholders' communication policy is available for viewing on the Company's website at www.huabao.com.hk.

企業管治報告

股東建議人士參選董事的權利

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

股東查詢

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

與股東緊密及具透明之溝通

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

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

開明的溝通

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

股東通訊政策

本公司之股東通訊政策可於公司網站 www.huabao.com.hk 上查閱。

Corporate Governance Report

企業管治報告

Shareholders' Meetings held during the Financial Year

於本財政年度內舉行的股東大會

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

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

Meeting 會議	Date 日期	Venue 地點	Resolutions 決議案
AGM 股東週年大會	3 May 2019 2019年5月3日	Boardroom 6, M/F (Above Florist), Renaissance Hong Kong Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong 香港灣仔港灣道一號 香港萬麗海景酒店 閣樓會議室六舉行	<ol style="list-style-type: none"> To receive and consider the audited financial statements and the reports of the directors and of the auditors for the nine months ended 31 December 2018; 省覽截至2018年12月31日止九個月經審核財務報表、董事會報告及核數師報告； To declare the final and special dividends for the nine months ended 31 December 2018; 宣派截至2018年12月31日止九個月的期末及特別股息； To re-elect Directors and to authorize the Board to fix their remunerations; 重選董事，並授權董事會釐定彼等之酬金； To re-appoint the auditors and to authorize the Board to fix their remunerations; and 續聘核數師，並授權董事會釐定其酬金； To grant general mandates to buy back shares, to issue shares and to exercise the buy-back mandate 授予一般授權以回購股份、發行股份及行使回購授權。

Corporate Governance Report

MERGERS & ACQUISITIONS

No mergers and acquisitions of the Group were carried out during the Financial Year.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Company can be found on pages 75 to 79 of this annual report.

ATTENDANCE RECORD

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

		Board Regular Meeting(s) 董事會定期 會議	Audit Committee Meeting(s) 審核委員會 會議	Remuneration Committee Meeting(s) 薪酬委員會 會議	Nomination Committee Meeting(s) 提名委員會 會議	Annual General Meeting(s) 股東週年大會
No. of meeting held	會議次數	9	2	4	1	1
Executive Directors	執行董事					
Ms. CHU Lam Yiu (Chairlady and CEO)	朱林瑤女士(主席兼首席執行官)	7/7	N/A不適用	N/A不適用	1/1	1/1
Mr. XIA Liqun (Vice Chairman)	夏利群先生(副主席)	9/9	N/A不適用	3/3	N/A不適用	1/1
Mr. POON Chiu Kwok (Company Secretary)	潘昭國先生(公司秘書)	9/9	N/A不適用	N/A不適用	N/A不適用	1/1
Mr. XIONG Qing (CFO) (Note 1)	熊卿先生(首席財務官)(附註1)	6/6	N/A不適用	N/A不適用	N/A不適用	1/1
Mr. LAM Ka Yu	林嘉宇先生	7/7	N/A不適用	N/A不適用	N/A不適用	1/1
Independent Non-executive Directors	獨立非執行董事					
Mr. LEE Luk Shiu	李祿兆先生	9/9	2/2	4/4	1/1	1/1
Ms. MA Yunyan	麻雲燕女士	9/9	2/2	4/4	N/A不適用	1/1
Dr. DING Ningning (Note 2)	丁寧寧博士(附註2)	3/3	1/1	N/A不適用	N/A不適用	N/A不適用
Mr. WU Chi Keung	胡志強先生	9/9	2/2	4/4	1/1	1/1
Mr. Jonathan Jun YAN (Note 3)	Jonathan Jun YAN先生(附註3)	4/4	1/1	N/A不適用	N/A不適用	N/A不適用

Notes:

1. Ceased to act as Executive Director and CFO with effect from 25 May 2019
2. Ceased to act as Independent Non-executive Director with effect from 28 March 2019
3. Appointed as Independent Non-executive Director with effect from 17 May 2019

企業管治報告

收購合併

於本財政年度內，本公司沒有進行任何收購合併項目。

持續關連交易

本集團之持續關連交易詳情載於本年報第75至79頁。

出席記錄

各董事於本財政年度內親自出席或透過電話會議方式出席董事會定期會議、董事委員會會議及股東大會的出席率詳情載列如下：

附註：

1. 於2019年5月25日辭任執行董事及首席財務官
2. 於2019年3月28日辭任獨立非執行董事
3. 於2019年5月17日獲委任為獨立非執行董事

MAJOR CHANGES TO THE BYE-LAWS

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

公司細則重大變更

於本財政年度內，本公司之公司細則並無作出任何修訂。

Investor Relations Report

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

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

INVESTOR RELATIONS REVIEW

During the Current Reporting Period, the Company proactively communicated with investors by multiple channels to convey its latest developments, performance, and strategic goals so that investors could have a better understanding of the Group and sets solid foundation for the Group's activities in the capital market in the future. Investor relations activities conducted by the Group are as follows,

Details	Frequency
Results presentation	1
Non-deal roadshow	4 (London, Toronto, Montreal, Beijing)
Investor meeting	2 (Shenzhen)
Conference call	1

- **Results presentation**

On 13 March 2019, the Group hosted annual results presentation. At the presentation, the management answered investors' questions in regard to the Group's operating and financial performance.

- **Roadshows and investor meetings**

The Group proactively attended reputable investment banks' roadshows and investor meetings, and leveraged every opportunity to illustrate the Group's performance and development strategies to investors so that the Group could enhance its reputation and image in the capital markets.

投資者關係報告

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

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

投資者關係工作回顧

本報告期，本公司透過一系列投資者關係活動，將公司業務的最新進展、成績、戰略目標傳遞予投資者，以強化投資界對本公司的瞭解，為本公司未來在資本市場的活動奠定良好的基礎。本公司展開的投資者關係活動詳情如下：

活動詳情	次數
業績發佈會	1
非交易性路演	4 (倫敦、多倫多、蒙特利爾、北京)
投資者會議	2 (深圳)
電話會議	1

- **業績發佈會**

本公司於二零一九年三月十三日召開年度業績發佈會。於發佈會上，公司管理層親自回答投資者提出的有關本公司營運及財務表現的問題。

- **路演及投資者會議**

公司積極參與知名投資銀行舉辦的路演及投資者會議，利用每一個機會向投資者闡述公司業績及發展策略，提升公司在資本市場的知名度及形象。

Investor Relations Report

- **Annual general meeting**

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

- **Analyst coverage**

In order to let investors better understand the Group's business, the Group proactively communicated with industry analysts with an aim to gain more attention from the capital market.

At present, the Group are covered by the analysts of research institutions below,

- First Shanghai Securities Limited
- Tianfeng Securities Company Limited

- **Detailed financial statements**

The Company attaches great importance to annual reports and interim reports, put a lot of resources for these two reports' preparation, and uses them as one of the major communication bridges between the Company and investors.

Through this approach, the latest information of the Group can be transmitted to investors, aiming to convey the Group's comprehensive strategy, operating principles, business and financial performance and future prospects in a detailed and accurate manner.

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

The Company's website at www.huabao.com.hk contains information such as important corporate data, biographical details of Directors, organizational structure and press releases.

In addition, the Company also has professional investor relations website (<http://huabao2.aconnect.com.hk/sc/home.aspx>) to publish interim and annual reports, announcements and circulars that enables the Company's shareholders and members of the investment community to have timely access to the most updated information about the Company.

投資者關係報告

- **股東週年大會**

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

- **分析師報告**

為使投資者更好的瞭解本公司業務，本公司在嚴格遵守監管規定的前提下，積極與行業分析師保持溝通，以爭取更多資本市場的關注。

目前，本公司獲得以下研究機構的分析師撰寫研究報告：

- 第一上海證券有限公司
- 天風證券股份有限公司

- **詳盡的財務報告**

本公司高度重視年度報告和中期報告，投放大量資源編製，並將其作為本公司與投資者之間的主要溝通橋樑之一。

通過此途徑將本公司最新的資訊傳遞給投資者，務求詳盡準確地傳達本公司全方位的戰略、經營方針、業務及財務表現和未來展望。

- **透過公司網站及專業投資者關係網站進行電子溝通**

本公司網站為www.huabao.com.hk，載有重要之企業數據、董事履歷、組織架構、公司新聞等信息。

此外，本公司亦設有專業投資者關係網站<http://huabao2.aconnect.com.hk/sc/home.aspx>，刊發中期及年度報告、公告及通函等信息，讓本公司股東及投資社群適時取得有關本公司之最新信息。

Investor Relations Report

INVESTOR RELATIONS CONTACTS

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

Telephone: (852) 2877 8999
Fax: (852) 2511 8229
E-mail: ir@huabao.com.hk

Information for investors (as at 31 December 2019)

1. Huabao International Holdings Limited	
Board Lot Size	1,000 shares
Number of shares issued	3,107,836,876 shares
Market capitalization (based on the closing price of HKD2.86 per share on 31 December 2019)	Approximately HKD8.888 billion
Stock code The Stock Exchange of Hong Kong Limited stock code	00336
Reuters ticker	336.HK
Bloomberg ticker	336.HK

投資者關係報告

投資者關係聯絡

如有查詢，請聯繫：
香港
灣仔
港灣道18號
中環廣場
3008室
華寶國際控股有限公司
投資者關係部

電話：(852) 2877 8999
傳真：(852) 2511 8229
電郵：ir@huabao.com.hk

投資者數據（於二零一九年十二月三十一日）

1. 華寶國際控股有限公司	
每手買賣單位股數	1,000股
已發行股份數目	3,107,836,876股
市值（以二零一九年 十二月三十一日 收市價每股 港幣2.86元計算）	約港幣88.88億元
股份代號 香港聯合交易所股份 代號	00336
路透社股份代號	336.HK
彭博社股份代號	336.HK

Investor Relations Report

2. Huabao Flavours & Fragrances Company Limited (a non-wholly owned subsidiary of the company listed on the ChiNext of the Shenzhen Stock Exchange)

Board Lot Size	100 shares
Number of shares issued	615,880,000 shares
Market capitalization (based on the closing price of RMB30.88 per share on 31 December 2019)	Approximately RMB19.018 billion
Stock code ChiNext of Shenzhen Stock Exchange stock code	300741
Reuters ticker	300741.SZ
Bloomberg ticker	300741: CH

Financial Calendar

Closing date for transfer of shares for Annual General Meeting	From 13 May 2020 (Wednesday) to 18 May 2020 (Monday) (both days inclusive)
Annual General Meeting	18 May 2020 (Monday)
Ex-dividend date	20 May 2020 (Wednesday)
Closing date for transfer of shares for proposed final dividends	From 22 May 2020 (Friday) to 25 May 2020 (Monday) (both days inclusive)
Date of payment of proposed final dividends for the fiscal year ended 31 December 2019	On or about 5 June 2020 (Friday)
Financial year-end date	31 December

投資者關係報告

2. 華寶香精股份有限公司(本公司的一間於深圳證券交易所創業板上市的非全資子公司)

每手買賣單位股數	100股
已發行股份數目	615,880,000股
市值(以二零一九年十二月三十一日收市價每股人民幣30.88元計算)	約人民幣190.18億元
股份代號 深圳證券交易所創業板 股份代碼	300741
路透社股份代號	300741.SZ
彭博社股份代號	300741:CH

財務日誌

股份截止過戶日期(股東週年大會)	二零二零年五月十三日(星期三)至五月十八日(星期一)(包括首尾兩日)
股東週年大會	二零二零年五月十八日(星期一)
除淨日	二零二零年五月二十日(星期三)
股份截止過戶日期(派發建議之期末股息)	二零二零年五月二十二日(星期五)至五月二十五日(星期一)(包括首尾兩日)
派發建議截至二零一九年十二月三十一日止財年之股息日期	二零二零年六月五日(星期五)或前後
財政年度結算日	十二月三十一日

Directors' Report

The Board is pleased to present its annual report together with the audited consolidated financial statements for the year ended 31 December 2019 (the "Financial Year").

ACQUISITIONS AND DISPOSALS

The Company did not undertake any material acquisition and disposal of subsidiaries, associates and joint ventures during the year.

BUSINESS REVIEW

The principal activity of the Company is investment holding and the Group is principally engaged in the R&D, production, distribution and sales of flavours and fragrances, tobacco raw materials, aroma raw materials, condiment products and other segments in the PRC. The activities of the Company's principal subsidiaries are set out in Note 35 to the consolidated financial statements. Further discussion and analysis of the operating activities of the Group during the Financial Year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Hong Kong Companies Ordinance, can be found in the sections headed "Chairlady's Statement" and "Management Discussion and Analysis" as set out on pages 9 to 10 and pages 11 to 29 of this annual report respectively. Such discussion forms part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The risk of downstream industry control and policies on tobacco industry

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

董事會報告

董事會欣然提呈其年報及截至2019年12月31日止年度（「本財政年度」）之經審核綜合財務報表。

收購及出售

於本年度期間，本公司並無進行任何重大收購或出售附屬公司、聯營公司及合營企業。

業務回顧

本公司之主要業務為投資控股，而本集團主要在中國從事研究及發展、生產、分銷及銷售香精、煙用原料、香原料、調味品產品及其他板塊的業務。本公司之主要附屬公司的業務載於綜合財務報表附註35。按香港公司條例附表5要求，本集團於本財政年度內經營活動的進一步討論及分析，以及對本集團業務未來可能發展的指標，分別載於本年報第9至10頁及第11至29頁的「主席報告」和「管理層討論及分析」。該等討論構成本董事會報告的一部份。

主要風險及不明朗因素

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

下游行業管控機制及政策對煙草行業影響的風險

繼2015年中國《廣告法》的頒佈和實施，對煙草行銷的限制更加嚴厲，煙草市場行銷的空間正變得越來越窄。另一方面，提稅順價政策提高了捲煙的消費稅和批發價，均在一定程度上抑制了捲煙消費需求的增長。隨著國際衛生組織和各地區政府部門加強控煙政策，以及民眾對健康控煙意識的不斷增強，不排除未來捲煙的產銷量進一步下滑，從而導致本公司煙草相關產品銷售收入及營業利潤下降。本公司會持續關注行業及政策變化對業務的影響，適時調整業務及發展策略。

Directors' Report

The risk of consumer behaviour changes and the impact on the downstream industries

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

The impact of food safety policy

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

To a certain extent, the new law will increase the operating costs of enterprises. Should there be any further changes in the above policies and standards, it will have a direct impact on the Company's future development. The Company will make corresponding adjustment, investment and improvement in product structure, production technology and product performance and other aspects to ensure our products and operation comply with food safety standards.

The impact of environmental protection

With the increased awareness on the environmental protection by the society, the government's continuous improvement in environmental protection may lead to more stringent environmental protection standards and requirements in the future; if the Company is unable to upgrade the production facilities in time to improve the handling of wastage, this will have an adverse impact on the Company's production and operations.

董事會報告

消費者行為改變對下游行業影響的風險

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

食品安全政策的影響

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

有關政策將在一定程度上增加公司的營運成本，若上述政策及標準發生任何進一步變化，則將對本公司的未來發展產生直接影響。本公司會持續針對上述變化及時在產品結構、生產技術及產品性能等方面做出相應調整、投入及完善，以確保產品及營運符合食品安全標準。

環保風險

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

Directors' Report

The risk of core technology and formula leakage

The Group, having always highly valued R&D work, owns a state-certified enterprise technology centre and an overseas R&D centre. Through long-term development, the Group has developed numerous core technologies and flavours and fragrances formulas which have intellectual property rights. The Group faces the risk of technology leakage since there are difficulties in protecting most of the Group's core technologies, especially flavours and fragrances formulas, by using patents so that the Group had to rely on its confidentiality mechanisms for protection. The Group has adopted extremely stringent confidentiality measures to some of the core technologies and strictly follows those measures. The Group implements process segregation to important production aspects which only allows the core formulas of the various flavours and fragrances products to be known to a few core technicians (who had been bound by Confidentiality Agreements), thereby minimizing and controlling the risk of core technology and formula leakage.

The risk on production and operation affected by the COVID-19 Pneumonia epidemic

Since early 2020, the COVID-19 Pneumonia epidemic has been spreading all over the country and until this moment, the battle for the prevention and control of the epidemic is still in-going. Recently, the widespread of the COVID-19 Pneumonia epidemic is affecting many countries around the world. The World Health Organization declared that the COVID-19 Pneumonia has become a public emergency of international concern. In the event that the COVID-19 Pneumonia epidemic continues, there exists an uncertainty of its impacts on the production and operation of the Company. The Company will continue to closely monitor the situation of the COVID-19 Pneumonia epidemic, assess its impacts on the Company in areas such as financial position and operating results, and will continue to enforce strictly the prevention and control measures to protect the safety of employees in accordance with the national epidemic prevention and control requirements. In the meantime, we will continue our best efforts to ensure the smooth execution of production, operation and management work for the stable operation of the Company, and to satisfy the needs of our customers, in order to minimize the impacts of the COVID-19 Pneumonia epidemic on the Company.

董事會報告

核心技術和配方失密的風險

本集團歷來高度重視技術研發工作，擁有國家認定企業技術中心，並在境外設有研發中心。經過長期發展，本集團已開發出大量具有自主智慧財產權的核心技術和香精配方。由於本集團大部分核心技術特別是香精配方訣竅難以通過專利保護，依賴於本集團的保密機制來保護，本集團面臨技術失密的風險。本集團對部份核心技術採取了極為嚴密的保密措施，並嚴格執行；對關鍵生產環節實行工序隔離，各類香精產品的核心配方構成僅由數名核心技術人員掌握，並與之簽訂《保密協議》，將核心技術失密風險加以有效控制。

生產經營受新冠肺炎疫情影響的風險

2020年初新冠肺炎疫情在全國爆發，截至目前，新冠肺炎疫情的防控工作尚未結束。近期，世界多個國家也發生新冠肺炎疫情，世界衛生組織稱新冠肺炎疫情已經全球「大流行」。如新冠肺炎疫情的發展持續，則其對本公司生產經營的影響存在一定不確定性。本公司將持續密切關注新冠肺炎疫情情況，評估其對本公司財務狀況、經營成果等方面的影響，按照國家疫情防控要求，嚴格執行防控工作，保護員工安全，同時做好各項生產經營管理工作，盡最大努力確保本公司持續穩健經營，滿足客戶需求，將新冠肺炎疫情對本公司的影響降到最低。

Directors' Report

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

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

We have completed our Environmental, Social and Governance ("ESG") report which contains our ESG information in 2019 and the requirements under the Environmental, Social and Governance Reporting Guide of the Listing Rules. The ESG report of the Company for 2019 will be published no later than 3 months after the publication of this annual report on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and of the Company (www.huabao.com.hk).

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

董事會報告

環境政策及表現

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

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

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

本集團已完成環境、社會及管治（「環境、社會及管治」）報告，當中載列我們於2019年度在環境、社會及管治方面的資料，並已遵照上市規則有關環境、社會及管治指引的要求。2019年度的《環境、社會及管治報告》將不遲於刊發本年報後的三個月內登載於香港聯交所網站(www.hkexnews.hk)及本公司網站(www.huabao.com.hk)以供閱覽。

與僱員、客戶及供應商的關鍵關係

董事認同，僱員、客戶、供應商及業務合作夥伴為本集團可持續發展的關鍵。

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

Directors' Report

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

SEGMENT INFORMATION

An analysis of the Group's performance for the Financial Year by business segment is set out in Note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Financial Year are set out in the consolidated income statement on page 91 of this annual report.

Dividend Policy

The Group is committed to sharing its development and achievements with Shareholders through proactive, stable and sustainable dividend policy. The Group would strive to strike a balance between meeting Shareholder's expectations and managing funds prudently. When considering the dividend policy, the Group will comprehensively observe the macro-economic operation, the competition pattern of the industry and the Group's own development strategy. Under the premise of ensuring that the Group has sufficient working capital to implement the development strategy, the Group will distribute surplus funds to Shareholders and reward their support for the Group. If the Company pays dividends, the dividend payout ratio is expected to remain at 50% or thereabout.

董事會報告

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

遵守法律和法規

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

分部資料

於本財政年度，本集團按業務分部劃分之表現分析載於綜合財務報表附註6。

業績及分派

本集團於本財政年度之業績載於本年報第91頁之綜合收益表。

股息政策

本集團致力於透過積極穩健及可持續的派息政策，努力在符合股東期望與審慎管理資本之間達致平衡，與股東共同分享本公司的發展和成就。在考慮派息政策時，本集團將綜合觀察宏觀經濟運行情況、行業競爭格局以及自身發展戰略，在確保本公司具備充足營運資金以落實發展戰略的前提下，將盈餘的資金派發給股東，回報股東的支持。本公司如派息，派息比率將維持在50%或以上。

Directors' Report

Proposed final dividend

The Board proposes to declare a final dividend of HK10.0 cents per Share (nine months period ended 31 December 2018: final dividend of HK8.8 cents and special dividend of HK18.9 cents) in cash amounting to approximately HKD310.8 million (equivalents to approximately RMB278.4 million) (nine months period ended 31 December 2018: approximately RMB756.8 million in aggregate) for the Financial Year, which are expected to be paid on or about 5 June 2020 to Shareholders whose names appear on the register of members of the Company on 25 May 2020. The payment of the final dividend is subject to Shareholders' approval at the AGM which is scheduled to be held on 18 May 2020.

The payout ratio declared by the Board for the Financial Year was 47.3%. The Board took into account the macro-economic indicators and the Company's actual performance, and intends to deploy funds to repay bank loan in part to optimize the Company's capital structure and reduce financing cost to create more value for Shareholders.

CLOSE OF REGISTER OF MEMBERS FOR AGM

In order to determine the entitlement of Shareholders to attend and vote at the AGM of the Company which is scheduled to be held on 18 May 2020, the register of members of the Company will be closed from 13 May 2020 to 18 May 2020, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 12 May 2020. Shareholders whose names are recorded in the register of members of the Company on 18 May 2020 are entitled to attend and vote at the 2020 AGM.

CLOSE OF REGISTER OF MEMBERS FOR PAYMENT OF FINAL DIVIDEND

In order to determine Shareholders who qualify for the proposed final dividend, the register of members of the Company will be closed from 22 May 2020 to 25 May 2020, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 21 May 2020. Shareholders whose names are recorded in the register of members of the Company on 25 May 2020 are entitled to receive the final dividend in cash for the Financial Year.

董事會報告

建議派發期末股息

董事會建議向於2020年5月25日名列本公司股東名冊之本公司股東宣派本財政年度之現金期末股息每股港幣10.0仙(2018年12月31日止九個月: 期末股息港幣8.8仙及特別股息港幣18.9仙), 共約港幣3.108億元(相當於約人民幣2.784億元)(2018年12月31日止九個月: 共約人民幣7.568億元), 並預期於2020年6月5日或前後派發, 但有待在訂於2020年5月18日舉行的股東週年大會上獲股東批准派發該期末股息。

董事會宣派之本財政年度派息比率為47.3%, 董事會經綜合考慮各項宏觀經濟運行指標及公司經營的實際情況, 擬運用資金償還部份銀行貸款, 優化資本結構及降低融資成本, 為股東創造更多價值。

暫停辦理股份過戶登記手續－股東週年大會

為確定股東有權出席本公司訂於2020年5月18日舉行之股東週年大會並在會上投票, 本公司將由2020年5月13日至2020年5月18日止(首尾兩日包括在內)暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於2020年5月12日下午4時30分前送達本公司之香港股份過戶登記分處卓佳登捷時有限公司, 地址為香港皇后大道東183號合和中心54樓。於2020年5月18日記錄於本公司股東名冊的股東均有權出席2020年股東週年大會及於會上投票。

暫停辦理股份過戶登記手續－派發期末股息

為確保股東有資格獲派建議之期末股息, 本公司將由2020年5月22日至2020年5月25日止(首尾兩日包括在內)暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於2020年5月21日下午4時30分前送達本公司之香港股份過戶登記分處卓佳登捷時有限公司, 地址為香港皇后大道東183號合和中心54樓。於2020年5月25日記錄於本公司股東名冊的股東均有權收取本財政年度之現金期末股息。

Directors' Report

RESERVES

Movements in the reserves of the Group and the Company during the Financial Year are set out in the consolidated statement of changes in equity on pages 93 to 94 and in Note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the distributable reserves of the Company amounted to RMB3,683,013,000 (31 December 2018: RMB2,745,620,000).

DONATIONS

Charitable and other donations made by the Group during the Financial Year amounted to approximately RMB847,000 (nine months ended 31 December 2018: RMB415,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in Note 7 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 18 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 221 to 222.

SHARE OPTION SCHEME

Pursuant to a share option scheme (the "2016 Share Option Scheme") adopted on 9 August 2016 ("Adoption Date"), the 2016 Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date. The following is a summary of the 2016 Share Option Scheme:

董事會報告

儲備

本集團及本公司於本財政年度之儲備變動載於年報第93至94頁之綜合權益變動表及綜合財務報表附註20。

可供分派之儲備

於2019年12月31日，本公司之可供分派儲備為人民幣3,683,013,000元（2018年12月31日：人民幣2,745,620,000元）。

捐款

本集團於本財政年度作出慈善及其它捐款合共約人民幣847,000元（2018年12月31日止九個月：人民幣415,000元）。

物業、機器及設備

本集團物業、機器及設備之變動詳情載於綜合財務報表附註7。

股本

本公司之股本變動詳情載於綜合財務報表附註18。

優先購買權

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

五年財務摘要

本集團過去五個財政年度之業績及資產與負債概要載於年報第221至222頁。

購股權計劃

根據本公司於2016年8月9日（採納日期）採納的一項購股權計劃（「2016購股權計劃」），2016購股權計劃自採納日期起十年內有效。2016購股權計劃的摘要載列如下：

Directors' Report

(a) Purpose

The 2016 Share Option Scheme aims at encouraging the participants to make contributions to and promote benefits of the Group and developing and maintaining business relationships with participants for the benefit of the Group.

(b) Participants

The Directors may, in accordance with the provisions of the 2016 Share Option Scheme and the Listing Rules, invite person(s) who or which is/are eligible to participate as grantee(s) and receive options under the 2016 Share Option Scheme, to take up share options to subscribe for Shares.

(c) Maximum number of shares available for subscription

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

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options under the 2016 Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Any excess over 1% shall be subject to the approval of the Shareholders at general meeting with such participant and his/her close associates abstaining from voting and the Company shall issue a circular pursuant to relevant provisions of Chapter 17 of the Listing Rules.

董事會報告

(a) 目的

2016購股權計劃旨在激勵參與者為本集團作出貢獻及促進利益，為與可對本集團有利之參與者發展及維持業務關係。

(b) 參與者

董事可根據2016購股權計劃之條文及上市規則邀請合資格以承授人身份參與2016購股權計劃及據此獲得購股權之人士接納購股權以認購股份。

(c) 可供認購之最多股份數目

根據2016購股權計劃批授的購股權總數，不得超逾2016年8月9日本公司已發行股份的10%。在獲得股東批准後，本公司可更新計劃授權限額，惟每一次更新的計劃授權限額，均不得超逾股東批准更新限額該日已發行股份之10%；及須遵照上市規則第17章有關條文規定之方式將建議更新計劃授權限額之通函寄發予股東，該通函其中載有上述條文所規定之資料。因按照2016購股權計劃及本公司任何其他購股權計劃授出之購股權獲行使及將獲行使，而將予發行之最多股份數目不可超逾不時已發行股份總數之30%。

(d) 各參與者可獲授權益上限

各參與者於任何12個月期間內因行使其獲授購股權（包括根據2016購股權計劃已行使及尚未行使之購股權）而已發行及將發行之股份總數，不得超過本公司已發行股本之1%。如授出之數目超逾1%，則須於股東大會上取得股東批准，而有關參與者及其緊密聯繫人士須放棄投票，而本公司亦須按照上市規則第17章有關條文之規定發出通函。

Directors' Report

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

The grantee may accept the offer of the share option within 30 business days from the date of the offer letter issued by the Company. The grantee shall pay HKD1 as consideration for accepting the offer of the share option granted. The grantee may subscribe for Shares during such period as may be determined by the Board (the said period shall not in whatever case be later than the last day of the 10-year period after the day on which the offer relating to the option is duly approved by the Board in accordance with the 2016 Share Option Scheme (subject to early termination).

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

Unless the Directors determine otherwise and state in the offer of the grant of option to the grantee, the 2016 Share Option Scheme does not provide for any minimum period for which share options must be held before it can be exercised.

(g) Basis for determining the exercise price

The exercise price of share option granted pursuant to the 2016 Share Option Scheme shall be determined by the Board and shall be at least the higher of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of offer, which must be a business day; (ii) the average closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Shares.

(h) The life of the 2016 Share Option Scheme

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

As at 31 December 2019 and up to the date of this report, the share options granted under the 2016 Share Option Scheme, which were valid and outstanding amounted to 11,000,000.

董事會報告

(e) 接納及行使購股權之期限

承授人可於本公司發出的要約函件當日起計30個營業日內接納購股權要約，而接納批授購股權要約時，須支付港幣1元的代價。承授人可於董事會釐定之期間內認購股份（該期間無論如何最遲於董事會根據2016購股權計劃正式批准有關購股權要約當日後十年期間之最後一日屆滿（可提前終止））。

(f) 購股權可予行使前須持有之最短期間

除非董事另行決定並於向承授人授出之購股權要約中表明，否則2016購股權計劃並無條文規定購股權可予行使前須持有之最短期間。

(g) 釐定行使價的基準

根據2016購股權計劃所批授的購股權，其行使價須由董事會釐定，惟不得低於下列各項中之較高者：(i)購股權要約日期（必須為營業日）香港聯交所每日報價表所列之股份收市價；(ii)在緊接要約日期前五個營業日在香港聯交所每日報價表所列收市價的平均數；及(iii)股份面值。

(h) 2016購股權計劃的有效期

2016購股權計劃於2016年8月9日起計十年內有效（可提前終止）。

於2019年12月31日及至本報告日，根據2016購股權計劃授出之購股權仍然有效及未被行使的購股權數目合共11,000,000股。

Directors' Report

Details of share options granted, exercised, cancelled and lapsed during the Financial Year under the 2016 Share Option Scheme are set out as follows:

董事會報告

於本財政年度內，根據2016購股權計劃批授、行使、註銷及失效的購股權詳情如下：

Grantee	Grant Date	Exercise Price	Exercisable Period	Number of Share Options 購股權數目				
				Balance as at 1 January 2019 於2019年1月1日結餘	Granted during the Financial Year 本財政年度內批授	Exercised during the Financial Year 本財政年度內行使	Cancelled/lapsed during the Financial Year 本財政年度內註銷/失效	Balance as at 31 December 2019 於2019年12月31日結餘
Other Participants 其他參與者	6 May 2019 2019年5月6日	3.708	5/11/2019- 30/6/2020 (Both days inclusive) (首尾兩日包括在內)	-	5,500,000	-	-	5,500,000
	6 May 2019 2019年5月6日	3.708	5/5/2020- 30/6/2020 (Both days inclusive) (首尾兩日包括在內)	-	5,500,000	-	-	5,500,000
Total 合計				-	11,000,000	-	-	11,000,000

Directors' Report

DIRECTORS

The Directors of the Company during the Financial Year and up to the date of this report were:

Executive Directors:

Ms. CHU Lam Yiu (*Chairlady and CEO*)
 Mr. XIA Liqun (*Vice Chairman*)
 Mr. POON Chiu Kwok (*Company Secretary*)
 Mr. XIONG Qing (*CFO*) ^(Note 1)
 Mr. LAM Ka Yu

Independent Non-executive Directors:

Mr. LEE Luk Shiu
 Ms. MA Yunyan
 Dr. DING Ningning ^(Note 2)
 Mr. WU Chi Keung
 Mr. Jonathan Jun YAN ^(Note 3)

Notes:

1. Ceased to act as Executive Director and CFO with effect from 25 May 2019
2. Ceased to act as Independent Non-executive Director with effect from 28 March 2019
3. Appointed as Independent Non-executive Director with effect from 17 May 2019

In accordance with Bye-law 87(1) and (2) of the Company's Bye-laws, Messrs. POON Chiu Kwok, LAM Ka Yu and Ms. MA Yunyan shall retire from office by rotation at the forthcoming AGM and, all of them being eligible, have offered themselves for re-election. In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Jonathan Jun YAN shall retire from office at the forthcoming AGM and, being eligible, has offered himself for re-election.

DIRECTORS' SERVICE CONTRACTS

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

董事會報告

董事

於本財政年度及截至本報告日期本公司之董事如下：

執行董事：

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

獨立非執行董事：

李祿兆先生
 麻雲燕女士
 丁寧寧博士 ^(附註2)
 胡志強先生
 Jonathan Jun YAN先生 ^(附註3)

附註：

1. 於2019年5月25日辭任執行董事及首席財務官
2. 於2019年3月28日辭任獨立非執行董事
3. 於2019年5月17日獲委任為獨立非執行董事

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

董事服務合約

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

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than disclosed in Note 34 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company, its ultimate holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Financial Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management as at 31 December 2019 are set out on pages 30 to 36 of this annual report.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the remuneration of the directors and the five highest paid individuals during the Financial Year are set out in Note 37 and Note 26 to the consolidated financial statements respectively.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

董事會報告

董事於重大合約之權益

除綜合財務報表附註34所披露者外，於年結日或本財政年度內任何時間，本公司並無訂立任何涉及本公司董事直接或間接擁有重大權益且與本公司最終控股公司或其任何附屬公司業務有關之重大合約。

董事於競爭業務之權益

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

董事及高級管理層履歷

於2019年12月31日，董事及高級管理層的履歷載於本年報第30頁至36頁。

董事及五名最高薪酬人士之酬金

於本財政年度內，董事及五名最高薪酬人士之酬金詳情分別刊載於綜合財務報表附註37和附註26。

董事於股份、相關股份及債券之權益

於2019年12月31日，董事及最高行政人員於本公司及其相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有本公司根據證券及期貨條例第352條規定所存置之登記冊所記錄之權益及淡倉；或擁有根據標準守則規定而須知會本公司及香港聯交所之權益及淡倉如下：

Directors' Report

Long position in ordinary shares of the Company

Name of Director(s) 董事姓名	Capacity 身份	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
CHU Lam Yiu 朱林瑤	Held through controlled corporations ^(Note) 透過受控制公司持有 ^(附註)	2,293,408,900	73.79%

Note: 2,293,408,900 ordinary shares of the Company were held by Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited and Real Elite Investments Limited, respectively. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid six companies.

董事會報告

本公司之普通股好倉

附註：本公司之2,293,408,900股普通股乃分別由 Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited 和 Real Elite Investments Limited 持有。朱林瑤女士為上述六間公司的唯一實益擁有人。

Save as disclosed above, as at 31 December 2019, the Company is not aware of any of the Directors or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries or associated companies as defined in the SFO.

除上文所披露者外，於2019年12月31日，本公司並不知悉有任何董事或彼等之緊密聯繫人於本公司或其任何附屬公司或相聯法團（定義見證券及期貨條例）之任何股份、相關股份或債券中擁有任何權益或淡倉。

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in Note 19 to the consolidated financial statements, at no time during the Financial Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

董事認購股份或債券之權利

除於綜合財務報表附註19所披露者外，本公司或其任何附屬公司於本財政年度內任何時間均無參與任何安排，致使本公司之董事可藉收購本公司或任何其他法團之股份或債券而獲益。

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year and up to the date of this report.

管理合約

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

DIRECTORS' PERMITTED INDEMNITIES

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

董事允許的彌償保證

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

Directors' Report

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" above and Note 19 to the financial statements, no equity-linked agreement was entered into by the Company during the Financial Year.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, other than the interests disclosed in the section headed "Directors' interests in shares, underlying shares and debentures", the Company is not aware of any other person who held interests or short positions in 5% or more of the issued share capital of the Company under Section 336 of the SFO.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 17 August 2018, the Company entered into a facility agreement with a PRC bank (the "Lender") for a loan of approximately RMB2,888 million for a term of 5 years ("Loan Facility").

Pursuant to Rule 13.21 of the Listing Rules, so long as the facility agreement is still in full force, the obligation to disclose exists. As one of the precedent conditions of the facility agreement, Ms. CHU Lam Yiu, the ultimate beneficial controlling shareholder of the Company, shall, directly or indirectly, maintain her controlling stake in the Company throughout the term of the Loan Facility. Breach of such undertaking will constitute an event of default which entitles the Lender to, among other things, demand immediate payment and/or repayment of all amount outstanding under the Loan Facility from the Company.

MAJOR CUSTOMERS AND SUPPLIERS

For the Financial Year, the percentage of revenue from sales of goods or rendering services attributable to the Group's five largest customers combined accounted for approximately 30.50% and the largest customer contributed approximately 10.86% to the revenue from sales of goods or rendering services of the Group (Yunnan Tobacco Materials (Group) Company Limited being the largest customer), and the percentage of purchases attributable to the Group's five largest suppliers combined accounted for approximately 12.55% and the largest supplier contributed approximately 3.19% to the purchases of the Group.

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

董事會報告

股票掛鈎協議

除上文「購股權計劃」一節及財務報表附註19所披露外，本公司於本財政年度內並無訂立股票掛鈎協議。

主要股東之權益

於2019年12月31日，除於「董事於股份、相關股份及債券之權益」一節所披露之權益外，本公司並不知悉有任何其他人士根據證券及期貨條例第336條存置持有本公司已發行股本5%或以上權益或淡倉。

根據上市規則第13.21條作出披露

於2018年8月17日，本公司與一家中國的銀行（「貸款人」）執行一項為期5年的融資協議，金額約人民幣28.88億元（「貸款融資」）。

根據上市規則第13.21條，由於有關融資協議仍然完全有效，有關融資須予披露。融資協議其中一項先決條件為，本公司的最終實益控股股東朱林瑤女士須承諾於貸款融資整個期限內須直接或間接維持彼於本公司的控股權。違反此承諾將構成違約事項，使貸款人有權，其中包括，要求本公司立即支付及／或償還貸款融資下之所有未償還餘額。

主要客戶及供貨商

截至本財政年度，本集團五位最大客戶合計所佔本集團銷售貨品或提供服務的收入之百分比約為30.50%，而最大客戶則佔約為10.86%（雲南中煙物資（集團）有限責任公司為最大客戶）；本集團五位最大供應商合計所佔本集團採購額之百分比約為12.55%，而最大供應商則佔約為3.19%。

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

Directors' Report

CONTINUING CONNECTED TRANSACTIONS

The Group's continuing connected transactions are primarily classified based on (I) the continuing connected transactions with each of Hongta Tobacco Group and Guangdong Tobacco Company, which are further classified according to the independent operation of the Group's business segments, i.e. Huabao Flavours is principally engaged in the flavours and fragrances business and the Remaining Group (including Guangdong Jinye Group) is principally engaged in business segments of tobacco raw materials (including RTL and new materials products applicable to tobacco industry), aroma raw materials, condiment products and other segments; and (II) the continuing connected transactions between the Group and Weizhijia Group.

In addition, to align with the change of the financial year end date of the Company from 31 March to 31 December, the Company had revised the annual caps of certain continuing connected transactions with each of Hongta Tobacco Group and Guangdong Tobacco Company, such that the revised annual caps, to the extent possible, will cover the reporting period ending 31 December, which being the same financial year end date of the Company. Please refer to the announcement dated 15 January 2019 (the "Announcement") published by the Company for details.

(I) Transactions with each of Hongta Tobacco Group and Guangdong Tobacco Company

Transactions with Hongta Tobacco Group

The Company, through its subsidiaries, indirectly owns 60% equity interest in Yunnan Tianhong. The remaining 40% equity interest in Yunnan Tianhong is held by Yunnan Hehe. Hongta Tobacco owns 75% equity interest in Yunnan Hehe. By virtue of such 40% interest in Yunnan Tianhong, Hongta Tobacco Group are regarded as connected persons at the subsidiary level of the Company under the Listing Rules. Transactions between each of Huabao Flavours Company and Guangdong Jinye Group with Hongta Tobacco Group constitute connected transactions of the Company under the Listing Rules.

Pursuant to the Hongta HB Flavours Framework Agreement entered into between Huabao Flavours and Yunnan Hehe on 26 May 2017 in relation to the provision of tobacco flavours products and related services by Huabao Flavours Company to Hongta Tobacco Group, the term of the Hongta HB Flavours Framework Agreement shall be for a term of 3 years from 1 April 2017 to 31 March 2020 (both days inclusive).

董事會報告

持續關連交易

本集團的持續關連交易主要根據以下分類：(I) 與紅塔煙草集團及廣東中煙公司各自的持續關連交易，其再按本集團的獨立營運的業務板塊分類，即華寶股份主要從事香精業務，及餘下集團(包括廣東金葉集團)主要從事煙用原料(包括再造煙葉及適用於煙草行業的新材料產品)、香原料、調味產品及其他板塊的業務；及(II)本集團與味之家集團之間的持續關連交易。

此外，為與本公司將財政年度結算日由3月31日變更為12月31日保持一致，本公司已修訂若干與紅塔煙草集團及廣東中煙公司各自的持續關連交易的年度上限，以令經修訂年度上限將盡可能涵蓋截至12月31日止報告期間，該日期與本公司的財政年度結算日一致。有關詳情，請參閱本公司於2019年1月15日刊發的公告(「公告」)。

(I) 與紅塔煙草集團及廣東中煙公司各自的交易

與紅塔煙草集團的交易

本公司通過其子公司間接擁有雲南天宏60%股權。雲南天宏餘下40%股權由雲南合和持有。紅塔煙草擁有雲南合和75%的股權。根據上市規則，憑藉雲南天宏40%權益，紅塔煙草集團被視為本公司附屬公司的關連人士。根據上市規則，華寶股份公司與廣東金葉集團各自與紅塔煙草集團之間的交易構成本公司的關連交易。

根據華寶股份於2017年5月26日與雲南合和訂立紅塔華寶股份框架協議，內容有關華寶股份公司向紅塔煙草集團提供煙用香精產品及相關服務。紅塔華寶股份框架協議的期限由2017年4月1日起至2020年3月31日止(包括首尾兩日)，為期三年。

Directors' Report

Pursuant to the Hongta JY Framework Agreement entered into between Guangdong Jinye and Yunnan Hehe on 26 May 2017 in relation to the provision of RTL, stem powder, auxiliary materials and related services by Guangdong Jinye Group (except for Huabao Flavours Company) to Hongta Tobacco Group, the term of the Hongta JY Framework Agreement shall be for a term of 3 years from 1 April 2017 to 31 March 2020 (both days inclusive).

Transactions with Guangdong Tobacco Company

Huabao Flavours is an indirect non-wholly owned subsidiary of the Company, while Guangdong Jinye is an indirect wholly-owned subsidiary of the Company. Guangdong Jinke is a non-wholly owned subsidiary of Guangdong Jinye. Guangdong Tobacco holds more than 10% equity interest in Guangdong Jinke. Guangdong Tobacco Company are regarded as connected persons at the subsidiary level of the Company under the Listing Rules. Transactions between each of Huabao Flavours Company and Guangdong Jinye Group with Guangdong Tobacco Company constitute connected transactions of the Company under the Listing Rules.

Pursuant to the HB Flavours Framework Agreement entered into between Huabao Flavours and Guangdong Tobacco on 1 March 2017 in relation to the provision of tobacco flavours products and related services by Huabao Flavours Company to Guangdong Tobacco Company, the term of the HB Flavours Framework Agreement was for a term of 3 years from 1 January 2017 to 31 December 2019 (both days inclusive).

Pursuant to the JY Framework Agreement entered into between Guangdong Jinye and Guangdong Tobacco on 1 March 2017 in relation to the provision of RTL products and related services by Guangdong Jinye Group (except for Huabao Flavours Company) to Guangdong Tobacco Company, the term of the JY Framework Agreement was for a term of 3 years from 1 January 2017 to 31 December 2019 (both days inclusive).

Pursuant to the JK Framework Agreement entered into between Guangdong Jinke and Guangdong Tobacco on 1 March 2017 in relation to the provision of auxiliary materials and related services by Guangdong Jinye Group (except for Huabao Flavours Company) to Guangdong Tobacco Company, the term of the JK Framework Agreement was for a term of 3 years from 1 January 2017 to 31 December 2019 (both days inclusive).

董事會報告

根據廣東金葉於2017年5月26日與雲南合和訂立紅塔金葉框架協議，內容有關廣東金葉集團（華寶股份公司除外）向紅塔煙草集團提供煙草薄片、梗粒及煙用輔料等產品及相關服務。紅塔金葉框架協議的期限由2017年4月1日起至2020年3月31日止（包括首尾兩日），為期三年。

與廣東中煙公司的交易

華寶股份為本公司的間接非全資附屬公司，而廣東金葉為本公司的間接全資附屬公司。廣東金科為廣東金葉的非全資附屬公司。廣東中煙持有廣東金科逾10%股權。根據上市規則，廣東中煙公司被視為本公司附屬公司層面的關連人士。根據上市規則，華寶股份公司與廣東金葉集團各自與廣東中煙公司之間的交易構成本公司的關連交易。

根據華寶股份於2017年3月1日與廣東中煙訂立華寶股份框架協議，內容有關華寶股份向廣東中煙公司提供煙用香精產品及相關服務。華寶股份框架協議的期限由2017年1月1日起至2019年12月31日止（包括首尾兩日），為期三年。

根據廣東金葉於2017年3月1日與廣東中煙訂立金葉框架協議，內容有關廣東金葉集團（華寶股份公司除外）向廣東中煙公司提供煙草薄片產品及相關服務。金葉框架協議的期限由2017年1月1日起至2019年12月31日止（包括首尾兩日），為期三年。

根據廣東金科於2017年3月1日與廣東中煙訂立金科框架協議，內容有關廣東金葉集團（華寶股份公司除外）向廣東中煙公司提供煙用輔料及相關服務。金科框架協議的期限由2017年1月1日起至2019年12月31日止（包括首尾兩日），為期三年。

Directors' Report

As disclosed in the Announcement, the annual caps for the continuing connected transactions with Hongta Tobacco Group and Guangdong Tobacco Company under the relevant framework agreements were revised as follows:

董事會報告

如公告所披露，與紅塔煙草集團及廣東中煙公司各自框架協議項下進行的持續關連交易的年度上限經修訂如下：

	Aggregate Transaction Amount 累計交易金額		
	for the nine months period from 1 April 2018 to 31 December 2018 (RMB) 由2018年 4月1日起至 2018年 12月31日 止九個月期間 (人民幣)	for the financial year ending 31 December 2019 (RMB) 截至 2019年 12月31日 止財政年度 (人民幣)	for the three months period from 1 January 2020 to 31 March 2020 (RMB) 由2020年 1月1日起至 2020年 3月31日 止三個月期間 (人民幣)
(A) Transactions with Hongta Tobacco Group 與紅塔煙草集團的交易			
Hongta HB Flavours Framework Agreement 紅塔華寶股份框架協議	13,600,000	26,350,000	6,600,000
Hongta JY Framework Agreement 紅塔金葉框架協議	80,100,000	155,000,000	40,000,000
(B) Transaction with Guangdong Tobacco Company 與廣東中煙公司的交易			
HB Flavours Framework Agreement 華寶股份框架協議	85,400,000	120,000,000	N/A 不適用
JY Framework Agreement 金葉框架協議	46,450,000	110,000,000	N/A 不適用
JK Framework Agreement 金科框架協議	6,270,000	34,000,000	N/A 不適用

For the Financial Year, the actual transaction amount under the Hongta HB Flavours Framework Agreement, the Hongta JY Framework Agreement, the HB Flavours Framework Agreement, the JY Framework Agreement and the JK Framework Agreement was RMB18,469,000, RMB56,129,000, RMB82,464,000, RMB57,634,000 and RMB18,603,000, respectively.

截至本財政年度，紅塔華寶股份框架協議、紅塔金葉框架協議、華寶股份框架協議、金葉框架協議及金科框架協議的實際交易金額分別為人民幣18,469,000元、人民幣56,129,000元、人民幣82,464,000元、人民幣57,634,000元及人民幣18,603,000元。

Directors' Report

(II) Transactions with Weizhijia Group

Entrusted Management Agreement

On 27 November 2018, Guangdong Jiahao and Weizhijia entered into an entrusted management agreement ("Entrusted Management Agreement") in relation to the provision of consultancy and management services by members of Weizhijia to Guangdong Jiahao for a term of three years commencing on 1 January 2019 and expiring on 31 December 2021 (both days inclusive).

Weizhijia is ultimately controlled by Madam Chu Lam Yiu, the Chairlady and CEO of the Company, and therefore Weizhijia is an associate of a connected person under the Listing Rules. Guangdong Jiahao is an indirect wholly-owned subsidiary of the Company. Transactions between the Guangdong Jiahao and members of Weizhijia under the Entrusted Management Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Under the Entrusted Management Agreement, members of Weizhijia will provide consultancy and management services to Guangdong Jiahao to enhance its brand awareness in the market and assist Guangdong Jiahao to expand its market share and gradually reach sales targets. The annual caps for the service fees (inclusive of the sales network construction fee and the performance fee) for the year ended 31 December 2019, and the year ending 31 December 2020 and 31 December 2021 were RMB10,500,000, RMB13,050,000 and RMB16,350,000, respectively.

For the Financial Year, the actual service fee paid under the Entrusted Management Agreement was RMB4,975,000.

Sales Framework Agreement

On 14 March 2019, Guangdong Jiahao entered into a sales framework agreement ("Sales Framework Agreement") with Weizhijia, pursuant to which Guangdong Jiahao shall sell and members of Weizhijia shall purchase all products relating to catering condiments of Jiahao ("Jiahao Products") and related services so as to further increase the sales of Jiahao Products and hence bring more revenue to Guangdong Jiahao.

The Sales Framework Agreement shall be for a term of 36 months from 1 January 2019 to 31 December 2021 (both days inclusive). Transactions between the Guangdong Jiahao and members of Weizhijia under the Sales Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

董事會報告

(II) 與味之家集團的交易

授權管理協議

於2018年11月27日，廣東嘉豪與味之家訂立授權管理協議（「授權管理協議」），內容有關味之家成員公司向廣東嘉豪提供諮詢及管理服務。授權管理協議的期限由2019年1月1日起至2021年12月31日止（包括首尾兩日），為期三年。

味之家最終由朱林瑤女士控制，彼為本公司主席兼首席執行官，故此根據上市規則，味之家為關連人士的聯繫人。廣東嘉豪為本公司的間接全資附屬公司。根據上市規則，廣東嘉豪與味之家成員公司於授權管理協議項下的交易構成本公司的關連交易。

根據授權管理協議，味之家成員公司向廣東嘉豪提供諮詢及管理服務以便提高廣東嘉豪的市場品牌知名度以及提升廣東嘉豪的市場佔有率，逐漸達成銷售目標。有關截至2019年12月31日止、2020年12月31日止及2021年12月31日止的服務費年度上限（包括銷售網絡建設費及績效費）分別為人民幣10,500,000元、人民幣13,050,000元及人民幣16,350,000元。

截至本財政年度，授權管理協議下的實際支付服務費為人民幣4,975,000元。

銷售框架協議

於2019年3月14日，廣東嘉豪與味之家簽訂銷售框架協議「銷售框架協議」，據此，廣東嘉豪將銷售而味之家的成員公司將購買與嘉豪餐飲調味品有關的所有產品「嘉豪產品」及相關服務以便進一步提升嘉豪產品的銷量，從而為廣東嘉豪帶來更多的收益。

銷售框架協議將為期36個月，自2019年1月1日起至2021年12月31日止（包括首尾兩日）。根據上市規則，廣東嘉豪與味之家成員公司於銷售框架協議項下的交易構成本公司的關連交易。

Directors' Report

The revised annual cap (details of which are set out in the Company's announcement dated 30 September 2019) under the Sales Framework Agreement was set at not more than RMB80,000,000 for the year ended 31 December 2019, RMB130,000,000 for the year ending 31 December 2020 and RMB150,000,000 for the year ending 31 December 2021, respectively.

For the Financial Year, the actual transaction amount under the Sales Framework Agreement was RMB64,288,000.

Annual review of continuing connected transactions

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

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

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

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the Financial Year are set out in Note 34 to the consolidated financial statements. None of these related party transactions constitutes a disclosable connected transaction as defined under the Listing Rules, except for the transactions described in this paragraph headed "Continuing Connected Transactions", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied.

董事會報告

於銷售框架協議項下有關截至2019年12月31日止、2020年12月31日止及2021年12月31日止的經修訂年度上限(詳情載於本公司於2019年9月30日刊發的公告)分別為不超過人民幣80,000,000元、人民幣130,000,000元及人民幣150,000,000元。

截至本財政年度，銷售框架協議下的實際交易金額為人民幣64,288,000元。

持續關連交易的年度審議

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

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

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

關聯人士交易

本集團於本財政年度訂立之重大關聯人士交易詳情載於綜合財務報表附註34。除於「持續關連交易」一節所述的交易(而此等交易已遵守上市規則第14A章的披露規定)外，該等關聯人士交易概無構成須予披露的關連交易(定義見上市規則)。

Directors' Report

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

During the Financial Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 37 to 56 of this annual report.

LEGAL PROCEEDINGS

As at 31 December 2019, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

PUBLIC FLOAT

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

AUDITORS

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

By Order of the Board
CHU Lam Yiu
Chairlady and CEO

Hong Kong, 27 March 2020

董事會報告

購買、出售或贖回本公司之上市證券

於本財政年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

企業管治

本集團企業管治常規之詳情載於本年報第37頁至56頁之企業管治報告。

法律訴訟

於2019年12月31日，本集團成員公司概無涉及任何重大訴訟或仲裁事項，亦無面臨任何待決的重大訴訟或索償。

公眾持股量

根據可供公眾查閱之資料以及據董事所知和所信，於本財政年度整年內及截至本報告日，本公司均維持上市規則所規定之公眾持股量。

核數師

本財政年度之綜合財務報表已經由羅兵咸永道會計師事務所審核，該核數師將任滿告退，惟彼符合資格並願於本公司應屆股東週年大會上應聘連任。

承董事會命
朱林瑤
主席兼首席執行官

香港，2020年3月27日

Independent Auditor's Report

獨立核數師報告



羅兵咸永道

TO THE SHAREHOLDERS OF HUABAO INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

獨立核數師報告

致華寶國際控股有限公司股東
(於百慕達註冊成立的有限公司)

OPINION

What we have audited

The consolidated financial statements of Huabao International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 89 to 220, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

意見

我們已審計的內容

華寶國際控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第89至220頁的綜合財務報表，包括：

- 於二零一九年十二月三十一日的綜合財務狀況表；
- 截至該日止年度的綜合收益表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於二零一九年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

Independent Auditor's Report

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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

獨立核數師報告

意見的基礎

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

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

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

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Independent Auditor's Report

獨立核數師報告

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

商譽減值為我們在審計中識別的關鍵審計事項，其概述如下：

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment of goodwill</p> <p>Refer to Note 5 (Critical accounting estimates and judgements) and Note 9 (Intangible assets) to the consolidated financial statements, as at 31 December 2019, the Group had material goodwill balance amounting to RMB5,867,509,000 arose from acquisitions in previous years, which was allocated to the Group's cash-generating units ("CGUs"). No impairment was recognised in current period.</p> <p>Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amount of CGUs has been determined based on value-in-use calculation.</p>	<p>Our procedures in relation to management's impairment assessment of goodwill included:</p> <ul style="list-style-type: none"> – We used our in-house experts to assist us in evaluating the appropriateness of value-in-use calculation methodology adopted by management. – We tested the mathematical accuracy of the underlying value-in-use calculation. – We also evaluated the historical accuracy of the plan and forecast by, for example, comparing the forecast used in the prior year model to the actual performance of the business in the current year.

關鍵審計事項	我們的審計如何處理關鍵審計事項
<p>商譽減值</p> <p>如綜合財務報表附註5 (關鍵會計估計及判斷) 和附註9 (無形資產) 所述，貴集團於二零一九年十二月三十一日，於以前年度收購產生的商譽的帳面值為人民幣5,867,509,000元，被分配至貴集團的現金產生單位。本年度沒有確認商譽減值。</p> <p>管理層根據附註2.8所述的會計政策每年測試商譽是否遭致任何減值。現金產生單位的可回收金額已根據使用價值計算釐定。</p>	<p>我們就管理層商譽減值評估進行的程序包括：</p> <ul style="list-style-type: none"> – 我們使用內部專家協助我們評估管理層採用的計算方法的適當性； – 我們測試了使用價值計算過程中的數值準確性； – 我們亦評估了計劃和預測的歷史準確性，例如，比較前一年模型的預測與本年度業務的實際表現；

Independent Auditor's Report

獨立核數師報告

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Management concluded that, based on their assessment, no additional impairment loss was considered necessary for the goodwill in current year.</p> <p>We focused on this balance because the determination of whether or not an impairment charge was necessary involved significant judgements about the future results of the business. In particular, we focused on the estimated value-in-use calculations of CGUs of reconstituted tobacco leaves (amounting to RMB942,633,000) for which there are limited headroom as a result of the industry environment continuing to be difficult. Management's impairment assessment involves significant estimation, and budgeted gross margin, estimated pre-tax discount rate and forecast and terminal growth rates are considered to be the key assumptions.</p>	<ul style="list-style-type: none"> - We discussed with management and evaluated the underlying key assumptions of budgeted gross margin and forecast and terminal growth rates used in the cash flow forecast taking into account market developments. - We evaluated and recalculated the pre-tax discount rate used in the calculation by comparing with the industry or market data. <p>As a result of performing our work, we found the management's estimates and judgements used in the impairment assessment to be supported by the available evidence.</p>

關鍵審計事項	我們的審計如何處理關鍵審計事項
<p>管理層根據評估的結果，認為商譽於本年度無需計提額外減值。</p> <p>我們關注這些餘額是因為商譽是否需要計提減值的釐定涉及對未來經營情況的重大判斷。尤其是，我們關注再造煙葉現金產生單位（帳面值約為人民幣942,633,000元）使用價值的計算，因為受行業環境持續困難的影響，其減值空間有限。管理層的商譽減值評估涉及重大判斷，其中預測毛利率、稅前貼現率、預測銷售增長率和永續年增長率被視為關鍵假設。</p>	<ul style="list-style-type: none"> - 我們與管理層在考慮市場發展的情況下，討論並評估了現金流量預測所使用的預測毛利率，預測銷售增長率及永續年增長率的基本關鍵假設； - 我們通過比較行業或市場數據，評估及重新計算於計算時所用的稅前貼現率。 <p>經過上述工作，我們發現管理層對減值評估的判斷及估計可獲得證據支援。</p>

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

其他信息

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

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

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

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

董事及審計委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審計委員會須負責監督 貴集團的財務報告過程。

Independent Auditor's Report

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅按照百慕達一九八一年《公司法》第90條向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

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

Independent Auditor's Report

獨立核數師報告

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

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

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

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

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

Independent Auditor's Report

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lam Sung Wan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2020

獨立核數師報告

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

出具本獨立核數師報告的審計項目合夥人是林崇雲。

羅兵咸永道會計師事務所
執業會計師

香港，二零二零年三月二十七日

Consolidated Statement of Financial Position 綜合財務狀況表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		As at 31 December 於12月31日		
		Note 附註	2019 2019年	2018 2018年
ASSETS				
Non-current assets				
	資產			
	非流動資產			
Property, plant and equipment	物業、機器及設備	7	1,391,118	1,244,569
Right-of-use assets	使用權資產	8	260,560	-
Land use rights	土地使用權	8	-	187,310
Intangible assets	無形資產	9	6,807,495	6,899,997
Investments in associates	於聯營公司之投資	10	385,881	396,685
Investment in a jointly controlled entity	於共同控制實體之投資	11	3,313	7,085
Financial assets at fair value through other comprehensive income	以公允價值計量且其變動計入其他綜合收益之金融資產	12	161,905	159,197
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入損益之金融資產	16	58,304	-
Deferred income tax assets	遞延所得稅資產	13	135,257	111,593
Other non-current assets	其他非流動資產		15,606	15,874
			9,219,439	9,022,310
Current assets				
	流動資產			
Inventories	存貨	14	931,385	896,243
Trade and other receivables	貿易及其他應收款項	15	1,322,626	1,540,188
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入損益之金融資產	16	768,111	574,298
Short-term time deposits	短期定期存款	17	2,334,294	1,606,790
Cash and cash equivalents	現金及現金等價物	17	3,387,780	5,535,601
			8,744,196	10,153,120
Total assets	總資產		17,963,635	19,175,430
EQUITY				
Capital and reserves attributable to the Company's equity holders				
	權益			
	本公司權益持有人應佔股本及儲備			
Share capital	股本	18	318,636	318,647
Reserves	儲備	20	2,540,529	2,571,885
Retained earnings	保留盈利	21	8,969,048	8,863,604
			11,828,213	11,754,136
Non-controlling interests	非控制性權益		1,771,260	1,991,282
Total equity	總權益		13,599,473	13,745,418

Consolidated Statement of Financial Position 綜合財務狀況表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		As at 31 December		
		於12月31日		
		Note	2019	2018
		附註	2019年	2018年
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	貸款	22	2,310,474	2,756,438
Lease liabilities	租賃負債	8	60,135	–
Deferred income tax liabilities	遞延所得稅負債	13	205,736	254,520
Trade and other payables	貿易及其他應付款項	23	800	800
			2,577,145	3,011,758
Current liabilities	流動負債			
Borrowings	貸款	22	688,302	933,701
Lease liabilities	租賃負債	8	22,448	–
Trade and other payables	貿易及其他應付款項	23	666,864	996,866
Current income tax liabilities	當期所得稅負債		236,514	264,598
Contract liabilities	合同負債	6	172,889	223,089
			1,787,017	2,418,254
Total liabilities	總負債		4,364,162	5,430,012
Total equity and liabilities	總權益及負債		17,963,635	19,175,430

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

上述綜合財務狀況表應與相應附註一併閱讀。

The financial statements on pages 89 to 220 were approved by the Board of Directors on 27 March 2020 and were signed on its behalf.

第89至220頁的財務報表已於2020年3月27日獲董事局批准並簽字。

Ms. CHU Lam Yiu

朱林瑤女士

Chairlady

主席

Mr. XIA Liquan

夏利群先生

Director

董事

Consolidated Income Statement

綜合收益表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

	Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Continuing operations:			
Revenue	6	4,241,040	3,058,707
Cost of goods sold	25	(1,495,630)	(1,108,902)
Gross profit		2,745,410	1,949,805
Other income and other gains – net	24	225,509	122,323
Selling and marketing expenses	25	(358,305)	(208,417)
Administrative expenses	25	(867,398)	(574,345)
Net impairment losses on financial assets	4.1(b)	(16,405)	(1,616)
Operating profit		1,728,811	1,287,750
Finance income		176,956	154,344
Finance costs		(188,984)	(76,913)
Finance (costs)/income – net	27	(12,028)	77,431
Share of results of associates and a jointly controlled entity	10,11	29,034	9,776
Profit before income tax		1,745,817	1,374,957
Income tax expense	28	(372,076)	(320,805)
Profit from continuing operations for the year/period		1,373,741	1,054,152
Profit from discontinued operation for the year/period		–	136,839
Profit for the year/period		1,373,741	1,190,991
Attributable to:			
Equity holders of the Company		1,112,004	1,017,959
Non-controlling interests		261,737	173,032
		1,373,741	1,190,991
Earnings per share for profit from continuing operations and discontinued operation attributable to the Company's equity holders for the year/period		RMB cents 人民幣分	RMB cents 人民幣分
Basic and diluted:			
Continuing operations	29	35.78	27.78
Discontinued operation	29	–	4.97
		35.78	32.75

The above consolidated income statement should be read in conjunction with the accompanying notes.

上述綜合收益表應與相應附註一併閱讀。

Consolidated Statement of Comprehensive Income

綜合全面收益表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Profit for the year/period	年度／期間盈利	1,373,741	1,190,991
Other comprehensive income:	其他全面收益：		
<i>Items that will not be reclassified to profit or loss</i>	<i>不可重新分類至損益的項目</i>		
Fair value changes of equity investments at fair value through other comprehensive income, net of tax	以公允價值計量且其變動計入其他綜合收益之金融資產之除稅後公允價值變動	(17,531)	26,408
Currency translation differences of the Company and its non-foreign operations	本公司及其非海外業務之貨幣換算差額	(13,421)	-
<i>Items that may be reclassified to profit or loss</i>	<i>可重新分類至損益的項目</i>		
Currency translation differences of foreign operations	海外業務之貨幣換算差額	(466)	103,365
Release of exchange reserve upon disposal of a subsidiary	出售附屬公司後釋放之外匯儲備	-	29,519
Other comprehensive (loss)/income for the year/period, net of tax	本年度／期間除稅後其他全面(虧損)／收益	(31,418)	159,292
Total comprehensive income for the year/period, net of tax	本年度／期間除稅後全面收益總額	1,342,323	1,350,283
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	1,081,266	1,171,899
Non-controlling interests	非控制性權益	261,057	178,384
		1,342,323	1,350,283
Total comprehensive income attributable to equity holders of the Company arises from:	本公司權益持有人應佔全面收益總額來自：		
Continuing operations	持續經營業務	1,081,266	1,017,430
Discontinued operation	終止經營業務	-	154,469
		1,081,266	1,171,899

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

上述綜合全面收益表應與相應附註一併閱讀。

Consolidated Statement of Changes in Equity 綜合權益變動表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

	Note 附註	Attributable to equity holders of the Company 本公司權益持有人應佔					Total 總計	Non- controlling interests 非控制性權益	Total equity 總權益
		Share capital 股本	Reserves 儲備	Retained earnings 保留盈利					
Balance at 1 April 2018		318,647	2,343,573	8,601,342	11,263,562	1,854,775	13,118,337		
Fair value changes on financial assets at fair value through other comprehensive income, net of tax	20	-	26,408	-	26,408	-	26,408		
Currency translation differences		-	98,013	-	98,013	5,352	103,365		
Release of exchange reserve upon disposal of a subsidiary		-	29,519	-	29,519	-	29,519		
Profit for the period		-	-	1,017,959	1,017,959	173,032	1,190,991		
Total comprehensive income for the nine months ended 31 December 2018		-	153,940	1,017,959	1,171,899	178,384	1,350,283		
Transactions with owners in their capacity as owners:									
Appropriations from net profit	20, 21	-	74,372	(74,372)	-	-	-		
Dividends paid to non-controlling interests		-	-	-	-	(39,623)	(39,623)		
Acquisition of equity interest in Hunan Jishou Minzu Materials Co., Ltd ("Hunan Jishou")		-	-	-	-	1,750	1,750		
Disposal of a subsidiary		-	-	-	-	(5,804)	(5,804)		
Capital injection from non-controlling interests		-	-	-	-	1,800	1,800		
Repurchase of shares	18	-	-	(352)	(352)	-	(352)		
Final dividends for the year ended 31 March 2018 paid to shareholders	21	-	-	(405,353)	(405,353)	-	(405,353)		
Interim dividends for the six months ended 30 September 2018 payable to shareholders	30	-	-	(275,620)	(275,620)	-	(275,620)		
Total transactions with owners		-	74,372	(755,697)	(681,325)	(41,877)	(723,202)		
Balance at 31 December 2018		318,647	2,571,885	8,863,604	11,754,136	1,991,282	13,745,418		

Consolidated Statement of Changes in Equity 綜合權益變動表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Note 附註	Attributable to equity holders of the Company 本公司權益持有人應佔				Non- controlling interests 非控制性權益	Total equity 總權益
			Share capital 股本	Reserves 儲備	Retained earnings 保留盈利	Total 總計		
Balance at 31 December 2018	於2018年12月31日		318,647	2,571,885	8,863,604	11,754,136	1,991,282	13,745,418
Change in accounting policy	會計政策變動	3	-	-	(2,022)	(2,022)	(545)	(2,567)
Restated total equity at 1 January 2019	於2019年1月1日經重列之總權益		318,647	2,571,885	8,861,582	11,752,114	1,990,737	13,742,851
Fair value changes on financial assets at fair value through other comprehensive income, net of tax	以公允價值計量且其變動計入其他綜合收益之金融資產之除稅後的公允價值變動	20	-	(17,531)	-	(17,531)	-	(17,531)
Currency translation differences	貨幣換算差額		-	(13,207)	-	(13,207)	(680)	(13,887)
Profit for the year	本年度盈利		-	-	1,112,004	1,112,004	261,737	1,373,741
Total comprehensive income for the year ended 31 December 2019	截至2019年12月31日止年度的全面收益總額		-	(30,738)	1,112,004	1,081,266	261,057	1,342,323
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：							
Appropriations from net profit	自純利撥付	20,21	-	700	(700)	-	-	-
Dividends payable to non-controlling interests	向非控制性權益派付的股息		-	-	-	-	(1,218)	(1,218)
Dividends paid to non-controlling interests	向非控制性權益已付的股息		-	-	-	-	(479,367)	(479,367)
Cancellation of repurchased shares	註銷已回購之股份	18,20	(11)	11	-	-	-	-
Share-based payments- value of consultancy service	股份為基礎的支付—顧問服務價值	20	-	907	-	907	-	907
Disposal of equity interest in Better World Naturals Co., Ltd ("Better World") to non-controlling interests	出售上海嘉萃生物科技有限公司(「上海嘉萃」)之權益予非控制性權益持有人	20	-	1,748	-	1,748	(1,748)	-
Acquisition of additional equity interest in Jiangxi Xianghai Biological Technology Co., Ltd ("Jiangxi Xianghai") from non-controlling interests	向非控制性權益收購江西香港海生物科技有限公司(「江西香港海」)額外權益	20	-	(3,984)	-	(3,984)	884	(3,100)
Capital injection from non-controlling interests	非控制性權益注資於附屬公司		-	-	-	-	915	915
Forfeiture of unclaimed dividends	沒收未認領股息	21	-	-	28	28	-	28
Final and special dividends for the nine months ended 31 December 2018 paid to shareholders	已派付截至2018年12月31日止九個月之期末及特別股息	30	-	-	(756,818)	(756,818)	-	(756,818)
Interim dividends for the six months ended 30 June 2019 paid to shareholders	已派付截至2019年6月30日止六個月之中期股息	30	-	-	(247,048)	(247,048)	-	(247,048)
Total transactions with owners	與擁有人交易總額		(11)	(618)	(1,004,538)	(1,005,167)	(480,534)	(1,485,701)
Balance at 31 December 2019	於2019年12月31日		318,636	2,540,529	8,969,048	11,828,213	1,771,260	13,599,473

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述綜合權益變動表應與相應附註一併閱讀。

Consolidated Statement of Cash Flows

綜合現金流量表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
		附註		
Cash flows from operating activities	營運活動之現金流量			
Cash generated from operations	營運產生之現金	32(a)	2,031,748	1,475,538
Income tax paid	已付所得稅		(472,165)	(242,632)
Net cash generated from operating activities	營運活動產生之現金淨額		1,559,583	1,232,906
Cash flows from investing activities	投資活動的現金流量			
Acquisition of subsidiaries	收購附屬公司		–	(4,591,054)
Proceeds from disposal of subsidiaries	出售附屬公司所得款項		–	207,146
Acquisition of an associate	收購聯營公司		(2,411)	(17,450)
Proceeds from disposal of an associate	出售聯營公司所得款項		18,586	–
Purchases of financial assets at fair value through other comprehensive income	購入以公允價值計量且其變動計入其他綜合收益之金融資產		(20,642)	(48,331)
Proceeds from disposal of interest in financial assets at fair value through other comprehensive income	出售以公允價值計量且其變動計入其他綜合收益之金融資產所得款項		2,545	–
Purchases of financial assets at fair value through profit or loss	購入以公允價值計量且其變動計入損益之金融資產		(1,068,720)	(579,660)
Proceeds from disposal of financial assets at fair value through profit or loss	出售以公允價值計量且其變動計入損益之金融資產所得款項		829,950	293,922
Purchases of property, plant and equipment, land use rights and intangible assets	購入物業、機器及設備，土地使用權及無形資產		(312,097)	(265,114)
Proceeds from disposal of property, plant and equipment and intangible assets	出售物業、機器及設備及無形資產所得款項	32(b)	16,655	5,694
Short-term time deposits placed	存入短期定期存款		(3,134,294)	(2,640,100)
Short-term time deposits released	提取短期定期存款		2,406,790	2,110,265
Dividend received	已收股息		12,805	10,161
Interest received	已收利息		178,319	138,843
Net cash used in investing activities	投資活動所用之現金淨額		(1,072,514)	(5,375,678)

Consolidated Statement of Cash Flows

綜合現金流量表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

	Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
	附註		
Cash flows from financing activities			
Final dividends for the year ended 31 March 2018 paid to shareholders			
融資活動的現金流量			
向股東支付截至2018年 3月31日止年度之期末 股息		–	(405,353)
Interim dividends for the six months period ended 30 September 2018 paid to shareholders		(275,620)	–
向股東支付截至2018年 9月30日止六個月期間之 中期股息			
Final and special dividends for the nine months ended 31 December 2018 paid to shareholders		(756,818)	–
向股東支付截至2018年 12月31日止九個月 期間之期末及特別股息			
Interim dividends for the six months ended 30 June 2019 paid to shareholders		(247,048)	–
向股東支付截至2019年 6月30日止六個月期間之 中期股息			
Dividends paid to non-controlling interests		(479,367)	(39,623)
向非控制性權益支付股息			
Capital contributions from non-controlling interests		915	1,800
非控制性權益持有人 注資之所得款項			
New bank borrowings	32(c)	756,607	3,580,389
新增銀行貸款			
Repayment of bank borrowings	32(c)	(1,461,703)	(100,250)
償還銀行貸款			
Principal elements of lease payments	32(c)	(19,599)	–
支付租賃付款之本金部分			
Repurchase of shares		–	(352)
回購股份			
Interest elements of lease payments	32(c)	(3,092)	–
支付租賃付款的利息部分			
Interest paid related to bank borrowings and others		(185,814)	(95,999)
與銀行貸款及其他相關之 已付利息			
Net cash (used in)/generated from financing activities		(2,671,539)	2,940,612
Net decrease in cash and cash equivalents		(2,184,470)	(1,202,160)
Cash and cash equivalents at the beginning of the year/period		5,535,601	6,635,651
年初/期初之現金及 現金等價物			
Effects of currency translation on cash and cash equivalents		36,649	102,110
貨幣換算對現金及 現金等價物的影響			
Cash and cash equivalents at the end of the year/period	17	3,387,780	5,535,601
年末/期末之現金及 現金等價物			

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

上述綜合現金流量表應與相應附註一併閱讀。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

1. GENERAL INFORMATION

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

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

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are mainly engaged in the research and development, production, distribution and sale of flavours and fragrances, tobacco raw materials, aroma raw materials and condiment products in the People’s Republic of China (the “PRC”). Ms. Chu Lam Yiu (“Ms. Chu”), who is the Chairlady of the Board of Directors, holds approximately 74% beneficial equity interest in the Company as at 31 December 2019.

On 11 December 2018, the Board of Directors of the Company announced that the financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2018 to align the Company’s financial year end date with that of the Group’s PRC subsidiaries. Accordingly, the current financial year covers twelve months from 1 January 2019 to 31 December 2019 while the comparative period covers nine months from 1 April 2018 to 31 December 2018, and thereby the figures of the comparative period are not directly comparable.

These consolidated financial statements are presented in thousands of units of RMB (“RMB’000”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2020.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

1. 一般資料

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

本公司的股份主要於香港聯合交易所有限公司上市。

本公司為投資控股公司。本公司及其附屬公司(「本集團」)之業務主要在中華人民共和國(「中國」)研究及發展、生產、分銷及銷售香精、煙用原料、香原料及調味品產品。朱林瑤女士(「朱女士」)乃本公司之董事局主席，於2019年12月31日，朱女士持有本公司約74%之權益。

於2018年12月11日，本公司宣佈將其財政年度結算日由3月31日變更為12月31日，以與本集團於中國註冊成立之子公司財政年度結算日一致，並自截至2018年12月31日止財政期間生效。因此，本財政年度涵蓋2019年1月1日至12月31日止十二個月，而比較期間涵蓋2018年4月1日至12月31日止九個月，因此比較期間數據不完全可比。

本綜合財務報表除另有說明者外，均以人民幣千元(「人民幣千元」)列示。本綜合財務報表已於2020年3月27日獲董事會批准刊發。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years/period presented, unless otherwise stated. The financial statements are for the Group.

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies Ordinance Cap.622.

(ii) Historical cost convention

The consolidated financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVPL”), which are carried at fair value.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要

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

2.1 編製基準

(i) 遵守香港財務報告準則及香港公司條例

本集團的綜合財務報表乃根據所有適用的香港財務報告準則（「香港財務報告準則」）及香港公司條例第622章的規定編制。

(ii) 歷史成本法

本公司綜合財務報表乃按歷史成本法編制，且就重新計量之以公允價值計量且其變動計入其他全面收益的金融資產及以公允價值計量且其變動計入損益的金融資產而作出修訂。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(iii) *New and amended standards adopted by the Group*

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

- HKFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to HKFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to HKAS 28
- Annual Improvements to HKFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to HKAS 19
- HK(IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments.

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. The impact of the adoption of HKFRS 16 is disclosed in Note 3 and the new accounting policies adopted are set out in Note 2.23 below. Except for HKFRS 16, other new and amended standards listed above do not have a material impact on or are not relevant to the Group.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.1 編製基準(續)

(iii) *本集團已採納的新訂和已修改的準則*

本集團於2019年1月1日開始的財政年度首次採納下列準則：

- 香港財務報告準則第16號－租賃
- 具有反向賠償的提前還款特徵－對香港財務報告準則第9號的修訂
- 聯營和合營的長期權益－對香港會計準則第28號的修訂
- 香港財務報告準則年度改進2015-2017年週期
- 計畫的修改、縮減或結算－對香港會計準則第19號的修訂
- 香港(國際財務報告)解釋公告第23號所得稅會計處理的不確定性

本集團已採納香港財務報告準則第16號並作出了會計政策變更。本集團選擇以追溯法採用新準則，並在2019年1月1日確認初始應用新準則的累計影響。採納香港財務報告準則第16號的影響於附註3披露，而採納的新會計政策載於下文附註2.23。除了香港財務報告準則第16號之外，上述新準則及對現有準則的修訂對本集團沒有重大影響或無關係。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation

(a) *Subsidiaries*

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

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.1 編製基準(續)

(iv) *尚未採納之新訂準則及詮釋*

若干新會計準則及詮釋已頒佈但並無於2019年12月31日報告期間強制生效，且本集團亦無提早採納。該等準則預計在當期或未來報告期間不會對主體及可預見的未來交易產生重要影響。

2.2 綜合賬目

(a) *附屬公司*

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

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

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

(i) Business combinations

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.2 綜合賬目(續)

(a) 附屬公司(續)

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

(i) 業務合併

收購的相關成本在產生時支銷。

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

集團將轉讓的任何或有對價按收購日期的公允價值計量。被視為資產或負債的或有對價公允價值的其後變動，根據香港財務報告準則第9號的規定，在損益中或作為其他全面收益的變動確認。分類為權益的或有對價不重新計量，其之後的結算在權益中入賬。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

(i) Business combinations (Continued)

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

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

(ii) Disposal of subsidiaries

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.2 綜合賬目(續)

(a) 附屬公司(續)

(i) 業務合併(續)

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

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

(ii) 出售附屬公司

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(b) Associates

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

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

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.2 綜合賬目(續)

(b) 聯營公司

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

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

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(b) Associates (Continued)

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

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

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.2 綜合賬目(續)

(b) 聯營公司(續)

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

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

在聯營公司的攤薄盈虧於綜合收益表內確認。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(c) *Jointly controlled entity*

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

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

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed to ensure consistency with the policies adopted by the Group.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.2 綜合賬目(續)

(c) *共同控制實體*

在合營安排的投資必須分類為共同經營或合營企業，視乎每個投資者的合同權益和義務而定。本公司已評估其合營安排的性質並釐定為合營企業。合營企業按權益法入賬。

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

本集團與其合營企業之間的未變現交易盈利乃按本集團在該等合營企業的權益予以對銷。未變現虧損也予以對銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策已按需要作出改變，以確保與本集團所採納的政策符合一致。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Hong Kong dollars ("HKD") and majority of the subsidiaries of the Group operate in the PRC and their functional currency are RMB. The consolidated financial statements are presented in RMB, which is the Group's presentation currency.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.3 獨立財務報表

附屬公司投資按成本扣除減值列賬。成本亦包括投資的直接歸屬成本。附屬公司的業績由本公司按已收及應收股息入賬。

如股息超過宣派股息期內附屬公司的綜合收益總額，或如在獨立財務報表的投資賬面值超過綜合財務報表中被投資公司淨資產(包括商譽)的賬面值，則必須對附屬公司投資作減值測試。

2.4 分部報告

經營分部按照向主要經營決策者提供的內部報告貫徹一致的方式報告。主要經營決策者被認為作出策略性決定的執行董事負責分配資源和評估經營分部的表現。

2.5 外幣換算

(a) 功能和列賬貨幣

本集團每個主體的財務報表所列項目均以該主體經營所在的主要經濟環境的貨幣計量(「功能貨幣」)。本公司的功能貨幣為港幣，本集團的大部份附屬公司於中國營運及其功能貨幣為人民幣。而本綜合財務報表按本集團之列報貨幣人民幣列報。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within other income and other gains – net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.5 外幣換算(續)

(b) 交易及結餘

外幣交易均按當日的匯率交易或項目重新計量時按估值換算為功能貨幣。除了現金流對衝或淨投資對衝造成的匯兌盈虧，結算此等交易產生的匯兌盈虧以及將外幣計值的貨幣資產和負債以年終匯率換算產生的匯兌盈虧在綜合收益表內確認。

所有其他匯兌盈虧在綜合收益表內的「其他收入及其他收益－淨額」中列報。

按公允價值計量並以外幣計值之非貨幣性項目採用釐定公允價值當日之匯率換算。按公允價值列賬之資產與負債之換算差額作為公允價值盈虧的一部份呈報。例如，非貨幣性資產及負債如按公允價值計量且其變動計入損益之股權之換算差額在損益中確認為公允價值盈虧的一部份，而非貨幣性資產如分類為按公允價值計量且其變動計入其他全面收益之股權之換算差額在其他全面收益中確認。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.5 外幣換算(續)

(c) 集團公司

功能貨幣與列賬貨幣不同的所有集團實體(當中沒有嚴重通脹的貨幣)的業績及財務狀況，乃按以下方式換算為列報貨幣：

- (i) 每份呈報的財務狀況表所呈列之資產及負債乃按其資產負債表日之收市匯率換算；
- (ii) 每份收益表內的收入和費用乃按平均匯率換算(除非該平均匯率並不代表交易當日匯率的累計影響的合理約數；在此情況下，收支則按交易當日的匯率換算)；及
- (iii) 所有因此而產生的匯兌差額在其他全面收益中確認。

收購海外實體產生的商譽及公允價值調整視為該海外實體的資產和負債，並按收市匯率換算。產生的匯兌差額在其他全面收益中確認。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group's losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group's losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.5 外幣換算(續)

(d) 處置和部份處置海外業務

對於海外業務的處置(即處置集團在海外業務中的全部權益，或者處置涉及喪失對擁有海外業務的附屬公司的控制權，或涉及喪失對擁有海外業務的共同控制實體的共同控制權，或涉及喪失對擁有海外業務的聯營企業的控制權)，就該項經營累計計入權益的歸屬於公司權益持有者的所有匯兌差額均重分類至損益。

對於並不導致集團喪失對擁有海外業務的附屬公司的控制權的部份處置，集團在累計匯兌差額中的比例份額重新歸屬於非控制性權益並且不在損益中確認。對於所有其他部份處置(即集團在聯營企業或共同控制實體中的所有權益的減少並不導致集團喪失重大影響或共同控制權)，集團在累計匯兌差額中的比例份額重分類至損益。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

Construction in progress represents the direct costs of construction of property, plant and equipment incurred plus interest capitalised less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and available for their intended use.

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

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

Buildings	20-35 years
Plant and machinery	5-20 years
Motor vehicles	5-10 years
Furniture, fixtures and equipment	5-10 years
Leasehold improvements	2-5 years or over the lease term, whichever is shorter

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.6 物業、機器及設備

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

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

僅在與項目相關之日後經濟效益有可能流入本集團，而有關項目的成本能夠可靠地計量時，其後成本才包括在資產的賬面值或確認為一項獨立資產(如適用)。被替換部份資產賬目值終止確認。所有其他維修保養費用於其產生的財政期間於收益表中支銷。

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

樓宇	20至35年
機器及設備	5至20年
汽車	5至10年
傢俬、裝置及設備	5至10年
租賃物業改良	2至5年或按租賃年期，以較短者為準

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income and other gains – net, in the consolidated income statement.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU or group of CGUs level.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.6 物業、機器及設備(續)

於每個結算日均會檢討資產剩餘價值及可使用年期，並在適當情況下作出調整。倘資產賬面值高於其估計可收回金額，該資產的賬面值即時被撇減至其可收回金額(附註2.8)。

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

2.7 無形資產

(a) 商譽

商譽產生自收購附屬公司並相當於所轉讓對價、被收購方的任何非控制性權益數額，及在被收購方之前任何權益在收購日期的公允價值，超過購入可辨識淨資產公允價值之數額。

就減值測試而言，在業務合併中購入的商譽會分配至每個現金產生單位或現金產生單位組(預期可從合併中獲取協同利益)。商譽被分配的每個單位或單位組指在主體內商譽被監控作內部管理用途的最低層次。商譽在現金產生單位或單位組層次進行監控。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

(a) Goodwill (Continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU or the group of CGUs to which goodwill has been allocated is compared to the recoverable amount of the unit, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Customer relationships and non-competition agreement

Customer relationships and non-competition agreement acquired as part of a business combination are capitalised separately from goodwill and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 5 to 10 years.

(c) Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 10 to 20 years.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.7 無形資產(續)

(a) 商譽(續)

對商譽的減值檢討每年進行，或如事件或情況轉變顯示可能存在減值，則更頻密地檢討。商譽被分配的每個現金產生單位或現金產生單位組的賬面值與可收回數額(使用價值與公允價值減出售成本較高者)比較。任何減值須即時確認及不得在之後期間撥回。

(b) 客戶關係及非同業競爭協議

客戶關係及非同業競爭協議為業務合併的一部份，並已資本化與商譽分開，按成本減累計攤銷及累計減值虧損列賬。攤銷以直線法將無形資產的成本按其估計可使用年期5至10年計算。

(c) 商標及許可證

分開購入的商標及許可證按歷史成本列賬。在業務合併中購入的商標及許可證按購買日的公允價值列賬。商標及許可證具有有限可使用年期，按成本減累計攤銷和累計減值準備列賬。攤銷以直線法將商標的成本按其估計可使用年期10至20年計算。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

(d) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

(e) Patents

Patents include purchased technology and skills acquired from third parties. They have a finite useful life and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the technology and skills over their estimated useful life of 3 to 10 years.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.7 無形資產(續)

(d) 電腦軟件

購入的電腦軟件牌照按購入及使用該特定軟件達到可使用時所產生的成本作資本化處理。此等成本按估計可使用年期(3至5年)攤銷。

(e) 專利

專利乃購自第三方的技術並具有有限可使用期，按成本減累計攤銷及及累計減值虧損列賬。攤銷以直線法將專利及技術的成本按其估計可使用年期3至10年計算。

2.8 非金融資產的減值

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.9 金融資產

(a) 分類

本集團將其金融資產分為以下計量類別：

- 隨後將按公允價值計量（其變動計入其他全面收益或計入損益）的金融資產；及
- 將按攤銷成本計量的金融資產。

該分類取決於本集團管理金融資產的業務模式及現金流量的合約條款。

就按公允價值計量之資產而言，收益及虧損將計入損益或其他全面收益。就非持作交易的權益工具投資而言，收益及虧損的入賬將取決於本集團是否已於初始確認時行使不可撤銷選擇權，將權益投資入賬列為以公允價值計量且其變動計入其他全面收益。

本集團僅當管理該等資產之業務模式變動時重新分類債務投資。

(b) 確認及終止確認

常規購入及出售之金融資產在交易日予以確認，交易日指本集團承諾購入或出售該資產之日。當收取金融資產所得現金流量之權利已經到期或已經轉讓，而本集團已將擁有權之絕大部份風險及回報轉讓時，即終止確認金融資產。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and other gains - net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.9 金融資產(續)

(c) 計量

初始確認時，本集團按其公允價值加(倘屬並非以公允價值計量且其變動計入損益的金融資產)直接歸屬於購買金融資產的交易成本計量金融資產。以公允價值計量且其變動計入損益的金融資產的交易成本在損益中入賬。

確定具有嵌入衍生工具的金融資產的現金流量是否僅為支付本金和利息時，應整體考慮金融資產。

債務工具

債務工具的後續計量視乎本集團管理該資產之業務模式及該資產之現金流量特徵而定。本集團將其債務工具分類為三個計量類別：

- 攤銷成本：倘為收回合約現金流量而持有之資產的現金流量僅為支付本金及利息，則該等資產按攤銷成本計量。該等金融資產的利息收入按實際利息法計入財務收入。終止確認產生的任何收益或虧損直接於損益確認，並於其他收入及其他收益－淨額中與匯兌收益及虧損一併列示。減值虧損於綜合收益表中作為單獨項目列示。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and financial assets (Continued)

(c) Measurement (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income and other gains - net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and other gains - net and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income and other gains - net in the period in which it arises.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.9 金融資產(續)

(c) 計量(續)

債務工具(續)

- 以公允價值計量且其變動計入其他全面收益：倘為收回合約現金流量及出售金融資產而持有之資產的現金流量僅為支付本金及利息，則該等資產以公允價值計量且其變動計入其他全面收益。賬面值變動計入其他全面收益，惟於損益確認之減值收益或虧損、利息收入及匯兌收益及虧損之確認除外。終止確認金融資產時，先前於其他全面收益確認之累計收益或虧損由權益重新分類至損益並確認為其他收入及其他收益－淨額。該等金融資產的利息收入按實際利息法計入財務收入。匯兌收益及虧損計入其他收入及其他收益－淨額及減值費用於綜合收益表中作為單獨項目列示。
- 以公允價值計量且其變動計入損益：未達按攤銷成本或以公允價值計量且其變動計入其他全面收益標準的資產以公允價值計量且其變動計入損益。後續以公允價值計量且其變動計入損益之債務投資的收益或虧損於損益確認，並於產生期間在損益表的其他收入及其他收益－淨額以淨額列報。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income and other gains - net when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income and other gains - net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 4.1(b) for further details.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.9 金融資產(續)

(c) 計量(續)

權益工具

本集團後續按公允價值計量所有權益投資。倘本集團管理層選擇於其他全面收益中呈列權益投資的公允價值收益及虧損，則於終止確認投資後，公允價值的收益及虧損後續並無重新分類至損益。當本集團確立收取付款的權利時，該等投資的股息繼續於損益確認為其他收入及其他收益－淨額。

以公允價值計量且其變動計入損益的金融資產之公允價值變動於綜合收益表其他收入及其他收益－淨額確認。以公允價值計量且其變動計入其他全面收益之股權投資的減值虧損(及減值虧損撥回)並無與其他公允價值變動分開呈報。

(d) 減值

本集團按前瞻性基準評估與按攤銷成本列賬之債務工具有關之預期信貸虧損。所應用之減值方法取決於是否出現信貸風險重大增幅。就貿易應收款項而言，本集團採用香港財務報告準則第9號所允許的簡化方法，該方法規定預期存續期虧損須自首次確認應收款項時予以確認。詳情於附註4.1(b)詳述。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

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

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

2.13 Cash and cash equivalents

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.10 抵銷金融工具

當有法定可執行權利可抵銷已確認金額，並有意按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。法定可執行權利不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時亦必須可強制執行。

2.11 存貨

存貨按成本及可變現淨值兩者中的較低者列賬。成本按加權平均法釐定。製成品及在製品的成本主要包括原材料、直接勞工、其他直接成本及相關的生產開支(根據正常營運能力)。這不包括貸款成本。可變現淨值乃按正常業務過程中的估計售價，減去適用的變動銷售開支計算。

2.12 貿易及其他應收款項

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

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

2.13 現金及現金等價物

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Share capital

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

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to owners of the Company.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.14 股本

普通股列為權益。直接歸屬於發行新股或購股權的新增成本在權益中列為所得款的減少(扣除稅項)。

如任何集團公司購入本公司的權益股本(庫存股份)，所支付的對價，包括任何直接所佔的新增成本(扣除所得稅)，自歸屬於本公司權益持有人的權益中扣除，直至股份被註銷或重新發行為止。如股份其後被重新發行，任何已收取的對價(扣除任何直接所佔的新增交易費用及相關受影響的所得稅)包括在歸屬於本公司權益持有人的權益。

2.15 貸款

貸款按公允價值並扣除產生的交易費用為初始確認。貸款其後按攤銷成本列賬；所得款(扣除交易成本)與贖回價值的任何差額利用實際利率法於貸款期間內在收益表確認。

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

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowing costs

General and specific borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

Borrowing costs include interest expense and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.16 貸款成本

直接歸屬於收購、興建或生產合資格資產(指必須經一段長時間籌備以作其預定用途或銷售的資產)的一般及特定貸款成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。

就特定貸款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的貸款成本中扣除。

所有其他的貸款成本都在發生時計入發生年度的綜合收益表。

借款費用包括利息費用和被視為對利息費用的調整的外幣借款匯兌差額。作為利息費用的調整項目的匯兌利得和損失包括主體以功能貨幣借入資金本應發生的借款費用與外幣借款實際發生的借款費用之間的利率差額。該等金額根據主體功能貨幣的類似借款利率估計。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries, associates and jointly controlled entity operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.17 貿易應付款

貿易應付賬款為在日常經營活動中購買商品或服務而應支付的債務。如應付款的支付日期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動負債；否則分類為非流動負債。

貿易應付款初步以公允價值確認，其後利用實際利息法按攤銷成本計量。

2.18 當期及遞延所得稅

本期間的稅項支出包括當期和遞延稅項。稅項在綜合收益表中確認，但與在其他全面收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他全面收益或直接在權益中確認。

(a) 當期所得稅

當期所得稅支出根據本公司、其附屬公司、聯營公司及共同控制實體營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (Continued)

(b) *Deferred income tax*

Inside basis difference

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.18 當期及遞延所得稅(續)

(b) *遞延所得稅*

內在差異

遞延所得稅以負債法就資產與負債的稅基與資產和負債在綜合財務報表的賬面值之差額產生的暫時差異。然而，若遞延所得稅來自商譽的初始確認，以及若遞延所得稅來自在交易(不包括企業合併)中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延稅項採用在結算日前已頒佈或實質上頒佈，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期會將適用之稅率(及法例)而釐定。

遞延所得稅資產於有可能出現未來應課稅溢利抵銷暫時差異時方會確認。

外在差異

就子公司、聯營和合營投資產生的應課稅暫時性差異確認遞延所得稅負債，但不包括本集團可以控制暫時性差異的轉回時間以及暫時性差異在可預見將來很可能不會轉回的遞延所得稅負債。一般而言，本集團無法控制聯營的暫時性差異的撥回。只有當有協議賦予本集團有能力控制暫時性差異的撥回時才不予確認。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (Continued)

(b) *Deferred income tax (Continued)*

Outside basis differences (Continued)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(d) *Deferred taxes recognised arising on a lease*

Assets acquired under lease contracts give rise to temporary differences between the carrying amount and tax base. Short-term leases and leases of low value assets are recognized as a straight-line basis as expense in profit or loss. The amount that is charged to rentals by the lessee in its consolidated income statement is likely to be the same as the amount charged in arriving at the taxable profit. An exception to this is where accrued rentals, deferred rentals or lease incentives give rise to temporary differences. The Group considers the lease which is on balance sheet as a single transaction in which the asset and liability are integrally linked, so there is no net temporary difference at inception. Subsequently, as differences arise on settlement of the liability and the amortisation of the leased asset, there will be a net temporary difference on which deferred tax is recognised.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.18 當期及遞延所得稅(續)

(b) *遞延所得稅(續)*

外在差異(續)

就子公司、聯營和合營投資產生的可扣減暫時性差異確認遞延所得稅資產，但只限於暫時性差異很可能在將來轉回，並有充足的應課稅利潤抵銷可用的暫時性差異。

(c) *抵銷*

當有法定可執行權利將當期稅項資產與當期稅項負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅實體或不同課稅實體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

(d) *租賃產生的遞延稅款*

根據租賃合同獲得的資產會導致賬面價值和稅基之間的暫時性差異。短期或低價值的資產租賃，承租人所支付的租金在綜合收益表中很可能視作為取得應稅利潤。但應計租金，遞延租金或租賃激勵措施導致暫時性差異將會除外。本集團將資產負債表上的租賃視為一項將資產和負債緊密相連的單一交易，因此初始時並無淨暫時性差異淨額。隨後，由於負債清償和租賃資產攤銷產生差異，則會產生暫時性淨額並確認為遞延稅項。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits

Pension obligations

The Group operates the Mandatory Provident Fund Scheme (“MPF Scheme”) in Hong Kong which is generally funded through payments to insurance companies under defined contribution plan. It pays contributions to administered pension insurance plans on a mandatory, contractual or voluntary basis. Moreover, all the employees of the Group’s entities incorporated in Mainland China of the PRC (the “Mainland China”) participate in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the local governments. The Group also makes defined contribution to retirement schemes managed by the insurance company in accordance with German regulation and rules for the employees of the subsidiary located in Germany. In the United States of America (“USA”), the Group makes defined contributions at certain percentage of monthly salary to retirement and medical schemes managed by the federal government of USA in accordance with US rules and regulations. It is the federal government’s responsibility to pay the retirement benefits to those staff who retire. The Group has no further payment obligations once these contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. No pension obligation is required under the Botswana laws and regulation.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.19 僱員福利

退休金責任

本集團於香港設有強制性公積金計劃(「強積金計劃」)，該計劃一般透過根據定額供款向保險公司付款而注資。本集團向管理退休保險計劃作出強制、合約或自願性質供款。此外，所有身為本集團於中華人民共和國(「中國內地」)註冊成立實體之僱員，均已參與由地方政府組織及管理之僱員社會保障計劃，涵蓋退休金、醫療、房屋及其他社會福利。本集團根據德國相關法律和法規為設立於德國的附屬公司之合資格僱員根據定額供款退休計劃向有關保險公司作出供款。根據美國的相關法律和法規向合資格員工按月薪的若干百分比向美國聯邦政府所管理的退休金及醫療保險計劃作出供款。美國聯邦政府有責任向該等退休僱員支付退休金。本集團一經繳付供款後再無進一步付款責任。供款於應付時確認為僱員福利開支，並可由歸屬前離開計劃的僱員所放棄的全數供款撇減。預付供款按照現金退款或未來款項減少而確認為資產。根據博茨瓦納的法律及法規，並無退休金責任的要求。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payment

Share option scheme

The Group operates an equity-settled share-based payment under which the entity receives services from a business consultant as consideration for equity instruments (options) of the Group. Information relating to these schemes is set out in Note 19.

For equity-settled share-based payment transactions, the Group measures the services received at their fair value unless that fair value cannot be estimated reliably, and the corresponding increase in equity. If the Group cannot estimate reliably the fair value of the services received, it shall measure the services received by reference to the fair value of the equity instruments granted at the date the business consultant renders service. Given the services are provided evenly over a period of time, the expense is based on the share price over that period.

2.21 Revenue recognition

(a) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.20 以股份支付之酬金

購股權計劃

本集團設有一項按權益償付，以股份支付酬金的計劃。根據該計劃，主體收取業務顧問的服務作為本集團期權工具(購股權)的對價。相關信息在附註19中列出。

就按權益償付以股份支付酬金的交易，本集團以公允價值計量確認服務，除非公允價值不能可靠估算以及評估相應增加的股權。如本集團不能可靠估算提供服務的價值，它應參考業務顧問提供的服務所授出股權當日的公允價值。鑒於在一段時間內均勻提供服務，則費用基於該期間的股票價格。

2.21 收入確認

(a) 與客戶之間之合同產生的收入

收入按本集團日常業務過程中銷售貨品及服務已收或應收代價的公平值計量。收入顯示為扣除折扣後以及與集團公司取消銷售後的收入。當收入金額能夠可靠計量時；當未來的經濟利益很可能流入實體時；當本集團的每項活動符合特定標準時本集團會確認收入，詳情如下所述。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

(a) Revenue from contracts with customers (Continued)

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.21 收入確認(續)

(a) 與客戶之間的合同產生的收入(續)

收入在資產控制權轉移給客戶時確認。根據合同條款和適用於合同的法律，資產的控制可以隨時間或在某個時間點進行轉移。如果集團的業績如下，資產的控制權將隨時間轉移：

- 提供客戶同時收到和消費的所有好處；或
- 創建並增強客戶在集團執行時控制的資產；或
- 不會為本集團創建具有替代用途的資產，且本集團擁有可執行的權利，可為迄今已完成的業績付款。

如果資產的控制隨著時間的推移而轉移，則通過參考完成履約義務的進展於合約期內確認收入。否則，收入在客戶獲得資產控制權的時間點確認。

完成履約義務的進度乃根據本集團為履行完成履約義務所作的努力或投入而計量，並參考截至報告期末所產生的合約成本佔每份合約估計總成本的百分比。

在釐定交易價格時，如果融資成分重大，則本集團會調整承諾的代價金額。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition (Continued)

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

(c) Dividend income

Dividends are recognised when the right to receive payment is established.

2.22 Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) the management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.21 收入確認(續)

(b) 利息收入

利息收入採用實際利息法按時間比例基準確認入賬。倘應收款項出現減值時，本集團會將賬面值撇減至可收回款額，即估計的未來現金流量按該工具之原有效利率貼現值，並繼續將貼現計算並確認為利息收入。已減值應收款的利息收益利用有效利率確認。

(c) 股息收入

股息收入在收取款項的權利確定時確認。

2.22 研發成本

研究費用於產生時確認為支出。倘開發中項目(有關設計及測試全新或經改良產品)所產生之費用，符合下列條件的確認為無形資產：

- (a) 產品技術上可行並可完成該無形資產並能出售或使用；
- (b) 管理層有意完成該無形資產並出售或使用；
- (c) 有能力使用或出售該無形資產；
- (d) 可證明該無形資產如何為將來產生經濟效益；
- (e) 足夠的技術、財務及其他資源可完成開發及使用或出售該無形資產；及
- (f) 於開發該無形資產時的成本能可靠計量。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Research and development costs (Continued)

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development assets are tested for impairment annually.

2.23 Leases

As explained in Note 2.1, the Group has change its accounting policy for leases where the Group is the lessee. The new accounting policy is described below and the impact of the change in Note 3.

Until the 2018 financial year, leases of property, plant and equipment in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Up-front payments to acquire long-term interests in the usage of land were classified as land use rights, which were stated at cost and charged to the consolidated income statement over the remaining period of the lease on a straight-line basis, net of any impairment losses.

From 1 January 2019, leases of property, plant and equipment are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.22 研發成本(續)

資本化的研發費用計入無形資產並在資產達到可使用狀態時採用直線法在使用壽命內開始攤銷，使用年限不會超過5年。

其他研發費用於產生時如不符合上述條件的均會確認為費用。過往確認作費用之開發成本在其後期間並不確認為資產。

研發資產每年進行減值測試。

2.23 租賃

如附註2.1說明，本集團已變更作為承租人的租賃會計政策。新政策見下文所述，關於此項會計政策變更的影響請參見附註3。

直至2018年財政年度以前，凡物業、廠房和設備擁有的大部份風險及回報仍歸出擁有人並非轉移至作為承租人的本集團，均列作經營租賃。在經營租賃下支付的款項(扣除出租人提供的任何租賃激勵)在租賃期內按照直線法計入損益。在租賃的剩餘期間內，為取得土地使用的長期權益而支付的前期付款被歸類為土地使用權，款項扣除成本及減值損失後淨額，按直線法計入綜合收益表。

自2019年1月1日起，凡本集團可使用租賃資產之日應把物業、廠房和設備的租賃確認為使用權資產和相關負債。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.23 租賃(續)

租賃產生的資產及負債按現值基準進行初始計量。租賃負債包括下列租賃付款額的淨現值：

- 固定付款額(包括實質固定付款額)，扣減任何應收租賃激勵
- 基於指數或比率的可變租賃付款，初始評估應使用在生效日期的指數或比率
- 剩餘價值擔保項下的本集團預期應付款項
- 購買選擇權的行使價，前提是本集團能合理確定將行使該選擇權，及
- 終止租賃的罰款金額，前提是租賃條款反映本集團將行使該終止租賃選擇權

在訂有合理的延期選擇權下所支付的租賃付款需要包括在負債的計量。

租賃付款額按照租賃內含利率折現。如果無法確定該利率(本集團的租賃通常不能確定租賃內含利率)，則應採用承租人的增量借款利率，即承租人為在類似經濟環境下獲得價值相近的使用權資產，以類似條款、條件和情況下借入資金而必須支付的利率。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.23 租賃(續)

為確定增量借款利率，本集團：

- 在可能的情况下，以個別承租人最近收到的第三方融資為起點，並進行調整以反映自收到第三方融資以來融資條件的變化
- 該租賃沒有最近的第三方融資下，採用建立方法，先從無風險利率開始對本集團所持租賃的信用風險進行調整，並且
- 針對租賃進行調整，例如條款、國家、貨幣和安全性

本集團面臨以指數或利率為基礎的未來可變租賃費用的潛在增加，直至受影響後才包含在租賃負債內。基於索引或費率的租賃付款調整生效後，將對租賃負債進行重新評估，並根據使用權資產進行調整。

租賃付款在本金和融資成本之間分配。融資成本在租賃期內從損益中扣除，並藉此制定每個期間對負債餘額之穩定利息率。

使用權資產以下列成本計量：

- 租賃負債的初始計量金額
- 在開始日或之前支付的任何租賃付款減去收到的任何租賃激勵
- 任何初始的直接費用，及
- 還原成本

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of properties and motor vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Group does not have any leases of low-value assets.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.23 租賃(續)

使用權資產通常按資產使用壽命或租賃年期以較短者按直線法折舊。如集團能合理地確定要行使購股權，則使用權資產上按其使用年期折舊。

與物業和汽車車輛的短期租賃有關的付款以直線法確認為損益支出。短期租賃是指租賃期為12個月或更短的租賃。本集團並無任何低值資產的租賃。

本集團為出租人的經營租賃的租金收入在租賃期內按直線法確認為收入。為獲得經營租賃而發生的初始直接費用被加至相關資產的賬面價值，並在租賃期內以與租賃收入相同的基礎確認為費用。各個租賃資產根據其性質包括在資產負債表中。由於採用新的租賃準則，本集團無需對持有出租人的資產會計進行任何調整。

2.24 政府津貼

當能夠合理地保證本集團符合所有附帶條件而將收取政府津貼時，政府提供的津貼按公允價值確認入賬。

與成本有關之政府津貼遞延入賬，按擬補償成本之相應期間在綜合收益表確認。

與購買物業、機器及設備有關之政府津貼列入非流動負債作為遞延收入，按有關資產之預計年期以直線法在綜合收益表確認。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the final dividends are approved by the Company's shareholders and interim dividends are approved by the Company's Board of Directors.

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

As indicated in Note 2.1 above, the Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the reporting period ended 31 December 2018, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019. The new accounting policies are disclosed in Note 2.23.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged between 3.11% to 4.33%. There were no leases classified as finance leases across the Group as at 1 January 2019 and 31 December 2019.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

2. 主要會計政策摘要(續)

2.25 股息分派

向本公司股東分派的期末股息在股息獲本公司股東批准的期間內，中期股息在獲本公司董事會批准的期間內，於本集團及本公司的財務報表內列為負債。

3. 會計政策變動

本附注解釋了採用香港財務報告準則第16號－租賃對本集團財務報表的影響。

如上文附註2.1所述，本集團自2019年1月1日起追溯適用香港財務報告準則第16號－租賃，但是根據準則包含的具體過渡規定，並未對截至2018年12月31日止報告期間的比較數字進行重述。因此，因新租賃準則產生的重分類及調整在2019年1月1日期初資產負債表內確認。關於新會計政策的披露，詳見附註2.23。

因採用香港財務報告準則第16號－租賃，本集團為前期根據香港會計準則第17號－租賃歸入「經營租賃」分類的租賃確認租賃負債。承租人應以剩餘租賃付款額按2019年1月1日的承租人增量借款利率折現的現值計量該等租賃負債。於2019年1月1日，該等租賃負債適用的加權平均的承租人的增量借款利率為3.11%至4.33%。於2019年1月1日及2019年12月31日，並無租賃被分類為融資租賃。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

3. 會計政策變動(續)

(a) 所採用的實務簡易處理方法

首次採用香港財務報告準則第16號時，本集團使用了準則允許採用的下列實務簡易處理方法：

- 對具有合理相似特徵的租賃組合採用單一折現率；
- 前期評估租賃是否為虧損性的，來替代減值測試—2019年1月1日不存在虧損合同；
- 於2019年1月1日剩餘租賃期限短於12個月的經營租賃作為短期租賃處理；
- 在首次採用日計量使用權資產時扣除初始直接費用；及
- 如果合同包含續租選擇權或終止租賃選擇權，則可在選擇後才確定租賃期。

本集團選擇不在首次採用日重新評估合同是否為租賃合同或包含租賃。而對於過渡日前簽訂的合同，本集團應用香港會計準則第17號和香港國際財務報告解釋公告第4號「確定一項安排是否包含租賃」評估。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Measurement of lease liabilities

Operating lease commitments as at 31 December 2018	截至2018年12月31日之經營租賃承擔	90,281
Discounted using the lessee's incremental borrowing rate at the date of initial application	首次執行日使用承租人的增量借款利率進行折現	80,151
(Less): short-term leases recognised on a straight-line basis as expense	(減): 按直線法作為費用確認的短期租賃	(7,816)
Lease liability recognised as at 1 January 2019	2019年1月1日確認的租賃負債	72,335
Of which are:	其中包括:	
Current lease liabilities	流動租賃負債	14,950
Non-current lease liabilities	非流動租賃負債	57,385
		72,335

(c) Measurement of right-of-use assets

Prepaid lease payment in respect of the land use right in the PRC is reclassified as right-of-use assets under HKFRS 16, which is measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. Other right-of-use assets which had previously been classified as 'operating leases' under the principles of HKAS 17 were measured on a lease-by-lease basis, as if the new rules had always been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

3. 會計政策變動(續)

(b) 租賃負債的計量

(c) 使用權資產的計量

根據香港財務報告準則第16號，有關中國土地使用權的預付租賃款項重新分類為使用權資產，按等於租賃負債的金額計量，並根據截至2018年12月31日在綜合財務狀況表中確認的與該租賃有關的任何預付款或應計租賃付款額進行調整。之前根據香港會計準則第17號原則歸類為「經營租賃」的其他使用權資產按逐項租賃基準計量，猶如新規則自生效之日起就一直適用，但是使用承租人在初次應用之日的增量借款利率進行折現。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) Impacts of adoption of HKFRS 16

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

3. 會計政策變動(續)

(d) 採用香港財務報告準則第16號之影響

會計政策變更對2019年1月1日綜合財務狀況表上的下列項目產生影響：

Consolidated statement of financial position (extract) 合併資產負債表(摘錄)	31 December 2018	HKFRS 16 Capitalisation of operating lease contracts	HKFRS 16 Reclassification	1 January 2019
	As originally presented	香港財務報告準則第16號經營租賃合同資本化	香港財務報告準則第16號重分類	Restated
	於2018年12月31日 初始呈列	準則第16號 經營租賃 合同資本化	香港財務報告 準則第16號 重分類	於2019年 1月1日 經重列
Right-of-use assets 使用權資產	–	69,322	187,310	256,632
Land use rights 土地使用權	187,310	–	(187,310)	–
Deferred income tax assets 遞延所得稅資產	111,593	446	–	112,039
Lease liabilities 租賃負債	–	72,335	–	72,335
Retained earnings 保留盈利	8,863,604	(2,022)	–	8,861,582
Non-controlling interests 非控制性權益	1,991,282	(545)	–	1,990,737

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under the policies approved by the Board of Directors. The Group identifies and evaluates financial risks in close co-operations with its operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk primarily through financial instruments that are denominated in a currency other than the functional currency in which they are measured. The functional currency of the PRC subsidiaries is RMB, and the functional currency of the HK subsidiaries is HKD. The majority of the subsidiaries of the Group operate in the PRC and most of their transactions are denominated in RMB. The Group did not have other significant exposure to foreign exchange risk.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理

4.1 財務風險因素

本集團的活動面對多項財務風險：市場風險（包括外匯風險、現金流量之利率風險、公允值之利率風險及價格風險）、信貸風險及流動性風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求儘量減低對本集團財務表現的潛在不利影響。

風險管理按照董事會批准的政策執行、確定和評估財務風險。集團經營單位緊密合作以確定和評估財務風險。董事會為整體風險管理訂定指引，亦為若干特定範疇提供政策，例如外匯風險、利率風險、信貸風險，以及投資剩餘的流動資金。

(a) 市場風險

(i) 外匯風險

本集團主要於香港及中國內地經營，主要外匯風險乃源自計量除功能貨幣以外的一種貨幣的金融工具。於中國境內之附屬公司的功能貨幣為人民幣，而於香港的附屬公司之功能貨幣則為港幣。本集團之主要附屬公司乃於國內經營及其大部份的交易以人民幣計算，故本集團並無重大外匯風險。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

If HKD and USD had strengthened/weakened by 5% against RMB during the year ended 31 December 2019, with all other factors remaining unchanged, the profit after income tax for the year and equity as at year end date would have been affected as follows:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

截至2019年12月31日止年度內，假若港幣及美元兌人民幣升值／貶值5%，而所有其他因素維持不變，則對本年度除稅後盈利及於年末權益的影響如下：

Group	本集團	Change of profit after income tax increase/(decrease)		Change of equity increase/(decrease)	
		for the year ended 31 December 2019	for the nine months ended 31 December 2018	for the year ended 31 December 2019	for the nine months ended 31 December 2018
- Strengthened by 5%	- 升值5%	1,014	1,841	5,641	5,378
- Weakened by 5%	- 貶值5%	(1,014)	(1,841)	(5,641)	(5,378)

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

Other than deposits held in banks, the Group does not have significant interest-bearing assets. Fluctuation of market rates does not have a significant impact to the Group's performance.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings which are at floating rates, and expose the Group to cash flow interest-rate risk.

At 31 December 2019 and 2018, if interest rates on borrowings had been 1 percentage points higher/lower, with all other variables held constant, there would have been no material impact to the profit after income tax for the year/period.

(iii) Price risk

The Group is exposed to price risk because of listed equity investments held by the Group, which are classified as financial assets at FVPL (Note 16). The Group is not exposed to commodity price risk.

The sensitivity analysis is determined based on the exposure to price risk of the listed equity investments classified as financial assets at FVPL at the end of each reporting period. If the fair values of the listed equity investments classified as financial assets at FVPL held by the Group had been 5% higher/lower, profit after tax for the year would have been approximately RMB2,058,000 higher/lower for the year ended 31 December 2019 (nine months ended 31 December 2018: RMB9,343,000).

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 現金流量及公允值之利率風險

除存放於銀行的存款以外，本集團並無重大計息資產。市場利率的變動對本集團的表現無重大影響。

集團面臨的利率變動風險主要來自按浮動利率發行的貸款，令本集團承受現金流量利率風險。

於2018年及2019年12月31日，在其他因素不變的情況下，若貸款利率上升/下降一個百分點，對本年盈利並無重大影響。

(iii) 價格風險

由於本集團持有的上市權益投資分類為以公允價值計量且其變動計入損益的金融資產，本集團承受價格風險(附註16)。本集團不承受商品價格風險。

敏感性分析是基於每個報告期末分類為以公允價值計量且其變動計入損益的金融資產的上市權益投資的價格風險確定的。若本集團持有的分類為以公允價值計量且其變動計入損益的金融資產的上市權益投資的公允價值上升/下降5%，則截至2019年12月31日止年度的稅後利潤將上升/下降約人民幣2,058,000元(截至2018年12月31日止九個月：人民幣9,343,000元)。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and contractual cash flows of debt instruments carried at FVPL. In addition, the Group is exposed to credit risk if counterparties fail to make payments as they fall due in respect of:

- payment of trade receivables as invoices fall due under credit terms after being raised.
- payment of other receivables fall due under credit terms.

For financial assets originated from 1 January 2019, the following credit risk modelling applies:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(b) 信貸風險

信貸風險來自現金和現金等價物以及以公允價值計量且其變動計入損益的債務工具之合同現金流。另外，本集團承受因對方可能無法按期償付借款產生的信貸風險，情況包括：

- 貿易應收款在發生之後按照信用政策規定下的發票到期
- 其他應收款於信用期後付款

對2019年1月1日已經存在的金融資產，需應用以下信貸風險模型：

本集團在資產的初始確認時考慮壞賬的可能性，也評估在每個資產存續的報告期間是否會有信貸風險的顯著增加。在評估信貸風險是否顯著增加時本集團將報告日時點資產發生壞賬的可能性與初始確認時點發生壞賬的可能性進行比較，同時也考慮公開且合理的前瞻資訊。以下指標需要重點考慮：

- 內部信用評級
- 外部信用評級
- 實際發生的或者預期的營業狀況、財務狀況和經濟環境中的重大不利變化預期導致借款人按期按期償還到期債務的能力產生重大變化

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(i) Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2019 and 2018 is determined as follows, and the expected credit losses below also incorporate forward looking information.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(b) 信貸風險(續)

- 借款人的經營業績實際發生或者預期發生重大變化
- 借款人的其他金融資產信貸風險顯著增加
- 借款人預期表現或者行為發生重大變化，包括集團內借款人付款情況的變化和經營成果的變化。

現金和現金等價物要須遵守香港財務報告準則第9號的減值要求，但已識別的減值損失不重大。

(i) 貿易應收款

本公司根據香港財務報告準則第9號的規定應用簡化的方式提供預期信貸虧損，該準則允許所有貿易應收款均採用整個信用損失週期預期撥備。

為計量貿易應收款項的預期信貸虧損，貿易應收款根據共有的信貸風險特徵及逾期日期進行分組。在2019年及2018年12月31日，貸款撥備率如下列示，以下預期信用損失同時考慮了前瞻資訊的因素：

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

As at 31 December 2019

Trade receivables due 貿易應收款		0 – 90 days 0 – 90日	91 days – 180 days 91 – 180日	181 days – 360 days 181 – 360日	Over 360 days 超過360日	Total 合計
Effective expected loss rate	預計有效撥備率	0%	0.005%	2.36%	31.24%	
Gross carrying amount	賬面價值	792,694	41,649	53,353	35,227	922,923
Loss allowance provision	撥備金額	–	2	1,257	11,004	12,263

As at 31 December 2018

2018年12月31日

Trade receivables due 貿易應收款		0 – 90 days 0 – 90日	91 days – 180 days 91 – 180日	181 days – 360 days 181 – 360日	Over 360 days 超過360日	Total 合計
Effective expected loss rate	預計有效撥備率	0%	0.005%	1.14%	52.36%	
Gross carrying amount	賬面價值	1,029,914	88,053	23,781	17,304	1,159,052
Loss allowance provision	撥備金額	–	4	270	9,060	9,334

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 貿易應收款(續)

2019年12月31日

Trade receivables due 貿易應收款		0 – 90 days 0 – 90日	91 days – 180 days 91 – 180日	181 days – 360 days 181 – 360日	Over 360 days 超過360日	Total 合計
Effective expected loss rate	預計有效撥備率	0%	0.005%	2.36%	31.24%	
Gross carrying amount	賬面價值	792,694	41,649	53,353	35,227	922,923
Loss allowance provision	撥備金額	–	2	1,257	11,004	12,263

As at 31 December 2018

2018年12月31日

Trade receivables due 貿易應收款		0 – 90 days 0 – 90日	91 days – 180 days 91 – 180日	181 days – 360 days 181 – 360日	Over 360 days 超過360日	Total 合計
Effective expected loss rate	預計有效撥備率	0%	0.005%	1.14%	52.36%	
Gross carrying amount	賬面價值	1,029,914	88,053	23,781	17,304	1,159,052
Loss allowance provision	撥備金額	–	4	270	9,060	9,334

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

The loss allowance provision for trade receivables reconciles to the opening loss allowance for that provision as follows:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 貿易應收款(續)

貿易應收款的減值撥備與期初撥備的調節如下：

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月期間
Opening loss allowance at the beginning of the year/period	年初／期初減值撥備	9,334	12,925
Provision for impairment on trade receivables for continuing operations	計提持續經營業務應收賬款減值	6,515	924
Reversal for impairment on trade receivables for a discontinued operation	沖回終止經營業務應收賬款減值	-	(640)
Increase arising from acquisition of Jiahao Foodstuff Limited and its subsidiaries ("Jiahao Foodstuff")	收購嘉豪食品有限公司及其附屬公司(「嘉豪食品」)所產生的增加	-	6
Decrease arising from disposal of Qingdao Qingda Product Co., LTD ("Qingdao Qingda")	因出售青島青大物產股份有限公司(「青島青大」)之減少	-	(100)
Decrease arising from disposal of VMR Products LLC and its subsidiaries	因出售VMR Products LLC及其附屬公司之減少	-	(347)
Written off as uncollectible	因無法收回而沖銷	(3,586)	(3,434)
Closing loss allowance at the end of the year/period	年末／期末減值撥備	12,263	9,334

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

As at 31 December 2019, the gross carrying amount of trade receivables were RMB922,923,000 (31 December 2018: RMB1,159,052,000), and thus the maximum exposure to loss of trade receivables were RMB910,660,000 (31 December 2018: RMB1,149,718,000).

(ii) Other receivables

Other financial assets at amortised cost include other receivables. Other receivables mainly includes notes receivable, prepayments, deposits, pre-paid charges, deductible input tax of Value-Added Tax, advances to staff, retention money and others.

The loss allowance provision for other receivables reconciles to the opening loss allowance for that provision as follows:

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Opening loss allowance at the beginning of the year/period	年初／期初減值撥備	20,693	21,111
Provision for impairment loss on other receivables	其他應收款減值撥備	9,890	692
Increase arising from acquisition of Jiahao Foodstuff	收購嘉豪食品所產生的增加	-	642
Written off as uncollectible	因無法收回而沖銷	(120)	(1,752)
Closing loss allowance at the end of the year/period	年末／期末減值撥備	30,463	20,693

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 貿易應收款(續)

於2019年12月31日，貿易應收款的賬面價值為人民幣922,923,000元(2018年12月31日：人民幣1,159,052,000元)，因此承擔損失風險的最大餘額為人民幣910,660,000元(2018年12月31日：人民幣1,149,718,000元)。

(ii) 其他應收款

其他以攤銷成本計量的金融資產包括其他應收款。其他應收款主要包括應收票據、預付款項、按金、增值稅可抵扣進項稅、預付員工款、質保金及其他。

其他應收款的減值撥備與年初撥備的調節如下：

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Other receivables (Continued)

As at 31 December 2019, the gross carrying amount of other receivables was RMB412,029,000 (31 December 2018: RMB356,949,000), and thus the maximum exposure to loss of other receivables was RMB381,566,000 (31 December 2018: RMB336,256,000).

(iii) Financial assets at FVPL

The entity is also exposed to credit risk in relation to debt instruments that are measured at FVPL (Note 16), of which wealth management products are considered to be low credit risk, where they have a low risk of default and banks has a strong capacity to meet its contractual cash flow obligations in the near term.

The maximum credit risk exposure of unlisted equity investments at the end of the reporting period are its carrying amount RMB58,304,000 (31 December 2018: Nil).

(c) Liquidity risk

Cash flow forecast is performed in the operating entities of the Group. The Directors monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and that the Group does not breach borrowing covenants on its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and if applicable, external regulatory or legal requirements – for example, currency restrictions.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 其他應收款(續)

於2019年12月31日，其他應收款的賬面價值為人民幣412,029,000元(2018年12月31日：人民幣356,949,000元)。因此承受損失風險的最大餘額為人民幣381,566,000元(2018年12月31日：人民幣336,256,000元)。

(iii) 以公允價值計量且其變動計入損益的金融資產

該實體還面臨與以公允價值計量且其變動計入當期損益的債務工具有關的信用風險(附註16)，其中的財富管理產品被認為是低信用風險，違約風險低且銀行的能力較強在短期內履行其合同現金流量義務。

於報告期末，非上市股本投資的最高信貸風險承擔為賬面值人民幣58,304,000元(2018年12月31日：無)。

(c) 流動性風險

現金流量預測是在集團的經營主體執行。董事監控集團的流動資金需求的滾動預測，確保有足夠資金應付經營需要，但同時確保集團不違反其貸款條款。此等預測考慮了集團債務融資計劃、條款遵從、符合內部財務狀況表比率目標，及外部的監管或法例規定—例如貨幣限制(如適用)。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group	集團	Less than	Between	Between	Between	Between	Over	Total
		1 year	1 and 2 years	2 and 3 years	3 and 4 years	4 and 5 years	5 years	
		一年以下	一年至兩年	兩年至三年	三年至四年	四年至五年	五年以上	總計
At 31 December 2019	於2019年12月31日							
Borrowings (including interest)	貸款(包括應計利息)	833,952	697,787	805,518	1,046,496	-	-	3,383,753
Trade and other payables excluding statutory liabilities	貿易及其他應付款項(不包括法定債項)	452,058	2,137	1,750	6,631	-	-	462,576
Lease liabilities	租賃負債	25,442	20,310	15,464	9,223	7,177	14,770	92,386
		1,311,452	720,234	822,732	1,062,350	7,177	14,770	3,938,715
At 31 December 2018	於2018年12月31日							
Borrowings (including interest)	貸款(包括應計利息)	1,116,890	595,045	697,879	805,792	1,046,656	-	4,262,262
Trade and other payables excluding statutory liabilities	貿易及其他應付款項(不包括法定債項)	747,852	4,555	3,993	2,788	-	-	759,188
		1,864,742	599,600	701,872	808,580	1,046,656	-	5,021,450

As at 31 December 2019, the Group's net current assets is RMB6,957,179,000 (31 December 2018: RMB7,734,866,000).

於2019年12月31日，本集團之流動資產淨值為人民幣6,957,179,000元(2018年12月31日：人民幣7,734,866,000元)。

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.1 財務風險因素(續)

(c) 流動性風險(續)

下表顯示本集團的金融負債按照相關的到期組別，根據由資產負債表日至合同到期日的剩餘期間進行分析。在表內披露的金額為未經貼現的合同現金流量。金額在一年內到期乃相等於其賬面值是由於貼現的影響不重大。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The operating cash inflows of the Group are sufficient for investing activities including acquisition of new businesses.

The Group monitors its capital risk based on the debt-to-equity ratio. This ratio is calculated by dividing the net debt by the total owners' equity. The Group's net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. No debt-to-equity ratio is presented as the Group had net cash surplus as at 31 December 2019 and 2018.

4.3 Fair value estimation

The following categorises financial instruments carried at fair value based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

- Quoted price (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.2 資本風險管理

本集團的資本管理政策目的是保障其能繼續營運，以為股東提供回報和為其他權益持有人提供利益，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本返還、發行新股或出售資產以減低債務。

本集團經營活動產生的現金流可足夠用於投資活動包括收購新業務。

本集團以資本負債比率監察其資本風險。此比率乃按照債務淨額除以總資本計算。本集團的債務淨額為總貸款(包括流動及非流動貸款)減去現金及現金等價物。由於本集團的現金及現金等價物金額大於貸款金額，本集團於2019年及2018年12月31日沒有列報資本負債比率因本集團有現金盈餘淨額。

4.3 公允價值估計

以下對以公允價值計量的金融工具進行分類，乃根據在公允價值層級中輸入估值技巧的級別釐定。不同層級的定義如下：

- 相同資產或負債在活躍市場的報價(未經調整)(第一層)；
- 除了第一層所包括的報價外，該資產和負債的可觀察的其他輸入，可直接(即例如價格)或間接(即源自價格)(第二層)；
- 資產和負債並非依據可觀察市場數據的輸入(即不可觀察輸入)(第三層)。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4. 財務風險管理(續)

4.3 Fair value estimation (Continued)

4.3 公允價值估計(續)

The following tables present the Group's financial assets measured and recognised at fair value at 31 December 2019 and 2018:

下表列示本集團於2019及2018年12月31日按公允價值計量及確認的金融資產：

		Note 附註	Level 1 第一層	Level 2 第二層	Level 3 第三層	Total 共計
At 31 December 2019						
Financial assets at FVPL	於2019年12月31日 以公允價值計量且其 變動計入損益之 金融資產					
– Listed equity investments	– 上市權益投資	16	41,920	–	–	41,920
– Wealth management products	– 財富管理產品	16	–	–	726,191	726,191
– Unlisted equity investment	– 非上市權益投資	16	–	–	58,304	58,304
Financial assets at FVOCI	以公允價值計量且其 變動計入其他綜合 收益之金融資產					
– Unlisted equity investments in the PRC	– 於中國的非上市 權益投資	12	–	–	49,095	49,095
– Unlisted overseas equity investments	– 於海外的非上市 權益投資	12	–	–	112,810	112,810
			41,920	–	946,400	988,320
		Note 附註	Level 1 第一層	Level 2 第二層	Level 3 第三層	Total 共計
At 31 December 2018						
Financial assets at FVPL	於2018年12月31日 以公允價值計量且其 變動計入損益之 金融資產					
– Listed equity investments	– 上市權益投資	16	59,121	–	–	59,121
– Wealth management products	– 財富管理產品	16	–	–	515,177	515,177
Financial assets at FVOCI	以公允價值計量且其 變動計入其他綜合 收益之金融資產					
– Unlisted equity investments in the PRC	– 於中國的非上市 權益投資	12	–	–	51,640	51,640
– Unlisted overseas equity investments	– 於海外的非上市 權益投資	12	–	–	107,557	107,557
			59,121	–	674,374	733,495

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

There were no transfers of financial assets between level 1, level 2 and level 3 fair value hierarchy classifications for the year ended 31 December 2019.

There are no other financial instruments that were measured at fair value as at 31 December 2019 and 2018.

The financial assets of level 1 within the fair value hierarchy as at 31 December 2019 and 2018 were the listed equity investments included in financial assets at FVPL. The fair value of these financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets of level 1 held by the Group is the current bid price.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.3 公允價值估計(續)

截至2019年12月31日止年度，概無金融資產於第一層，第二層和第三層架構類別之間轉入或轉出。

於2019及2018年12月31日，並無其他金融工具乃按公允價值計量。

於2019及2018年12月31日，公允價值層級中的第一層金融資產是計入以公允價值計量且其變動計入當期損益的金融資產中的上市權益投資。在活躍市場中交易的這些金融工具的公允價值基於報告日的市場報價。如果可以從交易所，交易商，經紀人，行業組織，定價服務或監管機構隨時獲得定期報價，則這些市場被認為是活躍的，並且這些價格代表了獨立交易基礎上的實際和定期發生的市場交易。本集團持有的第一層金融資產使用的市場報價為當前買入價。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

The financial assets of level 3 within the fair value hierarchy as at 31 December 2019 and 2018 were financial assets at FVOCI and financial assets at FVPL. The following table presents the changes of the Group's financial assets of level 3 within the fair value hierarchy for the year ended 31 December 2019 and for the nine months ended 31 December 2018:

		Unlisted equity investment 非上市 股權投資	Wealth management products 財富 管理產品	Total 共計
At 1 April 2018	於2018年4月1日	80,672	102,000	182,672
Acquisition of equity interest in Jiahao Foodstuff	收購嘉豪食品股權	31	180,811	180,811
Additions	添置	48,331	512,000	560,331
Disposal	出售	-	(282,811)	(282,811)
Fair value change recognised in other comprehensive income	於其他綜合收益中確認的公允價值變動	28,332	-	28,332
Fair value change recognised in other income and other gain – net	於其他收入和其他收益-淨額中確認之公允價值變動	-	3,177	3,177
Currency translation differences	貨幣換算差額	1,862	-	1,862
At 31 December 2018	於2018年12月31日	159,197	515,177	674,374
At 1 January 2019	於2019年1月1日	159,197	515,177	674,374
Additions	添置	69,362	1,020,000	1,089,362
Disposal	出售	(2,545)	(822,431)	(824,976)
Fair value change recognised in other comprehensive income	於其他綜合收益中確認的公允價值變動	(17,531)	-	(17,531)
Fair value change recognised in other income and other gain – net	於其他收入和其他收益-淨額中確認之公允價值變動	9,001	13,445	22,446
Currency translation differences	貨幣換算差額	2,725	-	2,725
At 31 December 2019	於2019年12月31日	220,209	726,191	946,400

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.3 公允價值估計(續)

截至2019年及2018年12月31日，公允價值層級中的第三層金融資產為以公允價值計量且其變動計入其他綜合收益的金融資產和以公允價值計量且其變動計入當期損益的金融資產。下表列出了本集團截至2019年12月31日止年度和截至2018年12月31日止九個月的公允價值層級中第三層金融資產的變化：

	Unlisted equity investment 非上市 股權投資	Wealth management products 財富 管理產品	Total 共計
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At 1 April 2018	於2018年4月1日	80,672	102,000	182,672
Acquisition of equity interest in Jiahao Foodstuff	收購嘉豪食品股權	31	180,811	180,811
Additions	添置	48,331	512,000	560,331
Disposal	出售	-	(282,811)	(282,811)
Fair value change recognised in other comprehensive income	於其他綜合收益中確認的公允價值變動	28,332	-	28,332
Fair value change recognised in other income and other gain – net	於其他收入和其他收益-淨額中確認之公允價值變動	-	3,177	3,177
Currency translation differences	貨幣換算差額	1,862	-	1,862
At 31 December 2018	於2018年12月31日	159,197	515,177	674,374
At 1 January 2019	於2019年1月1日	159,197	515,177	674,374
Additions	添置	69,362	1,020,000	1,089,362
Disposal	出售	(2,545)	(822,431)	(824,976)
Fair value change recognised in other comprehensive income	於其他綜合收益中確認的公允價值變動	(17,531)	-	(17,531)
Fair value change recognised in other income and other gain – net	於其他收入和其他收益-淨額中確認之公允價值變動	9,001	13,445	22,446
Currency translation differences	貨幣換算差額	2,725	-	2,725
At 31 December 2019	於2019年12月31日	220,209	726,191	946,400

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation (Continued)

Asset-based approach, market approach and equity allocation model are adopted in valuation the financial assets of level 3. There were no changes in valuation techniques during the year.

4.4 Group's valuation processes

The Group's finance department includes a team that performs the valuation of financial assets required for financial reporting purposes with the assistance of an independent valuer when necessary, including level 3 fair values. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every six months, in line with the Group's reporting dates.

4.5 Fair value of financial assets and liabilities measured at amortised cost

The fair values of financial assets and liabilities measured at amortised cost approximate their carrying amounts.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

4. 財務風險管理(續)

4.3 公允價值估計(續)

第三層金融資產的估值採用資產法，市場法和權益分配模型。本年度估值技術未發生變化。

4.4 本集團的估值過程

本集團之財務部設有一個小組，負責就財務報告事宜執行，並在需要時由一個獨立評估機構的協助下對金融資產的估值，包括有關第三層公允價值。此小組直接向財務總監(「財務總監」)匯報。財務總監及評估小組乃按本集團之報告日期即每6個月舉行一次討論估值流程與其結果。

4.5 按攤銷成本計量的金融資產及負債之公允價值

按攤銷成本計量的金融資產和負債的公允價值乃與其賬面值相若。

5. 關鍵會計估計及判斷

估算和判斷會被持續評估，並基於過往經驗及其他因素，包括在有關情況下相信對未來事件的合理預測。

5.1 關鍵會計估計及假設

本集團為未來作出估算及假設。所得之會計估計如其定義，很少與相關的實際結果相符。涉及導致資產及負債之賬面值可能於下一個財政年度內須作出重大調整之估計及假設如下：

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

5.1 Critical accounting estimates and assumptions (Continued)

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 9).

If the budgeted gross margin, estimated pre-tax discount rate or forecast growth rate used in the value-in-use calculation for the CGUs of flavours subgroup under flavours and fragrances segment had been 44.3 percentage points lower, 67.1 percentage points higher or 58.8 percentage points lower than management's estimates at 31 December 2019 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill in respect of flavours subgroup under flavours and fragrances segment.

If the budgeted gross margin, estimated pre-tax discount rate or forecast growth rate used in the value-in-use calculation for the CGUs of reconstituted tobacco leaves had been 3.2 percentage points lower, 1.3 percentage points higher or 3.5 percentage points lower than management's estimates at 31 December 2019 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill in respect of CGUs of reconstituted tobacco leaves.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

5. 關鍵會計估計及判斷(續)

5.1 關鍵會計估計及假設(續)

(a) 商譽減值之估計

根據附註2.8所述的會計政策，本集團每年測試商譽是否出現減值。現金產生單位的可收回金額按照使用價值計算而釐定。此等計算均需利用估算(附註9)。

如果香精業務中食用香精的現金產生單位的使用價值計算中所使用的預計毛利率、估計稅前貼現率或預測期增長率較管理層在2019年12月31日估計的分別下降44.3個百分點、增加67.1個百分點，或下降58.8個百分點，其他假設保持不變，本集團無需對香精業務的商譽確認減值。

如果再造煙葉業務的現金產生單位的使用價值計算中所使用的預計毛利率、估計稅前貼現率或預測期增長率較管理層在2019年12月31日估計的分別下降3.2個百分點或增加1.3個百分點或下降3.5個百分點，其他假設保持不變，本集團無需對再造煙葉業務的商譽確認減值。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

5.1 Critical accounting estimates and assumptions (Continued)

(a) Impairment of goodwill (Continued)

If the budgeted gross margin, estimated pre-tax discount rate or forecast growth rate used in the value-in-use calculation for the CGUs of Jiahao Foodstuff under condiment segment had been 4.0 percentage points lower, 1.5 percentage points higher or 3.5 percentage points lower than management's estimates at 31 December 2019 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill in respect of condiment segment.

(b) PRC enterprise income tax and deferred taxation

The Group's subsidiaries that operate in the PRC is subject to enterprise income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it's probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

5. 關鍵會計估計及判斷(續)

5.1 關鍵會計估計及假設(續)

(a) 商譽減值之估計(續)

如果調味品業務的現金產生單位嘉豪食品的使用價值計算中所使用的預計毛利率、估計稅前貼現率或預測期增長率及永續年增長率較管理層在2019年12月31日估計的分別下降4.0個百分點或增加1.5個百分點或下降3.5個百分點，其他假設保持不變，本集團無需確認調味品業務的商譽減值。

(b) 中國企業所得稅及遞延稅項

本集團於中國經營的附屬公司須繳納中國企業所得稅。於釐定所得稅撥備時需要作出重要的判斷。在日常業務過程中，許多交易及計算均無法最終釐定。當該等事宜的最終稅款與最初記賬金額不同時，有關差額將影響作出有關釐定期間的所得稅和遞延稅項撥備。

當管理層認為日後可能有應課稅溢利可供動用以抵銷暫時差額或稅項虧損時，有關若干暫時差額及稅項虧損的遞延稅項資產會予以確認。其實際利用結果可能不同。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION

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

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

The chief operating decision-makers have been identified as the executive directors (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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

- (1) Flavours and fragrances segment includes research and development, production and sale of flavours and fragrances products.
- (2) Tobacco raw materials segment includes research and development, production and sale of paper-making reconstituted tobacco leaves and new materials products that are innovative, functional and applicable to tobacco industry.
- (3) Aroma raw materials segment includes research and development, manufacture and sale of aroma raw materials products that are extracted from natural materials or generated from chemical process.
- (4) Condiment segment includes production, sales, marketing and distribution of condiments. This segment was established following the acquisition of Jiahao Foodstuff in September 2018.

The innovative tobacco products segment has been classified as a discontinued operation in the annual report for the nine months ended 31 December 2018.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

6. 營業額及分部資料

本集團的經營分為四項主要營運分部：

- (1) 香精；
- (2) 煙用原料；
- (3) 香原料；及
- (4) 調味品。

主要經營決策者明確為執行董事（「執行董事」），執行董事審閱本集團的內部報告以評估表現及分配資源。管理層按照此報告以決定營運分部。

執行董事從經營活動角度考慮業務及評估香精、煙用原料、香原料及調味品之分部業務表現。

- (1) 香精業務包括研發、生產及銷售香精產品。
- (2) 煙用原料業務包括研發、生產及銷售造紙法再造煙葉產品及創新、具功能性等適用於煙草行業的新材料產品。
- (3) 香原料業務包括研發、生產及銷售香原料產品，香原料乃通過化學反應合成或天然提取的「帶香物質」。
- (4) 調味品業務包括生產、銷售、營銷及分銷調味品產品。此分部於2018年9月收購嘉豪食品後成立。

新型煙草製品分部已於截至2018年12月31日止九個月的年度報告中被分類為終止經營業務。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

The segment information for the year ended 31 December 2019 is presented below:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

6. 營業額及分部資料(續)

執行董事根據營運盈利的計量評估營運分部的表現。

截至2019年12月31日止年度之分部資料呈列如下：

		Year ended 31 December 2019 截至2019年12月31日止年度					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Condiment 調味品	Others 其他	Total 總計
Total revenue	總營業額	2,185,339	763,962	625,880	700,469	1,894	4,277,544
Inter-segment revenue	分部間銷售	(21,412)	(9,538)	(5,471)	(83)	-	(36,504)
Segment revenue – net	分部營業額–淨額	2,163,927	754,424	620,409	700,386	1,894	4,241,040
Segment result	分部業績	1,287,737	311,052	82,124	144,816	(96,918)	1,728,811
Finance income	財務收入						176,956
Finance costs	融資成本						(188,984)
Finance cost – net	融資成本–淨額						(12,028)
Share of results of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之業績						29,034
Profit before income tax	除稅前盈利						1,745,817
Income tax expense	所得稅						(372,076)
Profit for the year	本年度盈利						1,373,741
Depreciation	折舊	40,976	85,029	21,462	8,003	5,042	160,512
Amortisation	攤銷	1,762	9,951	16,841	73,672	221	102,447
		As at 31 December 2019 於2019年12月31日					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Condiment 調味品	Others 其他	Total 總計
Segment assets	分部資產	8,420,755	3,029,563	957,280	5,277,279	278,758	17,963,635

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment information for the nine months ended 31 December 2018 is presented below:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

6. 營業額及分部資料(續)

截至2018年12月31日止九個月之分部資料呈列如下：

		Nine months ended 31 December 2018 截至2018年12月31日止九個月							
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Condiment 調味品	Others 其他	Continuing operations (Total) 持續經營業務總計	Innovative tobacco products (Discontinued operation) 新型煙草製品 (終止經營)	Total 總計
Total revenue	總營業額	1,674,710	720,110	513,152	170,979	12	3,078,963	120,586	3,199,549
Inter-segment revenue	分部間銷售	(10,315)	(5,448)	(4,493)	-	-	(20,256)	-	(20,256)
Segment revenue – net	分部營業額－淨額	1,664,395	714,662	508,659	170,979	12	3,058,707	120,586	3,179,293
Segment result	分部業績	952,540	325,092	57,405	23,451	(70,738)	1,287,750	155,921	1,443,671
Finance income	財務收入						154,344	4	154,348
Finance costs	融資成本						(76,913)	(19,086)	(95,999)
Finance income/(cost) – net	財務收入/(融資成本)－淨額						77,431	(19,082)	58,349
Share of results of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之業績						9,776	-	9,776
Profit before income tax	除稅前盈利						1,374,957	136,839	1,511,796
Income tax expense	所得稅						(320,805)	-	(320,805)
Profit for the period	本期間盈利						1,054,152	136,839	1,190,991
Depreciation	折舊	21,850	61,286	11,855	2,905	2,804	100,700	1,785	102,485
Amortisation	攤銷	1,750	8,364	12,343	24,534	266	47,257	15,107	62,364
		As at 31 December 2018 於2018年12月31日							
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Condiment 調味品	Others 其他			Total 總計
Segment assets	分部資產	9,625,781	3,089,171	890,893	5,201,045	368,540			19,175,430

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment result represents the profit earned by each segment without inclusion of unallocated corporate expenses, finance costs, finance income and share of results of associates and a jointly controlled entity. This is the measure reported to chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, land use rights, intangible assets, investments in associates, investments in a jointly controlled entity, financial assets at FVPL and financial assets at FVOCI that are managed by the Finance Department, deferred income tax assets, other non-current assets, inventories, trade and other receivables, short-term time deposits and cash and cash equivalents. They exclude financial assets at FVOCI and financial assets at FVPL that are managed by the Investment Department and intersegment eliminations.

Non-current assets other than financial instruments and deferred tax assets of the Group as at 31 December 2019 and 2018 are mainly located in the PRC.

Revenues from external customers are derived from the sales of flavours and fragrances, tobacco raw materials and aroma raw materials and condiments to customers mainly located in the PRC.

Revenue derived from sales made to the single largest external customer for the year ended 31 December 2019 amounted to 11% (nine months ended 31 December 2018: 13%) of the Group's total revenue from continuing operations. These revenues are attributable to flavours and fragrances segment.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

6. 營業額及分部資料(續)

分部業績是代表各分部之盈利，當中並沒有包括未分類支出、融資成本、財務收入及應佔聯營公司及共同控制實體之業績。此分部業績主要是為分配資源和評估各分部之表現而向主要經營決策者呈列的方式。

分部資產主要包括物業、廠房及設備、使用權資產、土地使用權、無形資產、對聯營公司的投資、對共同控制實體的投資、由財務部管理之按公允價值計量且其變動計入損益和按公允價值計量且其變動計入其他綜合收益的金融資產、遞延所得稅資產、其他非流動資產、存貨、貿易和其他應收款、短期定期存款及現金和現金等價物。它們不包括由投資部門管理的以公允價值計量且其變動計入其他綜合收益和以公允價值計量且其變動計入損益的金融資產，及分部間抵銷。

除金融工具和遞延所得稅資產以外，於2019年及2018年12月31日本集團的非流動資產主要位於中國。

來自外部客戶的收入主要來自銷售香精、煙用原料、香原料以及調味品予國內客戶。

截至2019年12月31日止年度，來源於最大外部客戶的收入佔集團持續經營業務總收入11%（截至2018年12月31日止九個月：13%）。這些收入是由香精分部產生的。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Liabilities related to contracts with customers

The Group has recognised the liabilities related to contracts with customers:

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Total contract liabilities	總合同負債	172,889	223,089

(i) Significant changes in contract liabilities

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance under the contracts which are mainly from sales of condiments. The decrease in contract liabilities were mainly attributable to a decrease in ex-warehouse time of condiments.

(ii) Revenue recognised in relation to contract liabilities

Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period

All contracts are for periods of one year or less. As permitted under HKFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied contracts is not disclosed.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

6. 營業額及分部資料(續)

(a) 與客戶之合同相關的負債

本集團已確認與客戶合約有關之負債為：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Total contract liabilities	總合同負債	172,889	223,089

(i) 合同負債之重大變動

本集團按照合約約定的付款安排自客戶處收到款項。款項通常於合約履約義務完成前收到，這些合約主要來自出售調味品。合同負債減少的主要原因是調味品的出庫時間減少。

(ii) 與合同負債相關的已確認收入

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	年初／期初已確認與合同負債相關的收入	187,624	25,062

所有合同的期限為一年或更短。根據香港財務報告準則第15號「客戶合約收入」的規定，未披露未履約合同的交易價格。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、機器及設備

	Note	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Leasehold improvements	Construction in progress	Others	Total
	附註	樓宇	機器及設備	汽車	傢俬、裝置及設備	租賃裝修	在建工程	其他	總計
At 1 April 2018	於2018年4月1日								
Cost	成本	717,109	807,794	54,461	200,957	82,497	100,627	2,953	1,966,398
Accumulated depreciation	累計折舊	(278,540)	(462,806)	(40,307)	(136,095)	(41,512)	-	(713)	(959,973)
Net book amount	賬面淨值	438,569	344,988	14,154	64,862	40,985	100,627	2,240	1,006,425
Nine months ended 31 December 2018	截至2018年12月31日止九個月								
Net book amount at 1 April	於4月1日賬面淨值	438,569	344,988	14,154	64,862	40,985	100,627	2,240	1,006,425
Other additions	添置	965	21,003	4,853	13,889	7,479	203,044	8	251,241
Transfers	轉移	50,536	35,861	-	1,434	598	(88,429)	-	-
Acquisition of equity interest in Jiahao Foodstuff	收購嘉豪食品之股權	31	83,633	1,830	5,044	-	-	-	107,063
Acquisition of equity interest in Hunan Jishou	收購湖南吉首之股權		1,560	24	-	-	-	-	7,131
Disposal of subsidiaries	出售附屬公司之股權		(10,500)	(43)	(6,849)	(2,846)	-	-	(20,692)
Other disposals	出售	32	(53)	(1,028)	(1,212)	-	-	-	(4,838)
Depreciation	折舊		(24,600)	(2,987)	(11,606)	(7,177)	-	(221)	(102,485)
Currency translation differences	貨幣換算差額		(303)	33	508	196	-	-	724
Net book amount at 31 December	於12月31日賬面淨值	539,807	365,352	16,836	66,070	39,235	215,242	2,027	1,244,569
At 31 December 2018	於2018年12月31日								
Cost	成本	861,693	911,764	58,574	205,815	78,295	215,242	2,962	2,334,345
Accumulated depreciation	累計折舊	(321,886)	(546,412)	(41,738)	(139,745)	(39,060)	-	(935)	(1,089,776)
Net book amount	賬面淨值	539,807	365,352	16,836	66,070	39,235	215,242	2,027	1,244,569
Year ended 31 December 2019	截至2019年12月31日止年度								
Net book amount at 1 January	於1月1日賬面淨值	539,807	365,352	16,836	66,070	39,235	215,242	2,027	1,244,569
Additions	添置	1,471	21,434	1,488	11,898	10,096	261,958	-	308,345
Transfers	轉移	45,978	123,589	23	5,439	11,745	(186,774)	-	-
Disposals	出售	32	(3,799)	(213)	(1,473)	(10,563)	-	-	(20,663)
Depreciation	折舊		(36,137)	(3,752)	(13,762)	(5,741)	-	(296)	(140,751)
Currency translation differences	貨幣換算差額		83	(458)	4	(9)	-	-	(382)
Net book amount at 31 December	於12月31日賬面淨值	547,403	424,239	14,380	68,176	44,763	290,426	1,731	1,391,118
At 31 December 2019	於2019年12月31日								
Cost	成本	903,491	1,030,050	58,148	230,935	74,906	290,426	2,962	2,590,918
Accumulated depreciation	累計折舊	(356,088)	(605,811)	(43,768)	(162,759)	(30,143)	-	(1,231)	(1,199,800)
Net book amount	賬面淨值	547,403	424,239	14,380	68,176	44,763	290,426	1,731	1,391,118

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation was recorded in the following categories:

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Manufacturing overheads	製造費用		72,681	56,532
Selling and marketing expenses	銷售及推廣開支		1,691	850
Administrative expenses	行政費用		66,379	43,318
Depreciation recognised in continuing operations	持續經營業務中 確認之折舊		140,751	100,700
Depreciation recognised in discontinued operation	終止經營業務中 確認之折舊		-	1,785
Total depreciation	折舊總額	25	140,751	102,485

As at 31 December 2019, buildings with net book value of RMB76,010,000 (31 December 2018: RMB78,771,000), were pledged as collateral for the Group's borrowings.

於2019年12月31日，賬面淨值人民幣76,010,000元（2018年12月31日：人民幣78,771,000元）的樓宇已抵押作為本集團貸款的抵押品。

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

7. 物業、機器及設備(續)

折舊按以下分類支銷：

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Manufacturing overheads	製造費用		72,681	56,532
Selling and marketing expenses	銷售及推廣開支		1,691	850
Administrative expenses	行政費用		66,379	43,318
Depreciation recognised in continuing operations	持續經營業務中 確認之折舊		140,751	100,700
Depreciation recognised in discontinued operation	終止經營業務中 確認之折舊		-	1,785
Total depreciation	折舊總額	25	140,751	102,485

As at 31 December 2019, buildings with net book value of RMB76,010,000 (31 December 2018: RMB78,771,000), were pledged as collateral for the Group's borrowings.

於2019年12月31日，賬面淨值人民幣76,010,000元（2018年12月31日：人民幣78,771,000元）的樓宇已抵押作為本集團貸款的抵押品。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

8. LEASE

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to lease:

	Note	As at 31 December 2019 於2019年 12月31日	As at 1 January 2019 於2019年 1月1日
	附註		
Right-of-use assets:			
Land use rights (reclassified from the financial statement line item "land use rights")			
Properties	(i)	181,129	187,310
Motor vehicles		79,373	69,092
		58	230
		260,560	256,632
Lease liabilities:			
Current		22,448	14,950
Non-current		60,135	57,385
		82,583	72,335

Additions to the right-of-use assets during the year were RMB29,871,000.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

8. 租賃

(a) 於綜合財務狀況表確認的金額

綜合財務狀況表顯示以下與租賃有關的金額：

	Note	As at 31 December 2019 於2019年 12月31日	As at 1 January 2019 於2019年 1月1日
	附註		
Right-of-use assets:			
Land use rights (reclassified from the financial statement line item "land use rights")			
Properties	(i)	181,129	187,310
Motor vehicles		79,373	69,092
		58	230
		260,560	256,632
Lease liabilities:			
Current		22,448	14,950
Non-current		60,135	57,385
		82,583	72,335

本年度使用權資產增加額為人民幣29,871,000元。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

8. LEASE (CONTINUED)

(a) Amounts recognised in the consolidated statement of financial position (Continued)

- (i) The Group's interests in right-of-use assets for land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

		As at 31 December 2019 於2019年 12月31日	As at 1 January 2019 於2019年 1月1日
Outside Hong Kong, held on:	在香港境外按以下年期持有：		
Leases between 10 and 50 years	10至50年的租約	181,129	187,310

See Note 3 for explanations regarding the change in accounting policy and the reclassification following the adoption of HKFRS 16, and Note 2.23 for the relevant accounting policy.

Right-of-use assets for land use rights with net book amount of RMB15,846,000 as at 31 December 2019 (31 December 2018: RMB16,426,000) were pledged as collateral for the Group's borrowings.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

8. 租賃(續)

(a) 於綜合財務狀況表確認的金額(續)

- (i) 本集團於土地使用權的權益為預付經營租金，其賬面淨值分析如下：

有關採用香港財務報告準則第16號後會計政策變更及重新分類的解釋，請參看附註3；有關會計政策，請參看附註2.23。

於2019年12月31日，賬面淨值為人民幣15,846,000元的土地使用權(於2018年12月31日：人民幣16,426,000元)已作為本集團貸款的抵押品。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

8. LEASE (CONTINUED)

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to lease:

	Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Depreciation and amortisation charge of right-of-use assets:			
Land use rights (reclassified from the financial statement line item "land use rights")		6,193	–
Properties		19,588	–
Motor vehicles		173	–
	25	25,954	–
Interest expense	27	3,092	–
Expense relating to short-term leases	25	16,249	–

The total cash outflow for leases during the year was RMB37,235,000.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

8. 租賃(續)

(b) 於綜合收益表確認的金額

綜合收益表顯示以下與租賃有關的金額：

	Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Depreciation and amortisation charge of right-of-use assets:			
Land use rights (reclassified from the financial statement line item "land use rights")		6,193	–
Properties		19,588	–
Motor vehicles		173	–
	25	25,954	–
Interest expense	27	3,092	–
Expense relating to short-term leases	25	16,249	–

本年度的租賃現金流出總額為人民幣37,235,000元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

9. INTANGIBLE ASSETS

9. 無形資產

	Note	Goodwill	Trademarks and licenses	Customer relationships	Non-competition agreement	Computer software	Patents	Product design	Domain name	Total
	附註	商譽	商標及許可證	客戶關係	非競爭協議	電腦軟件	專利	產品設計	網上平台	總計
		(a)	(b)							
At 1 April 2018	於2018年4月1日									
Cost	成本	2,228,371	280,862	256,261	3,876	13,596	50,859	71,421	43,587	2,948,833
Accumulated amortisation	累計攤銷	-	(73,430)	(243,181)	(3,650)	(10,830)	(36,567)	(29,258)	(20,089)	(417,005)
Net book amount	賬面淨值	2,228,371	207,432	13,080	226	2,766	14,292	42,163	23,498	2,531,828
Nine months ended 31 December 2018	截至2018年12月31日止九個月									
Net book amount at 1 April	於1月1日賬面淨值	2,228,371	207,432	13,080	226	2,766	14,292	42,163	23,498	2,531,828
Other additions	添置	-	-	-	-	1,361	6,414	-	-	7,775
Acquisition of equity interest in Jiahao Foodstuff	收購嘉豪食品之股權	31	3,635,550	354,000	551,000	-	1,006	3	-	4,541,559
Acquisition of equity interest in Hunan Jishou	收購湖南吉首之股權		3,588	1,747	-	-	-	-	-	5,335
Disposal of subsidiaries	出售附屬公司之股權		-	(86,486)	(167)	(23)	(1,538)	(32,791)	(18,812)	(139,817)
Amortisation	攤銷		-	(16,000)	(22,971)	(10)	(759)	(6,737)	(7,257)	(57,893)
Currency translation differences	貨幣換算差額		-	4,522	7,555	(121)	120	1,776	(2,115)	11,210
Net book amount at 31 December	於12月31日賬面淨值	5,867,509	465,215	548,497	72	2,956	15,748	-	-	6,899,997
At 31 December 2018	於2018年12月31日									
Cost	成本	5,867,509	544,817	787,443	3,085	9,005	46,172	-	-	7,258,031
Accumulated amortisation	累計攤銷	-	(79,602)	(238,946)	(3,013)	(6,049)	(30,424)	-	-	(358,034)
Net book amount	賬面淨值	5,867,509	465,215	548,497	72	2,956	15,748	-	-	6,899,997
Year ended 31 December 2019	截至2019年12月31日止年度									
Net book amount at 1 January	於1月1日賬面淨值	5,867,509	465,215	548,497	72	2,956	15,748	-	-	6,899,997
Additions	添置	-	-	-	-	403	3,349	-	-	3,752
Amortisation	攤銷	-	(23,269)	(64,581)	-	(775)	(7,629)	-	-	(96,254)
Net book amount at 31 December	於12月31日賬面淨值	5,867,509	441,946	483,916	72	2,584	11,468	-	-	6,807,495
At 31 December 2019	於2019年12月31日									
Cost	成本	5,867,509	544,817	787,444	3,085	9,407	49,521	-	-	7,261,783
Accumulated amortisation	累計攤銷	-	(102,871)	(303,528)	(3,013)	(6,823)	(38,053)	-	-	(454,288)
Net book amount	賬面淨值	5,867,509	441,946	483,916	72	2,584	11,468	-	-	6,807,495

Amortisation is included in cost of goods sold and administrative expenses in the consolidated income statement.

攤銷包括在綜合收益表的銷售成本及行政費用內。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

9. INTANGIBLE ASSETS (CONTINUED)

- (a) Goodwill is mainly attributable to the anticipated profitability of operations, the anticipated future operating synergies and enlarged market share. Goodwill arising from prior year is allocated to the Group's CGUs identified within the operating segment.

The goodwill is allocated in CGUs as follows:

		As at 31 December 2019 於2019年12月31日					As at 31 December 2018 於2018年12月31日				
		Reconstituted		Jiahao Foodstuff 嘉豪食品	Others 其他	Total 總計	Reconstituted		Jiahao Foodstuff 嘉豪食品	Others 其他	Total 總計
		Flavours subgroup 食用香精	tobacco leaves 再造煙葉				Flavours subgroup 食用香精	tobacco leaves 再造煙葉			
Goodwill	商譽	1,186,344	942,633	3,635,550	102,982	5,867,509	1,186,344	942,633	3,635,550	102,982	5,867,509

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates below. The terminal growth rate does not exceed the long-term average growth rate for the businesses in which the CGU operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments or entities as below. Management determined budgeted gross margin based on past performance and their expectations for the market development.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

9. 無形資產(續)

- (a) 商譽主要由經營活動的預期盈利狀況、預期的未來經營協同效應和擴大的市場份額決定。本集團之商譽主要根據其業務分部分配至多個現金產生單位。

商譽分配至現金產生單位呈列如下：

每個現金產生單位的可收回金額乃以使用價值計算。上述採用計算基於管理層已批准的五年期財務預算而預計之稅前貼現現金流量計算。超逾五年期的現金流量使用的預計永續年增長率列示如下。該永續年增長率不會超過現金產生單位之業務分部營運的長期平均增長率。所用之毛利率為稅前毛利率並反映下列各營運分部之特定風險。管理層根據過往的業績及其對市場發展的預期確定預計毛利率。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

9. INTANGIBLE ASSETS (CONTINUED)

(a) (Continued)

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

		As at 31 December 2019 於2019年12月31日				As at 31 December 2018 於2018年12月31日			
		Reconstituted				Reconstituted			
		Flavours subgroup 食用香精	tobacco leaves 再造煙葉	Jiahao Foodstuff 嘉豪食品	Others 其他	Flavours subgroup 食用香精	tobacco leaves 再造煙葉	Jiahao Foodstuff 嘉豪食品	Others 其他
Forecast growth rate	預計增長率	0%	0.4%-5.4%	3.0%-29.3%	-14.4%-690.4%	0%	0.5%-3.0%	3.0%-35.4%	-14.1%-334.4%
Terminal growth rate	永續年增長率	0%	3%	3%	0-3%	0%	3%	3%	0%-5%
Budgeted gross margin	預計毛利率	83.0%	55.1%-56.1%	55.8%-62.7%	31.2%-44.9%	83.0%	52.6%-53.0%	56.8%-59.8%	34.7%-41.0%
Discount rate	貼現率	15.5%	15.4%	13.5%	15.5%-22.8%	15.4%	14.8%	13.5%	15.8%-24.5%

These assumptions have been used for the analysis of each CGU within the operating segment.

Based on the assessment of the cash flow projections of the various CGUs, the Directors considered that there is no impairment of goodwill for the year ended 31 December 2019 and for the nine months ended 31 December 2018.

(b) Trademarks represent Peacock, Xinghu, Samshiang, Chunzhu, Jinba, Jiahao, Zhanwang, Jinchan, and Sanfan trademarks.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

9. 無形資產(續)

(a) (續)

使用價值計算的主要假設如下：

此假設已沿用於營運分部中的每個現金產生單位的分析內。

在評價多個現金產生單位的現金流預測後，董事確認截至2019年12月31日止年度及截至2018年12月31日止九個月本集團之商譽並無減值。

(b) 商標乃指孔雀、星湖、湘農山香、春竹、勁霸、嘉豪、詹王、金禪、三番牌商標。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

10. INVESTMENTS IN ASSOCIATES

The Group has interests in six (31 December 2018: six) individually immaterial associates as at 31 December 2019. The following table analyses, in aggregate, the movements of the carrying amount of the Group's investments in these associates, and its share of results of these associates.

An analysis of the movements of equity investments in associates is as follows:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

10. 於聯營公司之投資

於2019年12月31日，本集團於六個（2018年12月31日：六個）並非個別重大的聯營公司擁有權益。下表為本集團於該等聯營公司的投資及其於該等聯營公司應佔業績的合計賬面值變動的分析。

於聯營公司的權益投資變動分析如下：

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
At the beginning of the year/period	年初／期初	396,685	371,444
Share of results of associates	應佔聯營公司業績	18,938	7,791
Dividends received	已收股息	(10,485)	-
Acquisition of Yunnan Nongken Gaoyuan Food Co., Ltd. ("Yunnan Nongken")	收購雲南農墾高原食品有限公司（「雲南農墾」）	2,411	-
Acquisition of Delion Food Service Limited ("Delion")	收購深圳市德立安食品有限公司（「德立安」）	-	17,450
Disposal of Delion	出售德立安	(17,264)	-
Adjustment for transactions between the Group and associates	調整本集團與聯營公司之交易	(4,404)	-
At the end of the year/period	年末／期末	385,881	396,685

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

10. INVESTMENTS IN ASSOCIATES (CONTINUED)

- (a) As at 31 December 2019, the Group had interests in the following associates:

Name 名稱	Place of incorporation 註冊成立地點	% of ownership Interests 所持權益百分比	Principal activities 主要業務
Guizhou Huangguoshu Golden Leaf Technology Co., Ltd. ("Huangguoshu Golden Leaf") 貴州黃果樹金葉科技有限公司(「黃果樹金葉」)	PRC 中國	40%	Produce and sell reconstituted tobacco leaves 生產和銷售再造煙葉
Yunnan Hongta Blue Eagle Paper Co., Ltd ("Hongta Blue Eagle") 雲南紅塔藍鷹紙業有限公司(「紅塔藍鷹」)	PRC 中國	25.10%	Manufacture and sales of cigarette paper and auxiliary products 生產和銷售捲煙用紙及輔助品
Beijing Yunji Wuyu Technology Co., LTD 北京雲基物宇科技股份有限公司	PRC 中國	20%	Provide software development service and sale of self-developed software and electronic products 提供軟件開發服務及銷售自行開發之軟件及電子產品
Hunan Golden Leaf Reconstituted Tobacco Leaves Co., Ltd. ("Hunan Golden Leaf") (i) 湖南金葉煙草薄片有限責任公司(「湖南金葉」)(i)	PRC 中國	10%	Produce and sell reconstituted tobacco leaves 生產和銷售再造煙葉
Yunnan Ruisheng Tobacco Technology Group Co., Ltd. ("Yunnan Ruisheng")(i) 雲南瑞升煙草技術(集團)有限公司(「雲南瑞升」)(i)	PRC 中國	6.72%	Research, develop, produce and sell flavours and additives 研發、生產和銷售香精香料及添加劑
Yunnan Nongken 雲南農墾	PRC 中國	30%	Purchase and sale of agricultural products, coffee and tea raw materials 採購及銷售農業產品、咖啡及茶原料

- (i) The Group has significant influence over Hunan Golden Leaf and Yunnan Ruisheng by representations on the board of directors of these two companies.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

10. 於聯營公司之投資(續)

- (a) 於2019年12月31日，本集團於以下聯營公司擁有權益：

- (i) 本集團通過在湖南金葉和雲南瑞升的董事會中委任董事，對這兩間公司有重大影響力。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

11. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

The Group has interests in one immaterial joint venture as at 31 December 2019 and 2018. The following table analyses the movement of the carrying amount of the Group's investments in this jointly controlled entity.

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

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
At the beginning of the year/period	年初／期初	7,085	5,100
Share of results of a jointly controlled entity	應佔共同控制實體業績	10,096	1,985
Dividends received	已收股息	(1,786)	-
Adjustment for transactions between the Group and a jointly controlled entity	調整集團與共同控制實體之交易	(12,082)	-
At the end of the year/period	年末／期末	3,313	7,085

(a) As at 31 December 2019, the Group had interests in the following jointly controlled entity:

Name 名稱	Place of incorporation 註冊成立地點	% of ownership Interests 所持權益百分比	Principal activities 主要業務
Dianhua Benxiang Technology Co., LTD ("Dianhua Benxiang") 滇華本香科技有限公司(「滇華本香」)	PRC 中國	51%	Research, development, manufacture and sale of cigarette capsules, cigarette materials cigarette filter stick and packaging materials 研究、開發、生產和銷售煙用膠囊、捲煙材料、煙用濾棒材料及包裝材料

Dianhua Benxiang is accounted for as jointly controlled entity of the Group, whereby the Group and the counterparty have joint control and rights to the net assets of the arrangement, pursuant to Article of Association.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

11. 於共同控制實體之投資

於2019年及2018年12月31日，本集團於一個並非個別重大的共同控制實體擁有權益。下表為本集團於該共同控制實體的投資及應佔共同控制實體業績的賬面值變動的分析。

於共同控制實體的權益投資變動分析如下：

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
At the beginning of the year/period	年初／期初	7,085	5,100
Share of results of a jointly controlled entity	應佔共同控制實體業績	10,096	1,985
Dividends received	已收股息	(1,786)	-
Adjustment for transactions between the Group and a jointly controlled entity	調整集團與共同控制實體之交易	(12,082)	-
At the end of the year/period	年末／期末	3,313	7,085

(a) 於2019年12月31日，本集團於以下共同控制實體擁有權益：

滇華本香作為本集團的共同控制實體，根據其《公司章程》，本集團與交易對手方對此公司的淨資產享有共同控制權。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise equity investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category.

Equity investments at FVOCI include the following investments:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

12. 以公允價值計量且其變動計入其他綜合收益之金融資產

(a) 以公允價值計量且其變動計入其他綜合收益之金融資產的分類

以公允價值計量且其變動計入其他綜合收益之金融資產包括不為交易而持有的股權投資，而本集團在初始確認時已不可撤銷地選擇將其確認為該類別。

以公允價值計量且其變動計入其他綜合收益之權益投資包括以下投資：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Non-current assets:	非流動資產：		
Unlisted equity investments in the PRC	於中國的非上市權益投資	49,095	51,640
Unlisted equity investments overseas	於海外的非上市權益投資	112,810	107,557
		161,905	159,197

(b) Amounts recognised in profit or loss and other comprehensive income

(b) 在損益及其他全面收益中確認的金額

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
(Losses)/gains recognised in other comprehensive income:	於其他全面收益中確認的 (虧損)/收益：			
- Related to equity investments	- 與權益投資相關	20	(17,531)	28,332
Dividend from equity investments held at FVOCI recognised in other income and other gains - net	以公允價值計量且其變動計入其他綜合收益的股權投資的股息在其他收入和其他收益-淨額中確認		2,394	-
- Related to investments held at the end of the reporting year/period	- 與報告年末/期末持有之投資相關			

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(c) Fair value, impairment and risk exposure

Investments in unlisted companies represent the investments in certain private companies. These investees were engaged in high-tech sector, education sector and other sectors. Taking into the probability of high uncertainty on the expected future cash flows generated from the business of these investees, income approach and market approach are not appropriate under the valuations of the fair value of the investments. Thus, asset-based approach was used to measure the fair value of these investments. Considering the investees of light assets, the fair value of the investments approximated to relative proportion of the carrying amount of the net assets of the investees at the end of each reporting period.

The fair value measurements of financial assets at FVOCI are categorised within level 3 of the fair value hierarchy.

Financial assets at FVOCI are denominated in the following currencies:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

12. 以公允價值計量且其變動計入其他綜合收益之金融資產(續)

(c) 公允價值，減值及風險承擔

非上市公司權益投資代表對某些私營公司的投資。這些被投資方從事高科技領域，教育領域和其他領域。考慮到這些被投資單位的業務所產生的預期未來現金流量的高度不確定性，在評估投資的公允價值時，收入法和市場法並不適用。因此，資產基礎法被用來計算這些投資的公允價值。考慮到被投資單位的資產為輕資產，在每個報告期末，投資的公允價值近似於被投資單位淨資產賬面價值的相對比例。

以公允價值計量且其變動計入其他綜合收益之金融資產的公允價值計量被分類為公允價值層級的第三層。

以公允價值計量且其變動計入其他綜合收益之金融資產以下列貨幣列示：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
RMB	人民幣	49,095	51,640
USD	美元	112,810	107,557
		161,905	159,197

Please refer to Note 4.1 for an analysis of foreign exchange risk.

外匯風險分析請參見附註4.1。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

13. DEFERRED INCOME TAX ASSETS/LIABILITIES

The movements in the deferred income tax are as follows:

13. 遞延所得稅資產／負債

遞延所得稅變動如下：

	Note	Deferred income tax assets 遞延所得稅資產				Deferred income tax liabilities 遞延所得稅負債			
		Unrealised profits arising from intra-group sales 集團內公司間銷售所產生的集團內未變現盈利	Recoverable tax loss 可彌補虧損	Others 其他	Total 總計	Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC 集團內位於中國國內的資產評估公司預期匯出的股息所產生之預提所得稅	Valuation surplus of assets and recognition of intangible assets 資產評估盈餘及無形資產的確認	Total 總計	
At 1 April 2018	於2018年4月1日		60,966	12,069	7,311	80,346	31,680	49,706	81,386
Acquisition of equity interest in Jiahao Foodstuff	收購嘉豪食品之股權	31	-	-	13,818	13,818	139,663	-	139,663
Acquisition of equity interest in Hunan Jishou	收購湖南吉首之股權		-	-	-	-	863	-	863
Disposal of a subsidiary	出售附屬公司		-	-	(25)	(25)	(1,685)	-	(1,685)
Recognised in other comprehensive income	於其他全面收益確認	20	-	-	-	-	1,924	-	1,924
Recognised in the income statement	於損益表確認	28	6,107	9,697	1,650	17,454	(6,598)	39,063	32,465
Currency translation differences	貨幣換算差額		-	-	-	-	(96)	-	(96)
At 31 December 2018	於2018年12月31日		67,073	21,766	22,754	111,593	165,751	88,769	254,520
Adjustment on adoption of HKFRS 16	因採用香港財務報告準則第16號之調整	3	-	-	446	446	-	-	-
At 1 January 2019	於2019年1月1日		67,073	21,766	23,200	112,039	165,751	88,769	254,520
Recognised in the income statement	於損益表確認	28	11,498	1,329	10,391	23,218	(12,562)	(36,224)	(48,786)
Currency translation differences	貨幣換算差額		-	-	-	-	2	-	2
At 31 December 2019	於2019年12月31日		78,571	23,095	33,591	135,257	153,191	52,545	205,736

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

13. DEFERRED INCOME TAX ASSETS/LIABILITIES (CONTINUED)

Deferred income tax assets are recognised for temporary differences arising from unrealised profits from intra-group sales, and calculated under the liability method using the tax rate which are enacted or substantively enacted by the reporting date.

Deferred income tax liabilities arose from the valuation surplus of property, plant and equipment, right-of-use assets for land use rights, intangible assets and financial assets at FVOCI; recognition of intangible assets as a result of acquisition of subsidiaries; withholding income tax on dividends expected to be remitted abroad by group entities incorporated in the PRC.

Pursuant to the Corporate Income Tax Laws of the PRC approved by the National People's Congress on 16 March 2007, a 10% withholding tax is levied on dividends remitted from the PRC entities to overseas investors with effect from 1 January 2008. A lower withholding tax rate of 5% is applied to Hong Kong investors as there is a tax treaty between the PRC and Hong Kong. However, the 5% treaty rate is not automatically granted. The taxpayer needs to apply to the relevant tax bureau for an approval for the treaty rate. The Directors estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies and the approval for the treaty rate will be obtained. Therefore, deferred income tax liabilities had been provided based on 5% or 10% of the estimated profits to be remitted to Hong Kong. The Directors of the Company will review the funding requirements of the Group and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 31 December 2019, deferred income tax liabilities of RMB138,170,000 (31 December 2018: RMB227,378,000) have not been recognised for the withholding tax that would otherwise be payable on the undistributed profits amounting to approximately RMB2,755,453,000 (31 December 2018: RMB4,528,876,000) retained by certain PRC subsidiaries.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

13. 遞延所得稅資產／負債(續)

集團內公司間銷售所產生的集團內未變現盈利確認為遞延所得稅資產，其金額以負債法按報告日已生效或已實質生效的稅率計算暫時性差額確定。

遞延所得稅負債乃由於本公司收購或合併附屬公司所導致之物業、機器及設備，土地使用權、無形資產和以公允價值計量且其變動計入其他綜合收益之金融資產的評估盈餘、無形資產的確認而產生，及集團內於中國註冊成立的公司預期匯出境外的股息所產生之預提所得稅。

根據全國人民代表大會於2007年3月16日通過的中國企業所得稅法，由2008年1月1日起，中國企業向外商投資企業分派股息，需按10%之稅率徵收所得稅。基於中國及香港有特別稅務協定，故中國企業向香港投資企業分派股息，可享有較優惠的稅率5%徵收。但該5%協定稅率並非自動獲得，納稅人需向有關主管稅局申請批准享有稅務協定。本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港的直接母公司並將獲得協定稅率批准。因此，遞延所得稅負債乃按預期匯出香港之盈利以5%或10%的稅率計算。本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息政策。

於2019年12月31日，本集團並未就若干中國大陸附屬公司之未分派盈利約人民幣2,755,453,000元(2018年12月31日：人民幣4,528,876,000元)須予支付的預提所得稅確認遞延所得稅負債人民幣138,170,000元(2018年12月31日：人民幣227,378,000元)。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

13. DEFERRED INCOME TAX ASSETS/LIABILITIES (CONTINUED)

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Deferred income tax assets:	遞延所得稅資產		
– to be recovered after more than 12 months	– 在12個月後收回部份	26,461	21,766
– to be recovered within 12 months	– 在12個月內收回部份	108,796	89,827
		135,257	111,593
Deferred income tax liabilities:	遞延所得稅負債		
– to become payable after more than 12 months	– 在超過12個月後轉為應付部份	190,532	239,905
– to become payable within 12 months	– 在12個月內轉為應付部份	15,204	14,615
		205,736	254,520

14. INVENTORIES

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
At cost:	按成本：		
Raw materials	原材料	441,853	444,246
Work in progress	在製品	199,429	191,661
Finished goods	製成品	290,103	260,336
		931,385	896,243

For the year ended 31 December 2019, the cost of inventories recognised as expense and included in cost of goods sold and administrative expenses amounted to approximately RMB1,189,931,000 (nine months ended 31 December 2018: RMB871,968,000).

The Group recognised provision for impairment of approximately RMB5,009,000 (31 December 2018: RMB1,213,000) in respect of the losses on obsolete inventories.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

13. 遞延所得稅資產／負債(續)

遞延所得稅資產及負債的分析如下：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Deferred income tax assets:	遞延所得稅資產		
– to be recovered after more than 12 months	– 在12個月後收回部份	26,461	21,766
– to be recovered within 12 months	– 在12個月內收回部份	108,796	89,827
		135,257	111,593
Deferred income tax liabilities:	遞延所得稅負債		
– to become payable after more than 12 months	– 在超過12個月後轉為應付部份	190,532	239,905
– to become payable within 12 months	– 在12個月內轉為應付部份	15,204	14,615
		205,736	254,520

14. 存貨

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
At cost:	按成本：		
Raw materials	原材料	441,853	444,246
Work in progress	在製品	199,429	191,661
Finished goods	製成品	290,103	260,336
		931,385	896,243

截至2019年12月31日止年度之存貨成本確認為費用並計入銷售成本及行政費用的金額約為人民幣1,189,931,000元(截至2018年12月31日止九個月：人民幣871,968,000元)。

本集團就陳舊存貨減值而確認減值撥備約為人民幣5,009,000元(2018年12月31日：人民幣1,213,000元)。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

15. TRADE AND OTHER RECEIVABLES

		As at 31 December 於12月31日		
		Note 附註	2019 2019年	2018 2018年
Trade receivables	貿易應收款項	(a)	922,923	1,159,052
Less: provision for impairment of trade receivables	減：貿易應收款項減值撥備	4.1(b)	(12,263)	(9,334)
Trade receivables - net	貿易應收款項－淨額		910,660	1,149,718
Notes receivable	應收票據		189,187	128,312
Prepayments and other receivables	預付款項及其他應收款項		212,217	244,977
Advances to staff	員工墊款		6,489	4,092
Others	其他		34,536	33,782
Less: provision for impairment of other receivables	減：其他應收款項減值撥備	4.1(b)	(30,463)	(20,693)
			1,322,626	1,540,188

Except for prepayment of RMB30,400,000 (31 December 2018: RMB54,214,000), trade and other receivables are financial assets categorised as those to be measured at amortised cost. All trade and other receivables are either recoverable within one year or on demand. Accordingly, the fair values of the trade and other receivables approximate their carrying amounts.

除預付賬款人民幣30,400,000元(2018年12月31日：人民幣54,214,000元)外，貿易及其他應收款被分類為「以攤銷成本計量的金融資產」。所有貿易及其他應收款項乃於一年內或於通知時清還。故貿易及其他應收款項賬面值與公允值相若。

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

15. 貿易及其他應收款項

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The credit period generally granted to customers ranges from 0 to 180 days. At 31 December 2019 and 2018, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on invoice date was as follows:

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
0 – 90 days	0至90日	792,694	1,029,914
91 – 180 days	91至180日	41,649	88,053
181 – 360 days	181至360日	53,353	23,781
Over 360 days	360日以上	35,227	17,304
		922,923	1,159,052

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the year ended 31 December 2019, a provision of RMB12,263,000 were made against the gross amounts of trade receivables (Note 4.1(b)).

The carrying amounts of the Group's trade receivables (including amounts due from related parties which are trade in nature) are denominated in the following currencies:

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
RMB	人民幣	890,872	1,135,770
USD	美元	31,872	23,124
HKD	港幣	179	158
		922,923	1,159,052

The creation and release of provision for impaired receivables have been included in "net impairment losses on financial assets" in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

15. 貿易及其他應收款項(續)

- (a) 授予客戶的信貸期一般為0至180日。於2019及2018年12月31日，貿易應收款項(包括關聯人士的貿易應收款項)根據發票日期的賬齡分析如下：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
0 – 90 days	0至90日	792,694	1,029,914
91 – 180 days	91至180日	41,649	88,053
181 – 360 days	181至360日	53,353	23,781
Over 360 days	360日以上	35,227	17,304
		922,923	1,159,052

本集團採用簡化方法並根據香港財務報告準則第9號所規定計提預期信貸虧損。截至2019年12月31日止年度，已對貿易應收款項總額作出人民幣12,263,000元之撥備(附註4.1(b))。

本集團的貿易應收款的賬面值(包括關聯人士的貿易應收款項)以下列貨幣為單位：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
RMB	人民幣	890,872	1,135,770
USD	美元	31,872	23,124
HKD	港幣	179	158
		922,923	1,159,052

對已減值應收款撥備的設立和轉回已包括在綜合收益表中「金融資產減值損失淨額」內。計入撥備賬戶中的數額一般會在預期無法收回額外現金時撇銷。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Classification of financial assets at FVPL

The Group classifies the following financial assets at FVPL:

- debt instruments that do not qualify for measurement at either amortised cost or FVOCI, and
- equity instruments that are held for trading

Financial assets at FVPL include:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

16. 以公允價值計量且其變動計入損益之金融資產

(a) 以公允價值計量且其變動計入損益的金融資產分類

本集團將以下金融資產分類為以公允價值計量且其變動計入損益的金融資產：

- 不符合以攤銷成本或以公允價值計量且其變動計入其他綜合收益計量的債務工具，以及
- 為交易而持有的權益工具

以公允價值計量且其變動計入損益之金融資產包括：

		As at 31 December 於12月31日		
		Note 附註	2019 2019年	2018 2018年
Non-current assets:	非流動資產：			
Unlisted equity investments	非上市權益投資	(i)	58,304	-
Current assets:	流動資產：			
Listed equity investments	上市權益投資	(ii)	41,920	59,121
Wealth management products	財富管理產品	(iii)	726,191	515,177
			768,111	574,298
Total	總計		826,415	574,298

- (i) Investments in unlisted companies represent the investments in certain private companies. These investees were engaged in urban management sector, high-tech sector and other sectors. Their fair value measurements are categorised within level 3 of fair value hierarchy.

The fair value of one of the unlisted equity investments in urban management sector is based on market approach and equity allocation model with unobservable inputs such as price to earning ratio, dividend yield and risk free rate.

- (i) 對非上市公司的投資代表對某些私營公司的投資。這些被投資方從事城市管理行業，高科技和其他行業。其公允價值計量歸類為公允價值層級中的第三層。

其中一項非上市公司投資一城市管理行業的公允價值基於市場方法和股權分配模型，並具有不可觀察的輸入，如市盈率，股息收益率和無風險利率。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(a) Classification of financial assets at FVPL (Continued)

(i) (Continued)

The fair value of other unlisted equity investments is based on asset-based approach given the probability of high uncertainty on the expected future cash flows generated from the business of these investees, where income approach and market approach are not appropriate. Considering the investees of light assets, the fair value of the investments approximated to relative proportion of the carrying amount of the net assets of the investees at the end of each reporting period.

(ii) The fair value of listed equity securities is based on their current bid prices in an active market, and their fair value measurements are categorised within level 1 of fair value hierarchy.

(iii) Wealth management products represent financial products issued by commercial banks in PRC. These products are principal protected and with non-guaranteed return, the terms ranging from one day to one year.

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

16. 以公允價值計量且其變動計入損益之金融資產(續)

(a) 以公允價值計量且其變動計入損益的金融資產分類(續)

(i) (續)

考慮到這些被投資方的業務所產生的預期未來現金流量存在高度不確定性的可能性，其他非上市股權投資的公允價值基於資產法，而收入法和市場法都不適用。考慮到被投資單位的輕資產，在每個報告期末，投資的公允價值近似於被投資單位淨資產賬面價值的相對比例。

(ii) 上市股本證券的公允價值是根據其在活躍市場中的當前買入價確定的，其公允價值計量方法被歸類為公允價值層級中的第一層。

(iii) 財富管理產品指由中國商業銀行發行的金融產品。這些產品為保障本金及非保證收益，其開放期為一天到一年不等。

財富管理產品賬面價值與公允價值相若。公允價值是根據管理層的判斷以預期回報之折現現金流計算，並屬於公允價值層級中之第三層。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(b) Amounts recognised in profit or loss

During the year, the following (losses)/gains were recognised in profit or loss:

	Note	Year ended 31 December 截至2019年 12月31日 止年度	Nine months ended 31 December 截至2018年 12月31日 止九個月
Fair value (losses)/gains on equity instruments recognised in other income and other gains - net		(18,191)	3,177
Fair value gains on debt instruments recognised in other income and other gains - net		22,446	1,858
	24	4,255	5,035

(c) Risk exposure

Information about the Group's exposure to price risk and credit risk is disclosed in Note 4.1.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

16. 以公允價值計量且其變動計入損益之金融資產(續)

(b) 於損益確認之金額

於年內，於損益確認之(虧損)/收益如下：

Note	Year ended 31 December 截至2019年 12月31日 止年度	Nine months ended 31 December 截至2018年 12月31日 止九個月
	(18,191)	3,177
	22,446	1,858
24	4,255	5,035

(c) 風險承受

有關本集團承受的價格風險和信用風險的信息在附註4.1中披露。

17. CASH AND BANK BALANCES

17. 銀行及庫存現金

	Note	As at 31 December 於12月31日	2018 2018年
Short-term time deposits	(a)	2,334,294	1,606,790
Cash and cash equivalents		3,387,780	5,535,601
		5,722,074	7,142,391

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

17. CASH AND BANK BALANCES (CONTINUED)

- (a) The original maturity of time deposits was six month or above with average interest rate of 3.4% (31 December 2018: 3.4%). The fair values of the short-term time deposits approximate their carrying amounts. None of the deposits is either past due or impaired.

Cash and bank balances are denominated in the following currencies:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

17. 銀行及庫存現金(續)

- (a) 短期定期存款的原到期日乃六個月或以上及其平均存款年利息率為3.4厘(2018年12月31日: 3.4厘)。短期定期存款賬面值與公允值相若。概無存款逾期或減值。

銀行及庫存現金以下列貨幣金額列示：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
RMB	人民幣	5,009,476	6,532,668
USD	美元	143,587	367,082
HKD	港幣	565,990	241,032
EUR and others	歐元及其他	3,021	1,609
		5,722,074	7,142,391

As at 31 December 2019 and 2018, the Group's and the Company's maximum exposure to credit risk of cash and bank balances is their carrying amounts.

於2019年及2018年12月31日，本集團及本公司面對的來自銀行及庫存現金的最高信貸風險乃其賬面價值。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

18. SHARE CAPITAL

Ordinary shares, issued and fully paid:

		Note	Number of shares	Share Capital
		附註	股份數目	RMB'000 人民幣千元
At 1 April 2018, 31 December 2018 and 1 January 2019	於2018年4月1日， 2018年12月31日及 2019年1月1日		3,107,962,876	318,647
Cancellation of repurchased shares	註銷已回購股份	(a)	(126,000)	(11)
At 31 December 2019	於2019年12月31日		3,107,836,876	318,636

(a) For the nine months ended 31 December 2018, the Company repurchased a total of 126,000 shares of its own ordinary shares through the Stock Exchange at an aggregate consideration of approximately HKD402,000 (equivalent to approximately RMB352,000, excluding transaction costs). The 126,000 shares with total par value of HKD12,600 (equivalent to approximately RMB11,000) repurchased are recorded as "treasury shares" at 31 December 2018, which were subsequently cancelled on 14 January 2019.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

18. 股本

普通股，已發行及繳足：

	Note	Number of shares	Share Capital
	附註	股份數目	RMB'000 人民幣千元
At 1 April 2018, 31 December 2018 and 1 January 2019		3,107,962,876	318,647
Cancellation of repurchased shares	(a)	(126,000)	(11)
At 31 December 2019		3,107,836,876	318,636

(a) 截至2018年12月31日止九個月，本公司透過聯交所以總代價約港幣402,000元（相等於約人民幣352,000元，不包括交易成本）回購合共126,000股自有普通股，該等回購的總賬面值為港幣12,600元（相等於約人民幣11,000元）的股份於2018年12月31日仍未註銷且已記入「庫存股份」內，並已於2019年1月14日註銷。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

19. SHARE-BASED PAYMENTS

Share option scheme

On 6 May 2019, the Group granted 11,000,000 share options with an exercise price of HKD3.708 per share and vesting periods of 0.5 to 1 year to an eligible participant, being an independent business consultant of the Group (the "Grantee"), to provide professional advisory services regarding the operation and management of the Group. The share options shall be valid from the respective exercisable date, namely 5 November 2019 and 5 May 2020, to 30 June 2020.

The estimated fair value of the share options per share for the year ended 31 December 2019 was from HK1.2 cents to HK35.5 cents, by reference to the fair value of the equity instruments granted, measured at the date the business consultant renders service. During the year ended 31 December 2019, the Group recognises the total expense of HKD1,031,000 (equivalent to approximately RMB907,000) in relation to these share options.

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

19. 股份為基礎的支付

購股權計劃

於2019年5月6日，本集團向一名獨立業務顧問（「承授人」）授出11,000,000股購股權以對集團營運及管理提供專業顧問服務，行使價為每股港幣3.708元及歸屬期為0.5年至1年。購股權的有效期限從可行使日（即2019年11月5日及2020年5月5日）起至2020年6月30日止。

截至2019年12月31日止年度，購股權之估計公允值為每股港幣1.2仙至港幣35.5仙，此乃於顧問提供服務日參考授出之權益工具而計量。於2019年12月31日止年度，本集團確認購股權有關之費用總額為港幣1,031,000元（等於約人民幣907,000元）。

於年內，未行使的購股權數目之變動及相關之加權平均行使價列示如下：

		For the year ended 31 December 2019 截至2019年12月31日止年度	
		Weighted average exercise prices In HKD per share 加權平均 行使價 港元(每股計)	Number of share options (‘000) 購股權數目 (股數以千計)
At 1 January	於1月1日	–	–
Granted	授出	3.708	11,000
Exercised	行使	–	–
At 31 December	於12月31日	3.708	11,000
Vested and exercisable at 31 December	於12月31日已歸屬及可行使	–	5,500

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

19. SHARE-BASED PAYMENTS (CONTINUED)

Share option scheme (Continued)

Share options outstanding as at 31 December 2019 are analysed as follows:

Grantee 承授人		Exercise prices In HKD per share 行使價 港元(每股計)	Number of share options (‘000) 購股權數目 (股數以千計)	Expiry date 失效日期
Consultant	業務顧問	3.708	11,000	30 June 2020 2020年6月30日

The fair values of the share options granted during the year are determined using the Binomial Option Pricing Model. The major assumptions during the year are as follows:

Volatility	25.2%~32.9%
Share price	HKD2.86~HKD3.42
Dividend yield	7.1%~8.0%
Risk free rate	1.82%~1.91%
Expected life	1.15 year

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

19. 股份為基礎的支付(續)

購股權計劃(續)

於2019年12月31日未行使購股權之分析如下：

Grantee 承授人		Exercise prices In HKD per share 行使價 港元(每股計)	Number of share options (‘000) 購股權數目 (股數以千計)	Expiry date 失效日期
Consultant	業務顧問	3.708	11,000	30 June 2020 2020年6月30日

年內授出之購股權公允值乃按二項式期權定價模型計算，年內其主要假設列示如下：

預期波動率	25.2%–32.9%
股價	HKD2.86 - HKD3.42
股息率	7.1%–8.0%
無風險利率	1.82%–1.91%
預期壽命	1.15年

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

20. RESERVES

20. 儲備

	Note	Contributed surplus	Treasury shares	Merger reserve	Share premium	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Currency translation reserve	Statutory Reserve	Other reserves	Total
	附註	實繳盈餘	庫存股份	合併儲備	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	法定儲備	其他儲備	總計
At 1 April 2018	於2018年4月1日	296,853	-	(628,438)	429,861	2,411	4,749	-	(99,737)	698,032	1,639,842	2,343,573
Fair value changes on financial assets at FVOCI, net of tax	(a)	-	-	-	-	-	-	-	-	-	26,408	26,408
Appropriations from net profit	21	-	-	-	-	-	-	-	-	74,372	-	74,372
Repurchases of shares	18	-	(11)	-	-	-	11	-	-	-	-	-
Currency translation differences		-	-	-	-	-	-	-	127,532	-	-	127,532
At 31 December 2018	於2018年12月31日	296,853	(11)	(628,438)	429,861	2,411	4,760	-	27,795	772,404	1,666,250	2,571,885
At 1 January 2019	於2019年1月1日	296,853	(11)	(628,438)	429,861	2,411	4,760	-	27,795	772,404	1,666,250	2,571,885
Fair value changes on financial assets at FVOCI, net of tax	(a)	-	-	-	-	-	-	-	-	-	(17,531)	(17,531)
Appropriations from net profit	21	-	-	-	-	-	-	-	-	700	-	700
Cancellation of repurchased shares	18	-	11	-	-	-	-	-	-	-	-	11
Share-based payments – Value of consultancy service		-	-	-	-	-	-	907	-	-	-	907
Disposal of equity interest in Better World to non-controlling interest		-	-	-	-	-	-	-	-	-	1,748	1,748
Acquisition of additional equity interest in Jiangxi Xianghai from non-controlling interests		-	-	-	-	-	-	-	-	-	(3,984)	(3,984)
Currency translation differences		-	-	-	-	-	-	-	(13,207)	-	-	(13,207)
At 31 December 2019	於2019年12月31日	296,853	-	(628,438)	429,861	2,411	4,760	907	14,588	773,104	1,646,483	2,540,529

(a) For the year ended 31 December 2019, the amount of decreases in fair value in financial assets at FVOCI before tax is RMB17,531,000 (nine months ended 31 December 2018: increases RMB28,332,000) (Note 12), of which nil (nine months ended 31 December 2018 RMB1,924,000) was recognised in other comprehensive income as deferred tax (Note 13).

(b) Contributed Surplus of the Company represents (i) the difference between the consolidated shareholders' funds of the subsidiaries at the date on which the corporate reorganisation became effective and the nominal amount of the Company's shares issued under the reorganisation; (ii) the transfer of credit balance from share premium pursuant to the capital reorganisation in 2006 and relevant laws and regulations in Bermuda.

(c) Other reserves mainly arise from transactions with non-controlling interests that do not result in a loss of control and fair value changes on financial assets at FVOCI (net of tax).

(a) 截至2019年12月31日止年度，以公允價值計量且其變動計入其他綜合收益之金融資產之公允價值變動稅前減少金額為人民幣17,531,000元（截至2018年12月31日止九個月：增加人民幣28,332,000元）（附註12），本年並無（截至2018年12月31日止九個月：人民幣1,924,000元）於其他全面收益確認遞延稅項（附註13）。

(b) 本公司之實繳盈餘指(i)重組生效之日附屬公司之綜合股東資金與重組時本公司已發行股份面值之差額；(ii)在2006年根據資本重組及百慕達相關法律法規由股份溢價轉入的貸方餘額。

(c) 其他儲備主要來自與非控制性權益的交易，這些交易不會導致喪失控制權，和以公允價值計量且其變動計入其他綜合收益之金融資產的公允價值變動（稅後）。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

21. RETAINED EARNINGS

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

21. 保留盈利

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
		附註		
At the beginning of the year/period	年初／期初		8,863,604	8,601,342
Change in accounting policy	會計政策變動	3	(2,022)	–
Restated the balance at the beginning of the year/period	年初／期初結餘(經重列)		8,861,582	8,601,342
Profit for the year/period	年度／期間盈利		1,112,004	1,017,959
Appropriations from net profit	自純利撥付	20	(700)	(74,372)
Final and special dividends for the nine months ended 31 December 2018	截至2018年12月31日止九個月之期末及特別股息	30	(756,818)	–
Interim dividends for the six months ended 30 June 2019	截至2019年6月30日止六個月之中期股息	30	(247,048)	–
Final dividends for the year ended 31 March 2018	截至2018年3月31日止年度之期末股息		–	(405,353)
Interim dividends for the six months ended 30 September 2018	截至2018年9月30日止六個月之中期股息	30	–	(275,620)
Forfeiture of unclaimed dividends	沒收未認領的股息		28	–
Repurchase of shares	回購股份		–	(352)
At the end of the year/period	年末／期末		8,969,048	8,863,604

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

22. BORROWINGS

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

22. 貸款

		As at 31 December 於12月31日		
		Note 附註	2019 2019年	2018 2018年
Non-current	非流動			
Long-term bank borrowings	長期銀行貸款			
– Secured bank borrowings	– 有抵押銀行貸款	(a)	2,310,474	2,888,092
– Unsecured bank borrowings	– 無抵押銀行貸款	(b)	–	12,751
Less: current portion	減：流動部份		–	(144,405)
			2,310,474	2,756,438
Current	流動			
Short-term bank borrowings	短期銀行貸款			
– Unsecured bank borrowings	– 無抵押銀行貸款	(b)	688,302	789,296
Current portion of non-current liabilities	非流動負債下之流動部份			
– Secured bank borrowings	– 有抵押銀行貸款	(a)	–	144,405
			688,302	933,701
Total borrowings	總貸款		2,998,776	3,690,139

(a) The Group's secured bank borrowings as at 31 December 2019 of RMB2,310,474,000 (31 December 2018: RMB2,888,092,000) are repayable within four years and secured by certain buildings, right-of-use for land with total carrying values of RMB91,856,000 (31 December 2018: RMB95,197,000), and equity interest in Jiahao Foodstuff Limited and Guangdong Jiahao Foodstuff Co., Ltd. During the year, the average interest rate of the loan was 5.70% (nine months ended 31 December 2018: 5.70%) per annum.

(a) 本集團於2019年12月31日的有抵押銀行貸款為人民幣2,310,474,000元（2018年12月31日：人民幣2,888,092,000元），該貸款於四年內償還，並以嘉豪食品有限公司及廣東嘉豪食品有限公司總賬面值為人民幣91,856,000元（2018年12月31日：人民幣95,197,000元）的樓宇和土地使用權資產，以及其股權作為抵押。於年內，該貸款之平均利息為每年5.70厘（截至2018年12月31日止九個月：5.70厘）。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

22. BORROWINGS (CONTINUED)

- (b) The unsecured bank borrowings are repayable within one year. During the year, the average interest rate was 3.63% (nine months ended 31 December 2018: 3.72%) per annum.

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

Interest expense on bank borrowings for the year ended 31 December 2019 amounted to approximately RMB185,378,000 (nine months ended 31 December 2018: RMB76,183,000). No interest expense was capitalised during the year and nine months ended 31 December 2018.

An analysis of the carrying amounts of the Group’s borrowings by type is as follows:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

22. 貸款(續)

- (b) 無抵押銀行貸款需於一年內到期償還。於年內，該貸款平均利息為每年3.63厘(截至2018年12月31日止九個月：3.72厘)。

貸款乃金融負債被分類為「按攤銷成本計量的金融負債」。貸款的賬面值與公允價值相若。

截至2019年12月31日止年度的銀行貸款利息開支約為人民幣185,378,000元(2018年12月31日止九個月：人民幣76,183,000元)，於年內及截至2018年12月31日止九個月並無利息費用資本化。

按類別分析本集團貸款的賬面值如下：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
At fixed rates	固定利率	2,479,224	3,181,942
At floating rates	浮動利率	519,552	508,197
		2,998,776	3,690,139

At 31 December 2019, the maturities of the borrowings are as follows:

於2019年12月31日，貸款到期日如下：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Within 1 year	一年以內	688,302	933,701
Between 1 and 2 years	一至二年	577,618	445,964
Between 2 and 5 years	二至五年	1,732,856	2,310,474
		2,998,776	3,690,139

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

22. BORROWINGS (CONTINUED)

(b) (Continued)

The carrying amounts of the Group's borrowings were denominated in the following currencies:

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
RMB	人民幣	2,479,224	3,181,942
HKD	港幣	519,552	508,197
		2,998,776	3,690,139

23. TRADE AND OTHER PAYABLES

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

22. 貸款(續)

(b) (續)

本集團貸款的賬面值是以下列貨幣為單位：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
RMB	人民幣	2,479,224	3,181,942
HKD	港幣	519,552	508,197
		2,998,776	3,690,139

23. 貿易及其他應付款項

		As at 31 December 於12月31日		
		Note 附註	2019 2019年	2018 2018年
Trade payables	貿易應付款項	(a)	303,171	338,697
Dividends payable	應付股息		1,218	272,320
Wages payable	應付工資		97,668	93,537
Other taxes payable	其他應付稅項		107,420	144,941
Accruals for expenses	應計開支		28,540	17,931
Other payables	其他應付款項		129,647	130,240
			667,664	997,666

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

23. TRADE AND OTHER PAYABLES (CONTINUED)

Except for other taxes payable of RMB107,420,000 (31 December 2018: RMB144,941,000) and wages payable of RMB97,668,000 (31 December 2018: RMB93,537,000), trade and other payables balances are financial liabilities categorised under “financial liabilities measured at amortised cost”. The fair values of trade and other payables approximate their carrying amounts.

- (a) As at 31 December 2019 and 2018, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on invoice dates was as follows:

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
0 – 90 days	0至90日	271,546	296,844
91 – 180 days	91至180日	16,859	24,839
181 – 360 days	181至360日	4,248	5,678
Over 360 days	360日以上	10,518	11,336
		303,171	338,697

The carrying amounts of the Group’s trade payables (including amounts due to related parties which are trade in nature) are denominated in the following currencies:

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
RMB	人民幣	285,900	325,476
USD	美元	7,233	6,789
HKD	港幣	4,536	31
EUR and other	歐元及其他	5,502	6,401
		303,171	338,697

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

23. 貿易及其他應付款項(續)

除其他應付稅款人民幣107,420,000元(2018年12月31日：人民幣144,941,000元)及應付工資人民幣97,668,000元(2018年12月31日：人民幣93,537,000元)外，貿易及其他應付款乃金融負債被分類為「按攤銷成本計量的金融負債」。貿易及其他應付款項的公允價值與其賬面值相若。

- (a) 於2019及2018年12月31日，貿易應付款項(包括關聯人士的貿易應付款項)根據發票日期的賬齡分析如下：

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

24. OTHER INCOME AND OTHER GAINS - NET

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

24. 其他收入及其他收益－淨額

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
	Note 附註		
Changes in fair value of financial assets at FVPL	16	4,255	5,035
Dividend income from financial assets at FVPL and FVOCI		2,652	-
Gain on disposal of financial asset at FVPL		7,519	665
Gain on disposal of an associate		1,322	-
Loss on disposal of a subsidiary		-	(2,539)
Government grants		176,396	101,141
Foreign exchange gain - net		36,856	15,976
Others		(3,491)	2,045
		225,509	122,323

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

25. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analysed according to their nature (with the exception of “research and development expenses” which are shown as a single item and analysed according to their nature in Note (a) below) as follows:

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Depreciation	折舊	7, 8	142,607	85,776
Amortisation	攤銷	8, 9	98,930	44,699
Provision for impairment of inventories	存貨減值撥備		7,589	762
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動		(37,535)	108,816
Raw materials and consumables used	已用原材料及消耗品		1,141,046	709,542
Lease rentals	租金		–	21,336
Short-term lease rentals	短期租賃租金	8	16,249	–
Auditor's remuneration	核數師酬金			
– Audit services	– 核數服務		9,656	8,096
– Non-audit services	– 非核數服務		100	949
Consulting service fee	專業服務費		31,162	47,918
Travelling expenses	差旅開支		71,574	34,226
Employee benefit expenses	僱員及福利開支	26	477,843	284,884
Share option expenses	購股權費用	19	907	–
Research and development expenses	研究及發展開支	(a)	290,674	198,408
Delivery expenses	運輸開支		35,029	37,141
Utilities expenses	公共設施開支		83,069	57,347
Motor vehicle expenses	汽車費用開支		10,391	8,709
Maintenance expenses	維修費		19,930	20,309
Advertising and promotion expenses	廣告及宣傳費		96,594	59,079
Office administrative and communication expenses	辦公及通訊費		10,449	7,026
Other surcharges	其他附加稅費		53,625	49,264
Others	其他		161,444	107,377
Total of cost of goods sold, selling and marketing expenses and administrative expenses	總銷售成本、銷售及市場推廣開支和行政費用		2,721,333	1,891,664

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

25. 按性質分類的開支

費用包括銷售成本、銷售及市場推廣開支及行政費用，並根據其性質（除附註(a)按照性質所單獨列示的「研究及發展開支」外，每項開支均已不包括有關研究及發展的金額）分析如下：

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Depreciation	折舊	7, 8	142,607	85,776
Amortisation	攤銷	8, 9	98,930	44,699
Provision for impairment of inventories	存貨減值撥備		7,589	762
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動		(37,535)	108,816
Raw materials and consumables used	已用原材料及消耗品		1,141,046	709,542
Lease rentals	租金		–	21,336
Short-term lease rentals	短期租賃租金	8	16,249	–
Auditor's remuneration	核數師酬金			
– Audit services	– 核數服務		9,656	8,096
– Non-audit services	– 非核數服務		100	949
Consulting service fee	專業服務費		31,162	47,918
Travelling expenses	差旅開支		71,574	34,226
Employee benefit expenses	僱員及福利開支	26	477,843	284,884
Share option expenses	購股權費用	19	907	–
Research and development expenses	研究及發展開支	(a)	290,674	198,408
Delivery expenses	運輸開支		35,029	37,141
Utilities expenses	公共設施開支		83,069	57,347
Motor vehicle expenses	汽車費用開支		10,391	8,709
Maintenance expenses	維修費		19,930	20,309
Advertising and promotion expenses	廣告及宣傳費		96,594	59,079
Office administrative and communication expenses	辦公及通訊費		10,449	7,026
Other surcharges	其他附加稅費		53,625	49,264
Others	其他		161,444	107,377
Total of cost of goods sold, selling and marketing expenses and administrative expenses	總銷售成本、銷售及市場推廣開支和行政費用		2,721,333	1,891,664

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

25. EXPENSES BY NATURE (CONTINUED)

- (a) Depreciation, amortisation and employee benefit expenses included in research and development expenses are set out below:

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Depreciation	折舊	7, 8	17,905	14,924
Amortisation	攤銷	8, 9	3,517	2,558
Employee benefit expenses	僱員及福利開支	26	126,405	89,581

No development cost has been capitalised for the year ended 31 December 2019 (nine months ended 31 December 2018: nil).

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

25. 按性質分類的開支(續)

- (a) 研究及發展開支中包括的折舊、攤銷及僱員及福利開支列示如下：

	Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Depreciation	7, 8	17,905	14,924
Amortisation	8, 9	3,517	2,558
Employee benefit expenses	26	126,405	89,581

在截至2019年12月31日止年度內並無任何發展成本已資本化(截至2018年12月31日止九個月：無)。

26. EMPLOYMENT BENEFIT EXPENSES

Wages, salaries and bonus	工資、薪酬及花紅		507,056	321,402
Defined contribution plans and other employee insurances	定額供款計劃及其他員工保險	(a)	65,848	33,701
Other benefits	其他福利		31,344	19,362

604,248 374,465

26. 僱員及福利開支

	Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Wages, salaries and bonus		507,056	321,402
Defined contribution plans and other employee insurances	(a)	65,848	33,701
Other benefits		31,344	19,362

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

26. EMPLOYMENT BENEFIT EXPENSES (CONTINUED)

(a) Defined contribution plans and other employee insurances

The expenses mainly include contribution of pension, housing scheme and other employee insurances for employees, of which the arrangement of pension scheme is as below:

In Hong Kong, the Group operates a MPF Scheme for all eligible employees. The assets of the MPF Scheme are held separately from those of the Group.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HKD1,500 per employee with a choice to make additional contributions. The employer's monthly contributions are calculated at 5% of each employee's monthly salaries up to a maximum of HKD1,500 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65 years old, death or total incapacity.

In Mainland China, the Group makes defined contribution to retirement schemes managed by the local governments. It is the local governments' responsibility to pay the retirement benefits to those staff who retire.

In Germany, the Group makes defined contributions at certain percentage of monthly salary to retirement schemes managed by the insurance company in accordance with German rules and regulations. It is the insurance company's responsibility to pay the retirement benefits to those staff who retire. In Botswana, no pension obligation is required under its laws and regulations.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

26. 僱員福利開支(續)

(a) 定額供款計劃及其他員工保險

此費用包括退休金供款、員工住房計劃及其他員工保險。退休金計劃之安排如下：

本集團為香港所有合資格僱員設立強積金計劃。強積金計劃之資產與本集團所持者獨立分開。

根據強積金計劃，每名僱員須按月薪5%（最高供款額為港幣1,500元）作出供款，並可選擇作出額外供款。僱主亦須按每名僱員月薪5%（最高供款額為港幣1,500元）作出供款（「強制供款」）。僱員可於六十五歲退休、身故或完全喪失工作能力時收取僱主作出之全部強制供款。

本集團在中國內地根據合資格員工的基本薪金若干百分比向中國地方政府所管理的退休金計劃作出定額供款。地方政府有責任向該等退休僱員支付退休金。

另本集團亦根據德國的相關法律和法規向合資格員工按月薪的若干百分比向有關保險公司作出供款。保險公司有責任向該等退休僱員支付退休金。博茨瓦納的相關法律和法規並無要求需向員工支付退休金的責任。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

26. EMPLOYMENT BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (nine months ended 31 December 2018: 2) directors whose emoluments are reflected in Note 37(a). The emoluments paid and payable to the remaining 3 (nine months ended 31 December 2018: 3) individuals during the year are as follows:

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Basic salaries and allowances	基本薪金及津貼	17,687	15,111
Contributions to the retirement scheme	退休福利計劃供款	194	143
		17,881	15,254

The emoluments fell within the following bands:

Emolument bands	酬金範圍	Number of employees 僱員人數	
		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
HKD3,000,001– HKD3,500,000	港幣3,000,001元–港幣3,500,000元	–	1
HKD3,500,001– HKD4,000,000	港幣3,500,001元–港幣4,000,000元	2	–
HKD4,000,001– HKD4,500,000	港幣4,000,001元–港幣4,500,000元	–	1
HKD10,000,001–HKD10,500,000	港幣10,000,001元–港幣10,500,000元	–	1
HKD12,000,001–HKD12,500,000	港幣12,000,001元–港幣12,500,000元	1	–

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

26. 僱員福利開支(續)

(b) 五名最高薪酬人士

年內，在本集團之五名最高薪酬人士包括兩位(截至2018年12月31日止九個月：兩位)為董事，而彼等之酬金詳情已載於附註37(a)。本年度支付予其餘三位人士(截至2018年12月31日止九個月：三位)之酬金如下：

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Basic salaries and allowances	基本薪金及津貼	17,687	15,111
Contributions to the retirement scheme	退休福利計劃供款	194	143
		17,881	15,254

彼等之酬金在以下範圍：

Emolument bands	酬金範圍	Number of employees 僱員人數	
		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
HKD3,000,001– HKD3,500,000	港幣3,000,001元–港幣3,500,000元	–	1
HKD3,500,001– HKD4,000,000	港幣3,500,001元–港幣4,000,000元	2	–
HKD4,000,001– HKD4,500,000	港幣4,000,001元–港幣4,500,000元	–	1
HKD10,000,001–HKD10,500,000	港幣10,000,001元–港幣10,500,000元	–	1
HKD12,000,001–HKD12,500,000	港幣12,000,001元–港幣12,500,000元	1	–

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

27. FINANCE INCOME AND FINANCE COSTS

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Finance income:	財務收入：		
– Interest income on bank deposits	– 銀行存款之利息收入	176,956	154,344
Finance costs:	融資成本：		
– Interest expense on bank borrowings and others	– 銀行貸款及其他之利息費用	(185,892)	(76,913)
– Interest expense on lease liabilities	– 租賃負債之利息費用	(3,092)	–
Finance (cost)/income - net	(融資成本)/財務收入－淨額	(12,028)	77,431

28. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated income statements represents:

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Current income tax	即期稅項		
– Hong Kong profits tax	– 香港所得稅 (a)	13,657	8,577
– PRC corporate income tax	– 中國企業所得稅 (b)	429,987	295,947
– Germany company income tax	– 德國企業所得稅 (c)	–	122
– Botswana company income tax	– 博茨瓦納企業所得稅 (d)	436	1,148
Deferred income tax	遞延所得稅 13	(72,004)	15,011
		372,076	320,805

(a) Hong Kong profits tax has been provided at the rate of 16.5% (nine months ended 31 December 2018: 16.5%) on the estimated assessable profit for the year.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

27. 財務收入及融資成本

28. 所得稅

計入綜合收益表之稅項金額列示如下：

(a) 香港所得稅按本年度估計應課稅盈利以稅率16.5% (截至2018年12月31日止九個月：16.5%)撥備。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

28. INCOME TAX EXPENSE (CONTINUED)

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

The income tax rates enacted or substantively enacted to the major subsidiaries of the Group incorporated in the PRC are derived from various tax policies as follows:

- (i) The Corporate Income Tax Law of the PRC stipulates the applicable income tax rate at 25% for domestic enterprises in the PRC.
- (ii) Enterprises supported by Western Development Strategy can continue to enjoy tax rate of 15% until 2022. Enterprises, simultaneously enjoy additional tax incentives from Tibet Autonomous Region Government that the output value of the company's High/New Tech products can be exempted from the local share of corporate income tax, can accrue income tax expenses at reduced rate of 9% for the output value of High/New Tech products and of 15% for that of non- High/New Tech products. For the nine months ended 31 December 2018, due to uncertain tax treatment, Huabao Flavours & Fragrances Co, Ltd ("Huabao Flavours"), a subsidiary of the Group, accrued income tax expenses at 15% for the output value of High/New Tech products and at 25% for that of non- High/New Tech products, which resulted in adjustments for current tax of prior period.
- (iii) The Corporate Income Tax Law also stipulated that the Corporate Income Tax shall be levied at the reduced rate of 15% for High/New Tech Enterprises that are specifically supported by the State.
- (c) Germany company income tax has been provided at the rate of 15% (nine months ended 31 December 2018: 15%) on the estimated assessable profit for the year.
- (d) Botswana company income tax has been provided at the rate of 15% (nine months ended 31 December 2018: 15%) on the estimated assessable profit for the year.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

28. 所得稅(續)

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

本集團於中國大陸註冊之主要企業的所得稅適用稅率來自不同的政策如下：

- (i) 企業所得稅法規定中國國內企業的適用所得稅稅率為25%。
- (ii) 受西部大開發戰略支援的企業可以繼續享受15%的稅率至2022年，企業同時享受西藏自治區政府額外稅收優惠政策的，其高新技術產品產值可免徵企業所得稅地方分享部份，可按9%稅率計提高新技術產品產值對應所得稅費用，按15%計提非高新技術產品產值對應所得稅費用。截至2018年12月31日止九個月，由於不確定稅務處理，本集團的子公司華寶香精股份有限公司(「華寶股份」)對高新技術產品產值按15%計提所得稅費用，對非高新技術產品產值按25%計提所得稅費用，導致本年度所得稅費用因上期而進行了調整。
- (iii) 企業所得稅法規定企業所得稅將對於受國家支持的高新技術企業適用15%的稅率。
- (c) 德國企業所得稅按本年度估計應課稅盈利以稅率15%(截至2018年12月31日止九個月：15%)撥備。
- (d) 博茨瓦納企業所得稅按本年度估計應課稅盈利以稅率15%(截至2018年12月31日止九個月：15%)撥備。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

28. INCOME TAX EXPENSE (CONTINUED)

- (e) No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions during the year.
- (f) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the standard tax rates applicable to the respective companies of the Group as follows:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

28. 所得稅(續)

- (e) 本集團於本年度在其他司法權區並無取得應課所得稅收入，故無為其他司法權區的所得稅作出撥備。
- (f) 本集團就除所得稅前盈利的稅項，與本集團旗下相關公司所在地在免稅期前適用稅率釐定的理論稅額有所不同，載列如下：

		Note	Year ended 31 December 2019 截至 2019年 12月31日 止年度	Nine months ended 31 December 2018 截至 2018年 12月31日 止九個月
Profit before income tax	除稅前盈利		1,745,817	1,374,957
Less: Share of results of associates and a jointly controlled entity	減：應佔聯營公司及共同控制實體之業績	10,11	(29,034)	(9,776)
			1,716,783	1,365,181
Tax calculated at statutory tax rate	按適用稅率計算的稅項		485,411	426,499
Tax incentives	稅收優惠	b(ii)(iii)	(217,066)	(145,075)
Adjustments for current tax of prior period due to tax uncertainty treatment	因上期稅收不確定性的當期所得稅調整	b(ii)	(8,739)	-
Super deduction for research and development expenditure	研發費用加計扣除的影響		(18,494)	(11,881)
Utilisation of previously unrecognised tax losses	動用之前未確認的稅務虧損		(5,958)	(5,648)
Expenses not deductible for tax purposes	不可扣稅開支之稅務影響		6,622	3,067
Income not subject to tax	無須課稅收入的影響		(6,850)	(6,392)
Withholding tax on the earnings from subsidiaries	附屬公司匯出的股息所產生之預提所得稅		120,840	55,315
Tax losses for which no deferred income tax assets were recognised	並無確認遞延所得稅資產的稅務虧損		16,310	4,920
Income tax expense	所得稅		372,076	320,805

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

28. INCOME TAX EXPENSE (CONTINUED)

As the Directors are not certain whether future taxable profit would be available in certain subsidiaries, the Group did not recognise deferred income tax assets of RMB73,946,000 (31 December 2018: RMB81,088,000) as at 31 December 2019 in respect of tax losses of such dormant subsidiaries amounting to RMB379,894,000 (31 December 2018: RMB474,676,000). The tax loss will expire in the following years:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

28. 所得稅(續)

因為董事無法確定於未來是否有足夠應課稅盈利彌補稅損，本集團並沒有確認若干附屬公司之可抵稅虧損人民幣379,894,000元(2018年12月31日：人民幣474,676,000元)的遞延所得稅資產約人民幣73,946,000元(2018年12月31日：人民幣81,088,000元)。可抵稅虧損將於下列年度到期：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Year	年度		
2019	2019年	–	24,378
2020	2020年	53,848	81,756
2021	2021年	13,954	27,065
2022	2022年	60,228	68,508
2023	2023年	18,464	58,046
2024	2024年	46,117	–
No expiring date	沒有到期日	187,283	214,923
		379,894	474,676

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

29. EARNINGS PER SHARE

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year/period excluding treasury shares.

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Profit attributable to equity holders of the Company from continuing operations	本公司權益持有人應佔來自持續經營業務之盈利	1,112,004	863,440
Profit attributable to equity holders of the Company from discontinued operation	本公司權益持有人應佔來自終止經營業務之盈利	-	154,519
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	1,112,004	1,017,959
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數(千計)	3,107,837	3,107,958
Basic and diluted earnings per share attributable to owners of the Company (RMB cents per share):	本公司權益持有人應佔每股基本及攤薄盈利(每股人民幣分):		
From continuing operations	來自持續經營業務	35.78	27.78
From discontinued operation	來自終止經營業務	-	4.97
		35.78	32.75

For the year ended 31 December 2019, the outstanding share options granted by the Company have no potential dilutive effect on the basic earnings per share, and thus the diluted earnings per share was the same as the basic earnings per share.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

29. 每股盈利

基本及攤薄

每股基本盈利乃根據本年度／期間本公司權益持有人應佔盈利，除以年內／期內已發行普通股(扣除庫存股)的加權平均數目計算。

截至2019年12月31日止年度，公司授出之尚未行使之購股權對每股基本盈利沒有攤薄效應，故每股攤薄盈利與每股基本盈利相等。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

30. DIVIDENDS

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

30. 股息

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Paid interim dividend of HK8.8 cents (nine months ended 31 December 2018: HK10.0 cents) per share	已付中期股息每股港幣8.8仙 (截至2018年12月31日止九個月： 港幣10.0仙)	247,048	275,620
Proposed/paid final dividend of HK10.0 cents (nine months ended 31 December 2018: HK8.8 cents) per share	擬派/已付期末股息每股港幣10.0 仙(截至2018年12月31日止九個 月：港幣8.8仙)	278,394	240,433
Paid special dividend of HK18.9 cents per share for nine months ended 31 December 2018	已付截至2018年12月31日止九個月 期末特別股息每股港幣18.9仙	-	516,385
		278,394	756,818
		525,442	1,032,438

On 27 March 2020, the Board proposed a final dividend of HK10.0 cents per share, totalling approximately RMB278,394,000 for the year ended 31 December 2019. The proposed dividend in respect of the year ended 31 December 2019 is calculated based on the total number of shares in issue as at the date of this report. The proposed dividend is subject to the shareholder's approval at the Company's forthcoming Annual General Meeting. The financial statements do not reflect this dividend payable.

於2020年3月27日，董事會建議派發截至2019年12月31日止年度的期末股息每股港幣10.0仙，共約人民幣278,394,000元。截至2019年12月31日止年度的擬派股息乃按照於本報告日期已發行股份總數計算。建議派發之股息需要於本公司臨近舉行的股東週年大會上獲股東批准。財務報表未反映此應付股息。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

31. BUSINESS COMBINATIONS

Acquisition of Jiahao Foodstuff

In September 2018, New Generation Global Limited, a wholly owned subsidiary of the Company, entered into an agreement with independent third parties to acquire 100% equity interest in Jiahao Foodstuff, for a cash consideration of approximately USD695,985,000 (equivalent to approximately RMB4,745,437,000). Jiahao Foodstuff is principally engaged in the production, sales, marketing and distribution of condiment products in the PRC.

On 4 September 2018, the Group completed acquisition of Jiahao Foodstuff and has effective control over it. After the acquisition, the Group will focus on the complementary products in the taste-based fast-moving consumer products, including products in the niche markets such as flavours and fragrances, additives, ingredients and packing materials, condiments, etc. It is expected to play a synergistic effect.

The goodwill of RMB3,635,550,000 arising from the acquisition is attributable to the synergy and economics of scale expected from combining the operations of the Group and Jiahao Foodstuff. None of the goodwill recognised is expected to be deductible for income tax purposes.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

31. 業務合併

收購嘉豪食品

於2018年9月，本公司之全資附屬公司 New Generation Global Limited 與獨立第三方簽署協議，以現金代價695,985,000美元（折合約人民幣4,745,437,000元）收購嘉豪食品的100%權益。嘉豪食品主要在中國從事生產、銷售、營銷及分銷調味品產品。

本集團已於2018年9月4日完成收購嘉豪食品並對其有效控制。在作出是項收購後，本集團將聚焦味覺系快消品之配套產品，包括香精產品、添加劑、配料及包裝材料、調味品等細分市場之產品，預期可發揮協同效應作用。

收購產生的商譽人民幣3,635,550,000元乃來自於整合本集團及嘉豪食品之經營後預期產生的協同效應和經營效益。確認產生的商譽預期不可扣除所得稅。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

31. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Jiahao Foodstuff (Continued)

Details of net assets acquired and goodwill are as follows:

Consideration – cash paid	收購對價－現金支付	4,745,437
Less: fair value of identifiable net assets acquired – shown below	減：收購可辨認淨資產之公允價值－詳列下文	(1,109,887)
Goodwill (Note 9)	商譽(附註9)	3,635,550
The fair value of assets and liabilities arising from the acquisition are as follows:	因收購而產生之資產及負債的公允價值如下：	
Property, plant and equipment (Note 7)	物業、機器及設備(附註7)	107,063
Land use rights*	土地使用權*	16,620
Intangible assets (Note 9)	無形資產(附註9)	906,009
Inventories	存貨	22,694
Trade and other receivables	貿易及其他應收款項	13,845
FVPL (Note 4.3)	以公允價值計量且其變動計入損益之金融資產(附註4.3)	180,811
Cash and cash equivalents	現金及現金等價物	163,760
Deferred income tax assets (Note 13)	遞延所得稅資產(附註13)	13,818
Trade and other payables	貿易及其他應付款項	(77,373)
Contract liabilities	合同負債	(97,697)
Deferred tax liabilities (Note 13)	遞延所得稅負債(附註13)	(139,663)
Fair value of identifiable net assets acquired	收購之資產公允價值	1,109,887
Outflow of cash to acquire business (net of cash acquired)	收購業務之現金流出(扣除收購之淨現金)	
Consideration – cash paid	以現金支付收購代價	4,745,437
Cash and cash equivalents in a subsidiary acquired	收購附屬公司內的現金及現金等價物	(163,760)
Net cash outflow on acquisition	收購的淨現金流出	4,581,677

* Land use rights have been reclassified to “Right-of-use assets” since 1 January 2019.

* 土地使用權已於2019年1月1日起被重分類至「使用權資產」。

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

31. 業務合併(續)

收購嘉豪食品(續)

收購產生之淨資產及商譽詳情如下：

收購對價－現金支付	4,745,437
減：收購可辨認淨資產之公允價值－詳列下文	(1,109,887)
商譽(附註9)	3,635,550
因收購而產生之資產及負債的公允價值如下：	
物業、機器及設備(附註7)	107,063
土地使用權*	16,620
無形資產(附註9)	906,009
存貨	22,694
貿易及其他應收款項	13,845
以公允價值計量且其變動計入損益之金融資產(附註4.3)	180,811
現金及現金等價物	163,760
遞延所得稅資產(附註13)	13,818
貿易及其他應付款項	(77,373)
合同負債	(97,697)
遞延所得稅負債(附註13)	(139,663)
收購之資產公允價值	1,109,887
收購業務之現金流出(扣除收購之淨現金)	
以現金支付收購代價	4,745,437
收購附屬公司內的現金及現金等價物	(163,760)
收購的淨現金流出	4,581,677

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

32. CASH GENERATED FROM OPERATIONS

(a) Reconciliation of profit before tax to cash generated from operations

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
		附註		
Profit before income tax	除稅前盈利			
Continuing operations	持續經營業務		1,745,817	1,374,957
Discontinued operation	終止經營業務		-	136,839
Profit before income tax including discontinued operation	除稅前盈利 (包括終止經營業務)		1,745,817	1,511,796
Adjustments for:	調整：			
- Depreciation	- 折舊	7, 8	160,512	102,485
- Amortisation	- 攤銷	8, 9	102,447	62,364
- Provision for impairment of inventories	- 存貨減值撥備		7,589	762
- Provision for impairment of trade and other receivables	- 貿易及其他應收款項 減值撥備	4.1(b)	16,405	976
- Equity-settled share option compensation expenses	- 以權益結算的 購股權補償費用	19	907	-
- Interest expense	- 利息費用	6	188,984	95,999
- Interest income	- 利息收入	6	(176,956)	(154,348)
- Share of results of associates and a jointly controlled entity	- 應佔聯營公司及 共同控制實體之業績	10,11	(29,034)	(9,776)
- Adjustment for transactions between the Group and associates/jointly controlled entity	- 調整集團與聯營公司及 共同控制實體公司 之交易	10,11	16,486	-
- Loss/(gain) on disposal of property, plant and equipment	- 出售物業、機器及 設備虧損/(收益)		4,008	(856)
- Gain on disposal of financial assets at FVPL	- 出售以公允價值計量 且其變動計入損益的 金融資產之收益	24	(7,519)	(665)
- Gain on disposal of subsidiaries - net	- 出售附屬公司之 投資收益 - 淨額		-	(180,334)
- Gain on disposal of an associate - net	- 出售聯營公司之 投資收益	24	(1,322)	-
- Changes in fair value of financial assets at FVPL	- 以公允價值計量且 其變動計入損益的 金融資產之公允價值變動	24	(4,255)	(5,035)
- Dividend income from investment in financial assets at FVPL and at FVOCI	- 以公允價值計量且其變動 計入損益及以公允價值計 量且其變動計入其他綜 合收益的的金融資產之 股息收入	24	(2,652)	-
- Foreign exchange gain - net	- 匯兌收益 - 淨額	24	(36,856)	(15,976)
Changes in working capital:	營運資金變動：			
- Inventories	- 存貨		(42,732)	(141,458)
- Trade and other receivables	- 貿易及其他應收款項		202,277	(81,331)
- Trade and other payables	- 貿易及其他應付款項		(62,158)	165,542
- Contract liabilities	- 合同負債		(50,200)	125,393
Cash generated from operations	經營業務所得現金淨額		2,031,748	1,475,538

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

32. 經營活動產生的現金

(a) 除稅前盈利與經營業務所得現金淨額調節表

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
		附註		
Profit before income tax	除稅前盈利			
Continuing operations	持續經營業務		1,745,817	1,374,957
Discontinued operation	終止經營業務		-	136,839
Profit before income tax including discontinued operation	除稅前盈利 (包括終止經營業務)		1,745,817	1,511,796
Adjustments for:	調整：			
- Depreciation	- 折舊	7, 8	160,512	102,485
- Amortisation	- 攤銷	8, 9	102,447	62,364
- Provision for impairment of inventories	- 存貨減值撥備		7,589	762
- Provision for impairment of trade and other receivables	- 貿易及其他應收款項 減值撥備	4.1(b)	16,405	976
- Equity-settled share option compensation expenses	- 以權益結算的 購股權補償費用	19	907	-
- Interest expense	- 利息費用	6	188,984	95,999
- Interest income	- 利息收入	6	(176,956)	(154,348)
- Share of results of associates and a jointly controlled entity	- 應佔聯營公司及 共同控制實體之業績	10,11	(29,034)	(9,776)
- Adjustment for transactions between the Group and associates/jointly controlled entity	- 調整集團與聯營公司及 共同控制實體公司 之交易	10,11	16,486	-
- Loss/(gain) on disposal of property, plant and equipment	- 出售物業、機器及 設備虧損/(收益)		4,008	(856)
- Gain on disposal of financial assets at FVPL	- 出售以公允價值計量 且其變動計入損益的 金融資產之收益	24	(7,519)	(665)
- Gain on disposal of subsidiaries - net	- 出售附屬公司之 投資收益 - 淨額		-	(180,334)
- Gain on disposal of an associate - net	- 出售聯營公司之 投資收益	24	(1,322)	-
- Changes in fair value of financial assets at FVPL	- 以公允價值計量且 其變動計入損益的 金融資產之公允價值變動	24	(4,255)	(5,035)
- Dividend income from investment in financial assets at FVPL and at FVOCI	- 以公允價值計量且其變動 計入損益及以公允價值計 量且其變動計入其他綜 合收益的的金融資產之 股息收入	24	(2,652)	-
- Foreign exchange gain - net	- 匯兌收益 - 淨額	24	(36,856)	(15,976)
Changes in working capital:	營運資金變動：			
- Inventories	- 存貨		(42,732)	(141,458)
- Trade and other receivables	- 貿易及其他應收款項		202,277	(81,331)
- Trade and other payables	- 貿易及其他應付款項		(62,158)	165,542
- Contract liabilities	- 合同負債		(50,200)	125,393
Cash generated from operations	經營業務所得現金淨額		2,031,748	1,475,538

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

32. CASH GENERATED FROM OPERATIONS (CONTINUED)

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

32. 經營活動產生的現金(續)

- (b) 於綜合現金流量表內，出售物業、機器及設備之所得款包括：

		Note	Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Net book amount	賬面淨值	7	20,663	4,838
(Loss)/gain on disposal of property, plant and equipment	出售物業、機器及設備 (虧損)/收益		(4,008)	856
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備的 所得款		16,655	5,694

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

32. CASH GENERATED FROM OPERATIONS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

An analysis of the movements in liabilities from financing activities is set out below:

		Liabilities from financing activities 融資負債			
		Borrowings 借款	Lease liabilities 租賃負債	Total 總計	
		Note 附註			
At 1 April 2018	於2018年4月1日		210,000	–	210,000
Changes from financing cash flow:	融資活動的現金流量變化：				
Proceeds from borrowings	借貸所得款		3,580,389	–	3,580,389
Repayments of borrowings	償還借款		(100,250)	–	(100,250)
Total changes from financing cash flow	融資活動的現金流量變化總計		3,480,139	–	3,480,139
At 31 December 2018	於2018年12月31日		3,690,139	–	3,690,139
Recognised on adoption of HKFRS 16	採用香港財務報告準則第16號時確認	3	–	72,335	72,335
At 1 January 2019	於2019年1月1日		3,690,139	72,335	3,762,474
Changes from financing cash flow:	融資活動的現金流量變化：				
Proceeds from borrowings	借貸所得款		756,607	–	756,607
Repayments of borrowings	償還借款		(1,461,703)	–	(1,461,703)
Principal elements of lease payments	租賃付款之本金部份		–	(19,599)	(19,599)
Interest elements of lease payments	租賃付款之利息部份		–	(3,092)	(3,092)
Total changes from financing cash flow	融資活動的現金流量變化總計		(705,096)	(22,691)	(727,787)
Other changes:	其他變動：				
Increase in lease liabilities from entering into new leases during the year	本年度因訂立新租賃而增加的租賃負債		–	29,847	29,847
Interest expenses	利息支出	27	–	3,092	3,092
Currency translation difference	匯兌差異		13,733	–	13,733
Total other changes	其他變動總計		13,733	32,939	46,672
At 31 December 2019	於2019年12月31日		2,998,776	82,583	3,081,359

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

32. 經營活動產生的現金(續)

(c) 融資負債對賬表

分析融資負債之變動呈列如下：

		Liabilities from financing activities 融資負債			
		Borrowings 借款	Lease liabilities 租賃負債	Total 總計	
		Note 附註			
At 1 April 2018	於2018年4月1日		210,000	–	210,000
Changes from financing cash flow:	融資活動的現金流量變化：				
Proceeds from borrowings	借貸所得款		3,580,389	–	3,580,389
Repayments of borrowings	償還借款		(100,250)	–	(100,250)
Total changes from financing cash flow	融資活動的現金流量變化總計		3,480,139	–	3,480,139
At 31 December 2018	於2018年12月31日		3,690,139	–	3,690,139
Recognised on adoption of HKFRS 16	採用香港財務報告準則第16號時確認	3	–	72,335	72,335
At 1 January 2019	於2019年1月1日		3,690,139	72,335	3,762,474
Changes from financing cash flow:	融資活動的現金流量變化：				
Proceeds from borrowings	借貸所得款		756,607	–	756,607
Repayments of borrowings	償還借款		(1,461,703)	–	(1,461,703)
Principal elements of lease payments	租賃付款之本金部份		–	(19,599)	(19,599)
Interest elements of lease payments	租賃付款之利息部份		–	(3,092)	(3,092)
Total changes from financing cash flow	融資活動的現金流量變化總計		(705,096)	(22,691)	(727,787)
Other changes:	其他變動：				
Increase in lease liabilities from entering into new leases during the year	本年度因訂立新租賃而增加的租賃負債		–	29,847	29,847
Interest expenses	利息支出	27	–	3,092	3,092
Currency translation difference	匯兌差異		13,733	–	13,733
Total other changes	其他變動總計		13,733	32,939	46,672
At 31 December 2019	於2019年12月31日		2,998,776	82,583	3,081,359

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

33. CAPITAL COMMITMENTS

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

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

33. 資本承擔

於年末／期末已簽約但仍未發生的資本開支如下：

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Property, plant and equipment	物業、機器及設備	110,441	193,080
Intangible assets	無形資產	1,455	–
Investment in an associate	於聯營公司之投資	43,420	43,420
Financial assets at FVOCI	以公允值計量且變動計入 其他綜合收益之金融資產	92,193	127,016
Financial assets at FVPL	以公允值計量且變動計入 損益之金融資產	17,597	–
		265,106	363,516

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

34. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name 名稱	Relationship 關係
Huangguoshu Golden Leaf 黃果樹金葉	An associate indirectly held by the Company 本公司間接持有的聯營公司
Hongta Blue Eagle 紅塔藍鷹	An associate indirectly held by the Company 本公司間接持有的聯營公司
Hunan Golden Leaf 湖南金葉	An associate indirectly held by the Company 本公司間接持有的聯營公司
Yunnan Ruisheng 雲南瑞升	An associate indirectly held by the Company 本公司間接持有的聯營公司
Dianhua Benxiang 滇華本香	A jointly controlled entity indirectly held by the Company 本公司間接持有的共同控制實體
Yingtian Weizhijia Food Co. Ltd. ("Weizhijia") 鷹潭味之家食品有限公司(「味之家」)	An entity controlled by the Company's ultimate holder 朱女士擁有控制權之公司

(b) Key management compensation

Key management includes directors (executive, non-executive and independent non-executive) and senior management. The amounts of compensation paid and payable to directors is disclosed in Note 37(a). The amounts of compensation paid and payable to senior management for employee services is shown below:

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

34. 關聯人士交易

(a) 關聯人士名稱與關係

(b) 主要管理人員酬金

主要管理人員包括董事(執行董事、非執行董事與獨立非執行董事)和高級管理人員。應付及已付予董事的酬金已在附註37(a)披露。向高級管理人員支付作為僱員服務的已付及應付酬金如下：

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Fees, salaries and bonus	工資、薪酬及花紅	21,107	18,391
Employer's contributions to retirement benefit scheme	僱主就退休計劃供款	449	346
		21,556	18,737

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with related parties

34. 關聯人士交易(續)

(c) 與關聯人士的交易

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Sales of goods:	銷售貨品：		
– Huangguoshu Golden Leaf	– 黃果樹金葉	15,432	11,205
– Hongta Blue Eagle	– 紅塔藍鷹	68	21
– Hunan Golden Leaf	– 湖南金葉	294	341
– Dianhua Benxiang	– 滇華本香	47,271	18,367
– Weizhijia	– 味之家	64,288	132
		127,353	30,066
Purchase of goods and services:	購買原材料及服務：		
– Huangguoshu Golden Leaf	– 黃果樹金葉	1,438	40
– Yunnan Ruisheng	– 雲南瑞升	177	82
– Dianhua Benxiang	– 滇華本香	17,508	11,621
– Weizhijia	– 味之家	4,975	13
		24,098	11,756
Dividend revenue:	股息收入：		
– Hongta Blue Eagle	– 紅塔藍鷹	10,485	–
– Dianhua Benxiang	– 滇華本香	1,786	–
		12,271	–

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances with related parties

34. 關聯人士交易(續)

(d) 關聯人士結餘

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Balances due from a related parties:	應收關聯人士結餘：		
– Huangguoshu Golden Leaf	– 黃果樹金葉		
– trade and other receivables	– 貿易及其他應收款	5,689	14,630
– Dianhua benxiang	– 滇華本香		
– trade and other receivables	– 貿易及其他應收款	51,088	21,305
– Weizhijia	– 味之家		
– prepayments	– 預付款	–	10,500
– other receivables	– 其他應收款	5,226	–
– Hongta Blue Eagle	– 紅塔藍鷹		
– trade receivables	– 貿易應收款	48	–
		62,051	46,435
Balance due to related parties:	應付關聯人士結餘：		
– Huangguoshu Golden Leaf	– 黃果樹金葉		
– trade payables	– 貿易應付款	–	40
– Yunnan Ruisheng	– 雲南瑞升		
– trade payables	– 貿易應付款	42	–
– Dianhua Benxiang	– 滇華本香		
– trade payables	– 貿易應付款	1,330	12,971
– Weizhijia	– 味之家		
– trade and other payables	– 貿易及其他應付款	43	13
– contract liabilities	– 合同負債	10,269	2,900
		11,684	15,924

The balance with related parties was unsecured, interest-free and repayable on demand.

所有關聯人士結餘均為無抵押，免息及須於通知時清還。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

35. 主要附屬公司之詳情

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股/註冊資本面值	Ownership interest held by the Group % 本集團持有的實際權益%		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
Aromascape Development Centre GmbH ^{FC1, AD1}	Germany, Limited liability company 德國，有限責任公司	EUR25,000 歐元25,000	-	100	Research and development of flavours & fragrances in Germany 研發香精，德國
F&G (Botswana) (Pty) Limited	Republic of Botswana, Limited liability company 博茨瓦納共和國，有限責任公司	BWP100 普拉100元	-	100	Production and sales of natural extracts in Botswana 生產和銷售天然提取物，博茨瓦納共和國
Guangdong Golden Leaf Technology Development Co., Ltd. 廣東省金葉科技開發有限公司 ^{GX1, GX2}	PRC, Limited liability company 中國，有限責任公司	RMB100,000,000 人民幣100,000,000元	-	100	Research & development, manufacture and sale of reconstituted tobacco leaves in the PRC 研發、生產及銷售煙草薄片，中國
Guangdong Jiahao Foodstuff Co., Ltd 廣東嘉豪食品有限公司 ^{G1}	PRC, Limited liability company 中國，有限責任公司	RMB115,000,000 人民幣115,000,000元	-	100	Production, sales, marketing and distribution of condiment products in the PRC 生產、銷售、營銷及分銷調味品，中國
Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd. 廣東金科再造煙葉有限公司 ^{YX1, GX1}	PRC, Limited liability company 中國，有限責任公司	RMB40,000,000 人民幣40,000,000元	-	55.375	Manufacture & sale of reconstituted tobacco leaves in the PRC 生產及銷售煙草薄片，中國
Guangzhou Huabao Food Co., Ltd. 廣州華寶食品有限公司 ^{X1}	PRC, Limited liability company 中國，有限責任公司	RMB10,000,000 人民幣10,000,000元	-	100	Research, development, manufacturing & sales of flavours & fragrances in the PRC 研發、生產及銷售香精，中國

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

35. 主要附屬公司之詳情(續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Ownership interest held by the Group % 本集團持有的實際權益%		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
GuangZhou Hua Fang Tobacco Flavors Ltd. 廣州華芳煙用香精有限公司 ^{YX1}	PRC, Limited liability company 中國，有限責任公司	RMB23,380,000 人民幣23,380,000元	-	51	Manufacturing & sales of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Huabao Flavour & Chemical (Shanghai) Co.Ltd. 華寶香化科技發展(上海)有限公司	PRC, Limited liability company 中國，有限責任公司	RMB530,000,000 人民幣530,000,000元	-	100%	Manufacturing & sale of new materials products applicable to tobacco industry in PRC 研發、生產及銷售適用於煙草行業的新材料產品，中國
Huabao Flavors & Fragrances (HK) Limited 華寶香精(香港)有限公司 ^{C1, FC1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD3,000,000 港幣3,000,000元	-	100	Research, development, manufacturing & sales of flavours & fragrances in Hong Kong 研發、生產及銷售香精，香港
Huabao Flavors & Fragrances Co, Ltd 華寶香精股份有限公司 ^{FC1, YX1, X1, X2}	PRC, Limited liability company 中國，股份有限公司	RMB615,880,000 人民幣615,880,000元	-	81.103	Manufacturing & sales of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Huabao Korea Company Limited 華寶韓國株式會社 ^{GX1, GX2}	Korea, Limited liability company 韓國，有限責任公司	WON16,320,000,000 韓圓16,320,000,000	-	100	Manufacture and sale of filter materials in Korea 研發、生產及銷售香煙濾咀產品，韓國
Huabao Qianqi Leasing (Shenzhen) Co., Ltd. 華寶千祺租賃(深圳)有限公司 ^{L1, GX1, GX2}	PRC, Limited liability company 中國，有限責任公司	RMB300,000,000 人民幣300,000,000元	-	100	Equipment leasing, office stationary leasing assets management, investment management, investment and leasing consulting in the PRC 機器設備租賃、辦公用品租賃、資產管理、投資管理、投資諮詢和租賃交易諮詢，中國

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

35. 主要附屬公司之詳情(續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Ownership interest held by the Group % 本集團持有的實際權益%		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
Hunan Jishou Minzu Materials Co., Ltd 湖南吉首市民族煙材有限公司 ^{GX1, GX2}	PRC, Limited liability company 中國·有限責任公司	RMB30,000,000 人民幣30,000,000元	-	85	Production of tobacco raw materials and cigarette filter in PRC 生產及銷售煙用濾棒·中國
Jiangxi Xianghai Biological Technology Co., Ltd 江西香海生物科技股份有限公司	PRC, Limited liability company 中國·有限責任公司	RMB10,010,000 人民幣10,010,000元	-	100	Produce, research and sale of synthetic perfume in the PRC 生產及銷售香原料·中國
Jiangxi H&K Food Technology Development Co., Ltd 江西省華寶孔雀食品科技發展有限公司 ^{YX1, YX2}	PRC, Limited liability company 中國·有限責任公司	RMB300,000,000 人民幣300,000,000元	-	100	Manufacturing and sales of food flavours and fragrances in the PRC 生產及銷售香原料·中國
Owada Flavours (Guangzhou) Co., Ltd. 澳華達香精(廣州)有限公司	PRC, Limited liability company 中國·有限責任公司	HKD60,000,000 港幣60,000,000	-	100	Research, development, production and sale of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精產品·中國
Shanghai H&K Flavors & Fragrances Co., Ltd. 上海華寶孔雀香精有限公司 ^{YX2, X1, GX1}	PRC, Limited liability company 中國·有限責任公司	RMB260,000,000 人民幣260,000,000元	-	100	Manufacturing & sales of food flavours & fragrances in the PRC 生產及銷售食品香精·中國
Shanghai Huabao Biological Technology Co, Ltd 上海華寶生物科技股份有限公司 ^{U1, U2, GX1}	PRC, Limited liability company 中國·有限責任公司	RMB10,000,000 人民幣10,000,000元	-	100	Production and sale of tobacco raw material 生產及銷售煙用原料·中國
Smart Sino International Investment Holdings (China) Co., Ltd 華峰國際投資控股(中國)有限公司 ^{C1, L1, L2, U1}	PRC, Limited liability company 中國·有限責任公司	USD55,640,000 美元55,640,000	-	100	Investments holding in the PRC 投資控股·中國

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

35. 主要附屬公司之詳情(續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Ownership interest held by the Group % 本集團持有的實際權益%		Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接	
Shanghai Xiangyue Technology Development Co., Ltd 上海香悅科技發展有限公司 ^{11, 12}	PRC, Limited liability company 中國，有限責任公司	HKD10,000,000 港幣10,000,000元	-	100	Investments holding in the PRC 投資控股，中國
Xiamen Amber Daily Chemical Technology Co., Ltd. 廈門琥珀日化科技股份有限公司 ^{YX1, YX2}	PRC, Limited liability company 中國，股份有限公司	RMB30,000,000 人民幣30,000,000元	-	51	Research, development, distribution and retail of fragrances in the PRC 研發、生產、批發及零售日用化工產品，中國
Yancheng City Chunzhu Aroma Co., Ltd 鹽城市春竹香料有限公司 ^{X1}	PRC, Limited liability company 中國，有限責任公司	RMB6,000,000 人民幣6,000,000元	-	100	Production and sales of aromatic raw materials in the PRC 生產及銷售香原料，中國
Yingtian Huabao Flavors & Fragrances Co., Ltd. 鷹潭華寶香精有限公司 ^{FC1, FC2}	PRC, Limited liability company 中國，有限責任公司	RMB96,500,000 人民幣96,500,000元	-	100	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售香精，中國
Yongzhou Shanxiang Flavour Co., Ltd. 永州山香香料有限公司	PRC, Limited liability company 中國，有限責任公司	RMB35,000,000 人民幣35,000,000元	-	94.14	Production and sale of flavours & fragrances in the PRC 生產及銷售香料，中國
Yunnan Tianhong Flavor & Frangrance Co., Ltd. 雲南天宏香精有限公司 ^{GX1}	PRC, Limited liability company 中國，有限責任公司	USD2,550,000 美元2,550,000	-	60	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Zhaoqing Perfumery Co., Ltd. (Guangdong) 廣東省肇慶香料廠有限公司	PRC, Limited liability company 中國，有限責任公司	RMB11,000,000 人民幣11,000,000元	-	100	Manufacturing & sales of food flavours & fragrances in the PRC 生產及銷售食用香精，中國

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) Material non-controlling interests

The total comprehensive income attributable to non-controlling interests for the year ended 31 December 2019 is RMB261,057,000 (nine months ended 31 December 2018: RMB178,384,000), of which RMB252,820,000 (nine months ended 31 December 2018: RMB186,037,000) is from Huabao Flavours and its subsidiaries ("Huabao Flavours Group"). The non-controlling interests in other subsidiaries are not material.

Set out below are the summarised financial information for group of subsidiaries that have non-controlling interests that are material to the Group:

Summarised consolidated statement of financial position of Huabao Flavours Group

		As at 31 December 於12月31日	
		2019 2019年	2018 2018年
Current Assets	流動資產	6,659,787	7,940,296
Liabilities	負債	(502,683)	(523,231)
Total current net assets	流動淨資產總額	6,157,104	7,417,065
Non-current Assets	非流動資產	1,760,968	1,686,786
Liabilities	負債	(39,261)	(2,481)
Total non-current net assets	非流動淨資產總額	1,721,707	1,684,305
Net assets	資產淨額	7,878,811	9,101,370

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

35. 主要附屬公司之詳情(續)

(a) 重大非控制性權益

截至2019年12月31日止年度，非控制性權益應佔全面收益總額為人民幣261,057,000元(截至2018年12月31日止九個月：人民幣178,384,000元)，其中來自華寶股份及其附屬公司(「華寶股份集團」)之非控制性權益應佔全面收益總額為人民幣252,820,000元(截至2018年12月31日止九個月：人民幣186,037,000元)。於其他附屬公司的非控制性權益並不重大。

以下載列本集團有重大的非控制性權益的附屬公司的財務資料摘要：

華寶股份集團之綜合財務狀況表概要

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) Material non-controlling interests (Continued)

Summarised consolidated income statement and consolidated statement of comprehensive income of Huabao Flavours Group

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

35. 主要附屬公司之詳情(續)

(a) 重大非控制性權益(續)

華寶股份集團之綜合收益表及綜合全面收益表概要

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Revenue	營業額	2,185,339	1,674,630
Profit before income tax	除稅前盈利	1,442,195	1,086,504
Income tax expense	所得稅費用	(190,783)	(176,547)
Profit for the year/period	本年度／期間盈利	1,251,412	909,957
Other comprehensive income	其他全面收益	9,852	29,762
Total comprehensive income	全面收益總額	1,261,264	939,719
Total comprehensive income allocated to non-controlling interests	分配予非控制性權益的全面收益總額	252,820	186,037
Dividends paid to non-controlling interests	向非控制性權益派付之股利	14,920	16,091

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(a) Material non-controlling interests (Continued)

Summarised consolidated statement of cash flows of Huabao Flavours Group

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

35. 主要附屬公司之詳情(續)

(a) 重大非控制性權益(續)

華寶股份集團綜合現金流量表概要

		Year ended 31 December 2019 截至2019年 12月31日 止年度	Nine months ended 31 December 2018 截至2018年 12月31日 止九個月
Cash flows from operating activities	經營活動之現金流量		
Cash generated from operations	營運產生之現金	1,500,080	1,073,823
Income tax paid	已付所得稅	(202,538)	(127,091)
Net cash generated from operating activities	營運活動產生之現金淨額	1,297,542	946,732
Net cash used in investing activities	投資活動所用之現金淨額	(1,342,744)	(2,203,784)
Net cash used in financing activities	融資活動所用產生之現金淨額	(2,476,307)	(147,818)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(2,521,509)	(1,404,870)
Cash and cash equivalents at the beginning of the year/period	年初/期初之現金及現金等價物	4,509,430	5,889,492
Effects of currency translation on cash and cash equivalents	貨幣換算對現金及現金等價物的影響	6,488	24,808
Cash and cash equivalents at the end of the year/period	於年末/期末之現金及現金等價物	1,994,409	4,509,430

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

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

Statement of financial position of the Company

		As at 31 December 於12月31日		
		Note 附註	2019 2019年	2018 2018年
ASSETS	資產			
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司之投資		1,115,322	1,090,943
Current assets	流動資產			
Trade and other receivables	貿易及其他應收款項		4,307	2,580
Amounts due from subsidiaries	應收附屬公司款項		6,104,237	6,302,799
Cash and cash equivalents	現金及現金等價物		408,182	111,389
			6,516,726	6,416,768
Total assets	總資產		7,632,048	7,507,711
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備			
Share capital	股本		318,636	318,647
Reserves	儲備	(a)	752,997	652,494
Retained earnings	保留盈利		3,386,160	2,448,767
Total equity	總權益		4,457,793	3,419,908
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	貸款		2,310,474	2,743,688
Current liabilities	流動負債			
Borrowings	貸款		519,552	652,601
Amounts due to subsidiaries	應付附屬公司款項		337,000	395,520
Trade and other payables	貿易及其他應付款項		7,229	295,994
			863,781	1,344,115
Total liabilities	總負債		3,174,255	4,087,803
Total equity and liabilities	總權益及負債		7,632,048	7,507,711

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2020 and was signed on its behalf.

Ms. CHU Lam Yiu
朱林瑤女士
Chairlady
主席

Mr. XIA Liqun
夏利群先生
Director
董事

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

36. 本公司的財務狀況表及儲備變動

本公司的財務狀況表

		As at 31 December 於12月31日		
		Note 附註	2019 2019年	2018 2018年
ASSETS	資產			
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司之投資		1,115,322	1,090,943
Current assets	流動資產			
Trade and other receivables	貿易及其他應收款項		4,307	2,580
Amounts due from subsidiaries	應收附屬公司款項		6,104,237	6,302,799
Cash and cash equivalents	現金及現金等價物		408,182	111,389
			6,516,726	6,416,768
Total assets	總資產		7,632,048	7,507,711
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備			
Share capital	股本		318,636	318,647
Reserves	儲備	(a)	752,997	652,494
Retained earnings	保留盈利		3,386,160	2,448,767
Total equity	總權益		4,457,793	3,419,908
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	貸款		2,310,474	2,743,688
Current liabilities	流動負債			
Borrowings	貸款		519,552	652,601
Amounts due to subsidiaries	應付附屬公司款項		337,000	395,520
Trade and other payables	貿易及其他應付款項		7,229	295,994
			863,781	1,344,115
Total liabilities	總負債		3,174,255	4,087,803
Total equity and liabilities	總權益及負債		7,632,048	7,507,711

本公司之財務狀況表已於2020年3月27日由董事局批准並簽署。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

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

(a) Reserve movements of the Company

		Contributed surplus	Treasury shares	Share premium	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Other reserve	Currency Translation reserve	Total
		實繳盈餘	庫存股份	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	其他儲備	貨幣換算儲備	總計
At 1 April 2018	於2018年4月1日	296,853	-	429,861	2,411	4,749	-	39,120	(420,824)	352,170
Repurchases of shares	回購股份	-	(11)	-	-	11	-	-	-	-
Currency translation differences	貨幣匯兌差異	-	-	-	-	-	-	-	300,324	300,324
At 31 December 2018	於2018年12月31日	296,853	(11)	429,861	2,411	4,760	-	39,120	(120,500)	652,494
At 1 January 2019	於2019年1月1日	296,853	(11)	429,861	2,411	4,760	-	39,120	(120,500)	652,494
Cancellation of repurchased shares	註銷已回購之股份	-	11	-	-	-	-	-	-	11
Share-based payment- value of consultancy service	股份為基礎的支付-顧問服務價值	-	-	-	-	-	907	-	-	907
Currency translation differences	貨幣匯兌差異	-	-	-	-	-	-	-	99,585	99,585
At 31 December 2019	於2019年12月31日	296,853	-	429,861	2,411	4,760	907	39,120	(20,915)	752,997

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

36. 本公司的財務狀況表及儲備變動 (續)

(a) 公司儲備變動

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

37. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and chief executive of the Company for the year ended 31 December 2019 and the nine months ended 31 December 2018 are set out below:

Name of directors 董事姓名	Note 附註	Year ended 31 December 2019 2019年12月31日止年度						Nine months ended 31 December 2018 2018年12月31日止九個月				
		Fees 袍金	Salaries 薪金	Bonus 花紅	Employer's contribution to pension scheme 僱主就退休計劃供款	Other benefits 其他福利	Total 總計	Fees 袍金	Salaries 薪金	Bonus 花紅	Employer's contribution to pension scheme 僱主就退休計劃供款	Total 總計
Executive directors: 執行董事:												
Ms. Chu Lam Yiu 朱林瑤女士	(i)	17,595	-	-	-	1,861	19,456	6,590	-	17,077	-	23,667
Mr. Poon Chiu Kwok 潘紹國先生		-	2,023	264	632	-	2,919	-	1,153	-	780	1,933
Mr. Xia Liqun 夏利群先生		-	5,278	3,519	16	-	8,813	-	3,842	-	12	3,854
Mr. Lam Ka Yu 林嘉宇先生		3,079	-	-	-	-	3,079	1,921	-	-	-	1,921
Mr. Xiong Qing 熊卿先生	(ii)	-	807	-	16	-	823	-	1,474	-	21	1,495
Independent non-executive directors: 獨立非執行董事:												
Dr. Ding Ningning 丁寧寧博士	(iii)	51	-	-	-	-	51	154	-	-	-	154
Mr. Lee Luk Shiu 李祿兆先生		211	-	-	-	-	211	154	-	-	-	154
Ms. Ma Yunyan 麻雲燕女士		211	-	-	-	-	211	154	-	-	-	154
Mr. Wu Chi Keung 胡志強先生		211	-	-	-	-	211	154	-	-	-	154
Mr. YAN Jonathan Jun Jonathan Jun Yan先生	(iv)	132	-	-	-	-	132	-	-	-	-	-
		21,490	8,108	3,783	664	1,861	35,906	9,127	6,469	17,077	813	33,486

- (i) Ms. Chu Lam Yiu is also the chief executive officer of the Company.
- (ii) Mr. Xiong Qing resigned on 25 May 2019.
- (iii) Dr. Ding Ningning resigned on 28 March 2019.
- (iv) Mr. YAN Jonathan Jun was appointed on 17 May 2019.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

37. 董事的利益和權益

(a) 董事及行政總裁酬金

各董事及行政總裁於截至2019年12月31日止年度及2018年12月31日止九個月之酬金如下：

- (i) 朱林瑤女士兼任本公司的首席執行官。
- (ii) 熊卿先生於2019年5月25日退任。
- (iii) 丁寧寧博士於2019年3月28日退任。
- (iv) Jonathan Jun YAN先生於2019年5月17日獲委任。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

37. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

No directors waived any emoluments during the year ended 31 December 2019 and the nine months ended 31 December 2018.

During the year ended 31 December 2019 and the nine months ended 31 December 2018, no emoluments had been paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

(b) Directors' retirement benefit

During the year ended 31 December 2019 and the nine months ended 31 December 2018, no retirement benefits paid to the directors of the Company by a defined benefit pension plan operated by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

(c) Directors' termination benefit

During the year ended 31 December 2019 and the nine months ended 31 December 2018, no payments to the directors of the Company as compensation for the early termination of the appointment.

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2019 and the nine months ended 31 December 2018, the Company did not provide any consideration to any third party for making available director's services.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

37. 董事的利益和權益(續)

(a) 董事及行政總裁酬金(續)

截至2019年12月31日止年度及2018年12月31日止九個月，無董事放棄任何酬金。

截至2019年12月31日止年度及2018年12月31日止九個月，本集團亦無向董事支付酬金作為加入本集團的獎勵或作為離職補償。

(b) 董事退休福利

截至2019年12月31日止年度及2018年12月31日止九個月，本集團並無向董事支付就其作為本公司及其子公司董事提供服務而由集團營運的設定收益退休計劃而向其支付的退休福利。

(c) 董事離職福利

截至2019年12月31日止年度及2018年12月31日止九個月，本集團並無向董事支付就終止其職位之賠償。

(d) 向第三方支付提供董事服務之代價

截至2019年12月31日止年度及2018年12月31日止九個月，本集團並無就提供董事服務而向第三方支付提供的對價。

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

37. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2019 and the nine months ended 31 December 2018, no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

During the year ended 31 December 2019 and the nine months ended 31 December 2018, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the year/period.

38. SUBSEQUENT EVENTS

The Novel Coronavirus Pneumonia ("COVID-19") broke out in the beginning of 2020 and the prevention and control measures to combat the disease have been continued to be implemented nationwide. So far, the Group has fully resumed to work and the state of production and operation is normal. As the COVID-19 continues, there is impact on the Group in a certain extent. The Group will continue to closely monitor the development of the COVID-19 outbreak and assess its impact on the financial position, and operational results of the Group. Given the dynamic nature of the outbreak, the Group is not yet able to quantify the impact as at the date on which this set of financial statements were authorised for issue.

綜合財務報表附註

(除另有指明者外，所有金額均以人民幣千元列示)

37. 董事的利益和權益(續)

(e) 有關以董事、董事之受控制法團及關聯實體為受益人之貸款、準貸款及其他交易之資料

截至2019年12月31日止年度及2018年12月31日止九個月，本集團並無向董事、受該等董事控制的法人團體及該董事的關連主體提供貸款和準貸款。

(f) 董事於交易、安排或合約之重大權益

截至2019年12月31日止年度及2018年12月31日止九個月，本公司並無簽訂任何涉及本集團之業務而本公司之董事直接或間接在其中擁有重大權益之重要交易、安排或合同。

38. 期後事項

新型冠狀病毒肺炎(「新冠肺炎」)於2020年年初在全國爆發，相關防控工作在全國範圍內持續進行。截止目前，公司已全面復工，生產經營正常。由於新冠肺炎疫情持續，在一定程度上對本集團有所影響。本集團將持續密切關注此次疫情發展情況，評估其對本集團財務狀況、經營成果等方面的影響，截至本財務報表批准報出日，由於此次疫情整體形勢尚未明朗，本集團暫無法估計其影響的具體金額。

Five Year Financial Summary

五年財務摘要

(All amount in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

RESULTS

業績

		Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2018 (Restated)	Nine Months ended 31 December 2018	Year ended 31 December 2019
		截至2016年 3月31日 止年度	截至2017年 3月31日 止年度	截至2018年 3月31日 止年度 (經重列)	截至2018年 12月31日止 九個月	截至2019年 12月31日 止十二個月
Revenue	營業額	3,200,436	3,482,894	3,628,116	3,058,707	4,241,040
Gross Profit	毛利	2,203,988	2,270,823	2,463,927	1,949,805	2,745,410
Profit before income tax	除稅前盈利	1,493,331	1,409,112	1,859,553	1,374,957	1,745,817
Income tax expenses	所得稅	(297,686)	(294,573)	(349,687)	(320,805)	(372,076)
Profit for the year	本年度盈利	1,195,645	1,114,539	1,396,120	1,190,991	1,373,741

ASSETS AND LIABILITIES

資產及負債

		As at 31 March 2016	As at 31 March 2017	As at 31 March 2018	As at 31 December 2018	As at 31 December 2019
		於2016年 3月31日	於2017年 3月31日	於2018年 3月31日	於2018年 12月31日	於2019年 12月31日
Total assets	總資產	9,654,219	11,497,751	14,300,910	19,175,430	17,963,635
Total Liabilities	總負債	(879,748)	(890,839)	(1,182,573)	(5,430,012)	(4,364,162)
Net assets	淨資產	8,774,471	10,606,912	13,118,337	13,745,418	13,599,473

Five Year Financial Summary

五年財務摘要

(All amount in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

OTHER FINANCIAL INFORMATION

其他財務數據

		As at 31 March 2016 於2016年 3月31日	As at 31 March 2017 於2017年 3月31日	As at 31 March 2018 於2018年 3月31日	As at 31 December 2018 於2018年 12月31日	As at 31 December 2019 於2019年 12月31日
Earnings per share, basic (RMB cents)	每股盈利·基本 (人民幣分)	38.04	34.29	40.66	32.75	35.78
Earnings per share, diluted (RMB cents)	每股盈利·攤薄 (人民幣分)	38.01	34.29	40.66	32.75	35.78
Aggregated dividend per share (HKD cents)	每股全年累計 股息(港仙)	–	22.00	25.30	18.80	18.80
Aggregated special dividend per share (HKD cents)	每股全年累計特 別股息(港仙)	–	–	5.70	18.90	–
Financial year-end share price (HKD)	財政年度結算日 股價(港元)	2.92	4.54	5.20	3.33	2.86
EBIT ratio	EBIT率	44.5%	38.5%	47.7%	42.1%	40.8%
EBITDA ratio	EBITDA率	50.1%	44.7%	52.4%	46.9%	47.0%
ROE	ROE	15.0%	11.6%	12.0%	8.8%	9.4%

Glossary

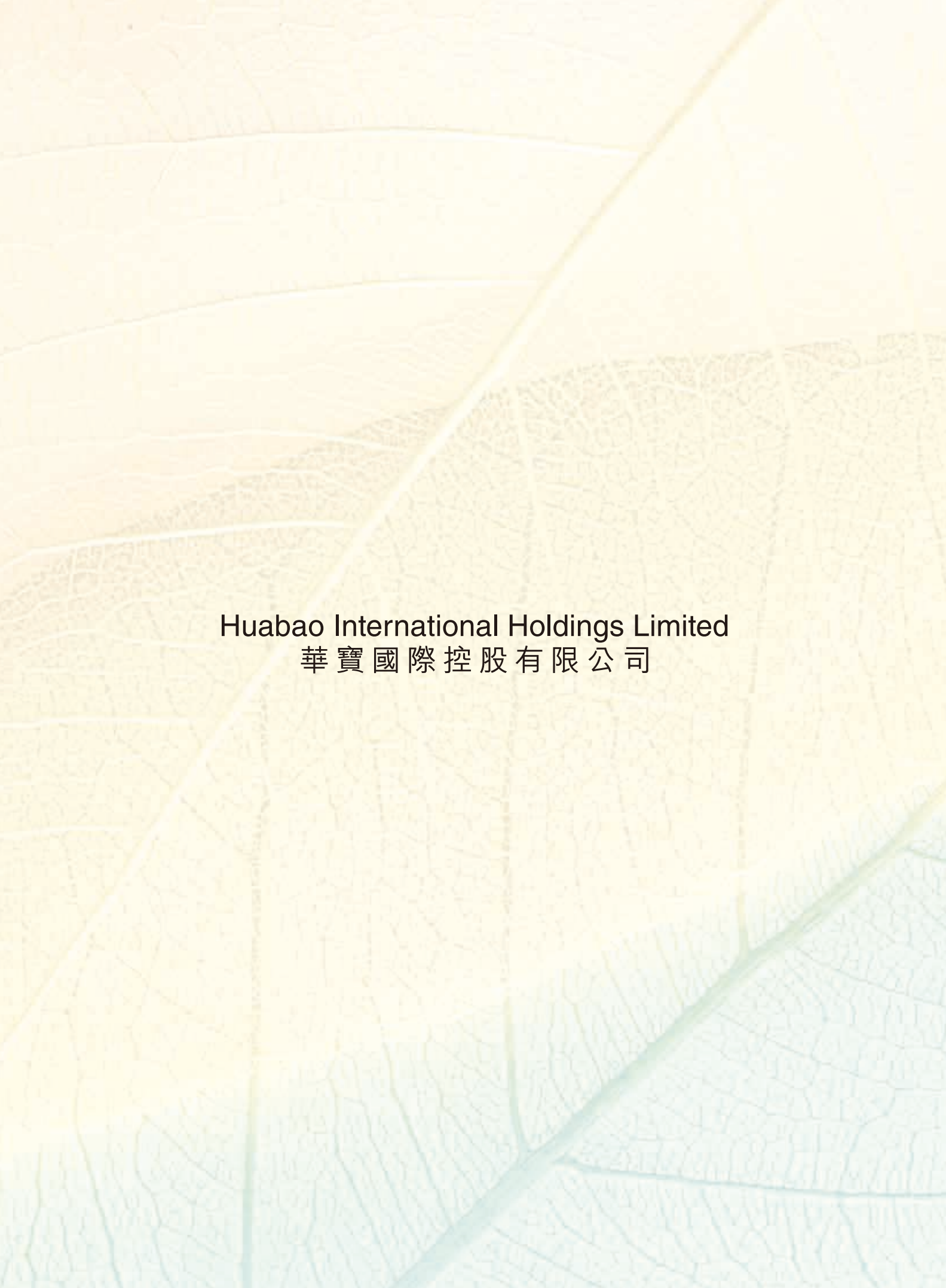
詞彙

AGM	Annual general meeting	股東週年大會	股東週年大會
Board	The board of directors of the Company	董事會	本公司的董事會
Bye-laws	Bye-laws of the Company	公司細則	本公司之公司細則
CEO	Chief Executive Officer	首席執行官	首席執行官
CFO	Chief Financial Officer	首席財務官	首席財務官
CG Code	Corporate Governance Code as set out in Appendix 14 of the Listing Rules	企業管治守則	上市規則附錄十四所列的企業管治守則
China, Mainland or PRC Company or Huabao	The People's Republic of China Huabao International Holdings Limited	中國或國內本公司或華寶	中華人民共和國華寶國際控股有限公司
COVID-19 Pneumonia	Novel Coronavirus Pneumonia	新冠肺炎	新型冠狀病毒肺炎
Director(s)	The director(s) of the Company	董事	本公司董事
EPS	Earnings per share	每股盈利	每股盈利
Executive Director(s)	Executive director(s) of the Company	執行董事	本公司之執行董事
FCCA	Fellow member of the Association of Chartered Certified Accountants	FCCA	英國特許公認會計師公會資深會員
FCIS	Fellow member of The Chartered Governance Institute	FCIS	英國特許公司治理公會資深會員
FCPA	Fellow member of the Hong Kong Institute of Certified Public Accountants	FCPA	資深會計師
FCPA (Aust.)	Fellow member of CPA Australia Ltd.	FCPA (Aust.)	澳洲資深註冊會計師
FCS	Fellow member of The Hong Kong Institute of Chartered Secretaries	FCS	香港特許秘書公會資深會員
Group or Huabao Group	the Company and its subsidiaries	本集團或華寶集團	本公司及其附屬公司
Guangdong Jiahao	Guangdong Jiahao Foodstuff Co., Ltd.	廣東嘉豪	廣東嘉豪食品有限公司
Guangdong Jinke	Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd.	廣東金科	廣東金科再造煙葉有限公司
Guangdong Jinye	Guangdong Golden Leaf Technology Development Co., Ltd.	廣東金葉	廣東省金葉科技開發有限公司
Guangdong Jinye Group	Guangdong Jinye and its subsidiaries and affiliated companies	廣東金葉集團	廣東金葉及其附屬公司及聯營公司
Guangdong Tobacco Company	Guangdong Tobacco Guangdong Industrial Co., Ltd. Guangdong Tobacco and its subsidiaries and related companies	廣東中煙 廣東中煙公司	廣東中煙工業有限責任公司 廣東中煙及其附屬公司及關聯企業
Guangdong Zhaoqing	Zhaoqing Perfumery Co., Ltd (Guangdong)	廣東肇慶	廣東省肇慶香料廠有限公司
Guangzhou Hua Fang	Guangzhou Hua Fang Tobacco Flavors Ltd.	廣州華芳	廣州華芳煙用香精有限公司
Guangzhou Huabao	Guangzhou Huabao Food Co., Ltd.	廣州華寶	廣州華寶食品有限公司
HKD	Hong Kong dollars, the lawful currency of Hong Kong	港幣	港幣，香港法定貨幣
HKICPA	Hong Kong Institute of Certified Public Accountants	HKICPA	香港會計師公會
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China	香港	中華人民共和國香港特別行政區
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited	香港聯交所	香港聯合交易所有限公司
Hongta Tobacco	Hongta Tobacco (Group) Co., Ltd.	紅塔煙草	紅塔煙草(集團)有限責任公司

Glossary

Hongta Tobacco Group	Hongta Tobacco and its subsidiaries and related companies	紅塔煙草集團	紅塔煙草及其附屬公司及關聯企業
Huabao Flavours	Huabao Flavours & Fragrances Co., Ltd., a joint stock limited company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company	華寶股份	華寶香精股份有限公司，於中國成立的股份有限公司，為本公司間接擁有的非全資附屬公司
Huabao Flavours Company	Huabao Flavours and its subsidiaries and related companies	華寶股份公司	華寶股份及其附屬公司及關聯企業
Huabao Kongque INEDs	Shanghai H&K Flavors & Fragrances Co., Ltd. Independent Non-executive Director(s) of the Company	華寶孔雀 獨立非執行董事	上海華寶孔雀香精有限公司 本公司之獨立非執行董事
Jiahao	Jiahao Foodstuff Limited and its subsidiaries	嘉豪	嘉豪食品有限公司及其附屬公司
Jiahao Foodstuff	Jiahao Foodstuff Limited	嘉豪食品	嘉豪食品有限公司
Jiangxi Xianghai Listing Rules	Jiangxi Xianghai Biological Technology Co., Ltd. the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange	江西香海 上市規則	江西香海生物科技有限公司 聯交所主板證券上市規則
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules	標準守則	上市規則附錄十所列的上市發行人董事進行證券交易的標準守則
Remaining Group R&D	the Group, excluding Huabao Flavours Company Research and development	餘下集團 研發	本集團，不包括華寶股份公司 研究及發展
RMB	Renminbi, the lawful currency of the PRC	人民幣	人民幣，中國法定貨幣
RTL	Reconstituted Tobacco Leaves	再造煙葉	再造煙葉
Scheme Mandate Limit	The Maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company	計劃授權限額	與根據購股權計劃及任何其他本公司購股權計劃授出之購股權有關之股份數目上限
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong	證券及期貨條例	香港法例第571章證券及期貨條例
Shareholder(s)	Shareholder(s) of the Company	股東	本公司之股東
Share(s) or ordinary share(s)	Ordinary share(s) of HKD0.10 each in the capital of the Company	股份或普通股	本公司股本中每股面值港幣0.10元的普通股
Shenzhen Stock Exchange	Shenzhen Stock Exchange in the PRC	深圳證券交易所	中國深圳證券交易所
STMA	State Tobacco Monopoly Administration	國煙局	國家煙草專賣局
U.S.	United States of America	美國	美利堅合眾國
USD	US dollars, the lawful currency of the United States of America	美元	美元，美國法定貨幣
Weizhijia	Yingtang Weizhijia Food Co., Ltd.	味之家	鷹潭味之家食品有限公司
Weizhijia Group	Weizhijia and its subsidiaries	味之家集團	味之家及其附屬公司
Xiamen Amber	Xiamen Amber Daily Chemical Technology Co., Ltd.	廈門琥珀	廈門琥珀日化科技股份有限公司
Yancheng Chunzhu	Yancheng City Chunzhu Aroma Co., Ltd.	鹽城春竹	鹽城市春竹香料有限公司
Yongzhou Shanxiang	Yongzhou Shanxiang Flavour Co., Ltd.	永州山香	永州山香香料有限公司
Yunnan Hehe	Yunnan Hehe (Group) Co., Ltd.	雲南合和	雲南合和(集團)股份有限公司
Yunnan Tianhong	Yunnan Tianhong Flavor & Fragrance Co., Ltd.	雲南天宏	雲南天宏香精有限公司
Yunnan Xinyun	Yunnan Xinyun Technology Development Co., Ltd.	雲南芯韻	雲南芯韻科技開發有限公司

詞彙

The background of the page is a close-up photograph of a leaf, showing its intricate vein structure. The color of the leaf transitions from a warm yellow at the top to a cool blue at the bottom, creating a soft, natural gradient.

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