



達利食品集團有限公司
DALI FOODS GROUP COMPANY LIMITED

Stock Code 股份代號 : 3799

2019

ANNUAL REPORT
年報



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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Shihui
(Chairman and Chief Executive Officer)
Mr. Zhuang Weiqiang
Ms. Xu Yangyang

Non-executive Directors

Ms. Xu Biying
Ms. Hu Xiaoling

Independent Non-executive Directors

Mr. Cheng Hanchuan
Mr. Liu Xiaobin
Dr. Lin Zhijun

AUDIT COMMITTEE

Dr. Lin Zhijun (Chairman)
Ms. Hu Xiaoling
Mr. Cheng Hanchuan

REMUNERATION COMMITTEE

Dr. Lin Zhijun (Chairman)
Ms. Xu Yangyang
Mr. Liu Xiaobin

NOMINATION COMMITTEE

Mr. Xu Shihui (Chairman)
Mr. Liu Xiaobin
Mr. Cheng Hanchuan

JOINT COMPANY SECRETARIES

Ms. Chen Ying
Ms. Cheng Pik Yuk (resigned on May 29, 2019)
Ms. Mak Sze Man (appointed on May 29, 2019)

AUTHORISED REPRESENTATIVES

Ms. Xu Yangyang
Ms. Cheng Pik Yuk (resigned on May 29, 2019)
Ms. Mak Sze Man (appointed on May 29, 2019)

PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 03799

董事會

執行董事

許世輝先生
(主席兼行政總裁)
莊偉強先生
許陽陽女士

非執行董事

許碧英女士
胡曉玲女士

獨立非執行董事

程漢川先生
劉小斌先生
林志軍博士

審核委員會

林志軍博士(主席)
胡曉玲女士
程漢川先生

薪酬委員會

林志軍博士(主席)
許陽陽女士
劉小斌先生

提名委員會

許世輝先生(主席)
劉小斌先生
程漢川先生

聯席公司秘書

陳穎女士
鄭碧玉女士(於二零一九年五月二十九日辭任)
麥詩敏女士(於二零一九年五月二十九日獲委任)

授權代表

許陽陽女士
鄭碧玉女士(於二零一九年五月二十九日辭任)
麥詩敏女士(於二零一九年五月二十九日獲委任)

上市地及股份代號

香港聯合交易所有限公司
股份代號：03799

HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

Linkou, Zishan
Hui'an, Fujian Province
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2601, 26th Floor
One Harbourfront
18 Tak Fung Street
Hung Hom, Kowloon, Hong Kong

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

COMPANY'S WEBSITE

<http://www.dali-group.com>

AUDITORS

Ernst & Young
Certified Public Accountants

HONG KONG LEGAL ADVISOR

Luk & Partners
In Association with
Morgan, Lewis & Bockius

HONG KONG BRANCH SHARE REGISTRAR

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

Maples Fund Service (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

中華人民共和國總部

中華人民共和國
福建省惠安縣
紫山鎮林口村

香港主要營業地點

香港九龍紅磡
德豐街18號
海濱廣場一座
26樓2601室

註冊辦事處

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

公司網站

<http://www.dali-group.com>

核數師

安永會計師事務所
執業會計師

香港法律顧問

陸繼鏘律師事務所
與摩根路易斯律師事務所聯營

香港股份過戶登記分處

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

開曼群島主要股份過戶登記處

Maples Fund Service (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

FINANCIAL HIGHLIGHTS

財務摘要



收益 REVENUE

21,375,248 人民幣千元
RMB Thousand

For the year ended December 31, 2019
截至二零一九年十二月三十一日止年度

20,863,557 人民幣千元
RMB Thousand

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

百分比變動

**% Change
2.5%**



毛利 GROSS PROFIT

8,491,463 人民幣千元
RMB Thousand

For the year ended December 31, 2019
截至二零一九年十二月三十一日止年度

8,050,741 人民幣千元
RMB Thousand

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

5.5%



毛利率 GROSS PROFIT MARGIN

39.7%

For the year ended December 31, 2019
截至二零一九年十二月三十一日止年度

38.6%

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

**1.1
個百分點
percentage points**



扣除利息、稅項、折舊及攤銷前盈利 EBITDA

5,889,609 人民幣千元
RMB Thousand

For the year ended December 31, 2019
截至二零一九年十二月三十一日止年度

5,377,762 人民幣千元
RMB Thousand

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

9.5%



純利 NET PROFIT

3,840,571 人民幣千元
RMB Thousand

For the year ended December 31, 2019
截至二零一九年十二月三十一日止年度

3,717,361 人民幣千元
RMB Thousand

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

3.3%



純利率 NET PROFIT MARGIN

18.0%

For the year ended December 31, 2019
截至二零一九年十二月三十一日止年度

17.8%

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

**0.2
個百分點
percentage point**



每股盈利 EARNINGS PER SHARE

0.28 人民幣元
RMB

For the year ended December 31, 2019
截至二零一九年十二月三十一日止年度

0.27 人民幣元
RMB

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

3.3%

FIVE-YEAR FINANCIAL SUMMARY

五年財務摘要

CONSOLIDATED RESULTS

綜合業績

		FY2019 二零一九 財政年度 RMB'000 人民幣千元	FY2018 二零一八 財政年度 RMB'000 人民幣千元	FY2017 二零一七 財政年度 RMB'000 人民幣千元	FY2016 二零一六 財政年度 RMB'000 人民幣千元	FY2015 二零一五 財政年度 RMB'000 人民幣千元
Revenue	收益	21,375,248	20,863,557	19,799,109	17,841,887	16,864,840
Cost of sales	銷售成本	(12,883,785)	(12,812,816)	(12,341,484)	(11,001,487)	(11,048,584)
Gross profit	毛利	8,491,463	8,050,741	7,457,625	6,840,400	5,816,256
Other income and gains	其他收入及收益	886,733	649,339	665,982	360,210	276,762
Selling, distribution and administrative expenses	銷售、經銷及行政開支	(4,230,482)	(3,949,250)	(3,772,007)	(3,218,966)	(2,384,851)
Finance costs	融資成本	(1,413)	–	–	(4,705)	(26,736)
Profit before tax	除稅前溢利	5,146,301	4,750,830	4,351,600	3,976,939	3,681,431
Income tax expense	所得稅開支	(1,305,730)	(1,033,469)	(917,897)	(840,146)	(769,106)
Profit for the year	年內溢利	3,840,571	3,717,361	3,433,703	3,136,793	2,912,325
Attributable to:	以下人士應佔：					
Owners of the parent	母公司擁有人	3,840,571	3,717,361	3,433,703	3,136,793	2,912,325

CONSOLIDATED ASSETS AND LIABILITIES

綜合資產及負債

As at December 31,
於十二月三十一日

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Total assets	資產總值	19,947,612	18,245,489	16,326,079	16,480,385	15,797,287
Total liabilities	負債總額	3,670,986	2,830,819	2,539,894	2,614,508	3,895,166
Total equity	權益總額	16,276,626	15,414,670	13,786,185	13,865,877	11,902,121

CHAIRMAN'S STATEMENT

主席報告書

Dear respectful shareholders,

2019 was a year full of challenges. It was also a crucial year for the implementation of the Group's industrial transformation and upgrade strategy. The Group continued to take full advantage of its capability of multi-brands and multi categories. On one hand, the Group consolidated its traditional advantages in snack food and ready-to-drink industry, upgraded products and brands, and optimised resource allocation by increasing channel operation efficiency; on the other hand, the Group continued to expand its newly established presence in the household consumption industry, making it one of the new drivers for the Group's rapid growth. The annual results of the Group maintained a steady growth, reaching RMB21.38 billion; our profitability has increased for the fourth consecutive year with operation profit margin reaching 19.9%. Given the complex situations in the macro-environment, the Group has attached more importance to its capabilities to ward off risks. Through optimising sales structure and enhancing operating efficiency, the operating cash inflow of and net cash held by the Group rose to RMB5.02 billion and RMB10.96 billion respectively. With a healthier financial position, we have laid a solid foundation for future development.

After two years of expansion, the Group saw initial success in its transformation and upgrade strategy, forming a layout of three major industries, namely household consumption, snack food and ready-to-drink beverage. The Group has also set the mid-to-long-term objectives for future development. We have strived to create popular brands with a revenue level of RMB10 billion in each industry and build a top-tier brand portfolio in the consumption industry in the PRC. Based on the foregoing strategic objectives, the Group has sorted out and adjusted its management structure and sales system to ensure clear division of labour and optimised and reasonable resource allocation within the team. Adjustments were also made on external disclosure regarding financial matters to maintain consistent management with the Group's three major industries.

Under the new strategic layout, household consumption industry consists of Doubendou-branded soy milk and Meibeichen-branded short shelf-life bread business, which primarily satisfies the main meal needs of the consumer group. Since the household consumption industry is characterised by repeated purchases, huge market capacity, high brand loyalty and so on, the Group can fully utilise its integrated advantage. The Group has formulated development plans with each sales of RMB10 billion for soy milk and short shelf-life bread businesses, respectively, making them one of the main growth drivers of the Group's future results. Soy milk and short shelf-life bread industry had made significant progress, with their sales revenue accounting for 12.4% of the Group's principal businesses. Since its launch, Doubendou has won the recognition from both consumers and the industry, and has successfully become a leading brand in the industry. In 2019, Doubendou's brand power and the operation of household consumption channels have

尊敬的各位股東，

二零一九年是充滿挑戰的一年，也是本集團產業轉型升級戰略落地的關鍵一年。本集團繼續充分發揮駕馭多品牌、多品類操作的能力，一方面鞏固傳統優勢的休閒食品、即飲產業，升級產品、提升品牌，並通過提高渠道操作的效率，優化資源配置；另一方面繼續迅速開拓新進入的家庭消費產業，使之成為集團下一步快速增長的引擎之一。集團年度業績保持穩健增長，達到人民幣213.8億元；盈利能力連續第四年得到提升，經營利潤率提升至19.9%。在複雜的宏觀形勢下，本集團更加重視抗風險能力。通過優化銷售結構、提高運營效率，集團的經營現金流入增加到人民幣50.2億元，持有淨現金增加至人民幣109.6億元，財務狀況更加健康，為今後的發展奠定了穩固的基礎。

經過兩年時間的開拓，本集團轉型升級戰略初見成效，形成了家庭消費、休閒食品和即飲飲料三大產業格局，並制定了未來中長期的發展目標，努力在每個產業中均培育出百億收入量級的明星品牌，打造出中國消費產業一流的品牌組合。基於上述戰略目標，本集團對管理架構和銷售體系進行了梳理和調整，確保團隊分工明確，資源分配優化合理。對外披露的財務口徑也做了相應調整，保持與集團三大產業的管理視角一致。

目前新戰略框架下的家庭消費產業由豆本豆品牌的豆奶和美焙辰品牌的短保麵包業務構成，主要服務於消費者群體的正餐需求。由於家庭消費產業具有持續複購、市場容量大、品牌忠誠度高等特點，本集團的綜合優勢得以充分發揮。本集團對豆奶和短保麵包業務分別制訂了百億銷售的發展規劃，使之成為本集團未來業績增長的主要驅動引擎之一。豆奶和短保麵包業務取得了顯著的階段性的成績，銷售收入佔集團主營業務收入12.4%。豆本豆自上市以來，得到消費者和業內的一致認可，成功塑造成為行業領先品牌。二零一九年豆本豆在品牌力的提升和家庭消費渠道操作的鞏固方面取得了長足進步。從二零一九年下半年開始，豆本豆在產品線上補充高性價比的大

CHAIRMAN'S STATEMENT

主席報告書

drastically enhanced. Doubendou has offered generic products with high cost-performance ratio to complement its product lines since the second half of 2019; in respect of distributors' resources, the Group focuses on strengthening the development of breakfast shops and food distribution channels according to consumers' habit with the progressive introduction of these measures, the Group will extend the presence in the mass consumer group whose primary concern is high cost performance, which will expand our consumer base and foster the progress of packaged soy milk industrialisation.

Leveraging the Group's comprehensive advantages, Meibeichen had made substantial progress in the first year of operation. 52 SKUs were introduced, winning consumers over with products of high quality, rich nutrition and diverse tastes; with completed distributor deployment in core markets, the production capacity has been released in an orderly manner following the growth of sales scale and key indicators such as daily allocation rate at terminal and rate of returned goods has gradually optimised. In 2020, Meibeichen will increase its coverage of core markets, and significantly increase the penetration rate of channels, further boost various business indicators, and achieve a rapid increase in sales revenue by increasing the number and density of sales terminals, expanding and optimising transportation routes, and improving the efficiency of logistics and distribution.

Despite the drop in snack food and ready-to-drink beverage business due to the impact of the macro-environment and the allocation of internal resource, the overall trend remained stable. With the completion of team adjustment, we have gradually improved our sales trend since the fourth quarter of 2019 through a series of measures including product upgrade and channel optimisation.

In respect of system construction, the Group further consolidated the advantages of traditional sales channels, while the penetration of modern channels such as marketplace, supermarkets and convenient store system increased. With enhanced distribution system and restructured internal team, the professionalism and maturity of the entire sales system improved with better coherence between channels resources and product characteristics.

In 2019, the Group's revenue reached RMB21.38 billion, representing a year-on-year increase of 2.5%. Gross profit amounted to RMB8.49 billion, representing a year-on-year growth of 5.5%. The Group's overall gross profit margin was 39.7%, representing an increase of 1.1 percentage points as compared with the same period last year; profit before tax was RMB5.15 billion, representing a year-on-year increase of 8.3%; net profit increased by 3.3% year-on-year to RMB3.84 billion, with a net profit margin of 18.0%.

眾化產品；在經銷商資源方面重點加強順應消費者習慣的早餐店和配餐渠道的開發。相信這些措施的逐步推進，將開拓以高性價比為主要訴求的大眾消費群體，從而擴大消費者基礎，推動包裝豆奶產業化進程。

通過發揮集團綜合優勢，美焙辰在首年經營中已經取得了實質性進展。先後累計推出52個SKU，憑藉品質優越、營養豐富和口味多樣的產品贏得消費者；核心市場的經銷商布局已經初步完成，產能隨著銷售規模的上升有序釋放，終端日配比率、返貨率等各項關鍵指標逐步優化。二零二零年，美焙辰將加大對核心市場的覆蓋，通過增加銷售終端數量和密度，擴充及優化線路、提高物流配送效率等手段，大幅提升渠道滲透率，進一步優化各項經營指標，實現銷售收入快速提升。

休閒食品和即飲飲料產業雖然由於宏觀環境的影響和內部資源分配的原因出現一定下滑，但整體態勢保持穩健。隨著團隊調整的完成，通過產品升級、渠道優化等一系列措施，二零一九年四季度開始銷售趨勢逐步改善，獲得了新的增長動力。

在體系建設方面，本集團進一步鞏固了在傳統銷售渠道的優勢，賣場、商超、便利系統等現代渠道的滲透率也得到了提升。通過對經銷體系的梳理和對內部團隊的調整，提高了整個銷售體系的專業性和成熟度，也增加了渠道資源和產品特性的吻合度。

二零一九年，本集團收入同比增長2.5%至人民幣213.8億元；實現毛利人民幣84.9億元，同比增長5.5%；集團整體毛利率為39.7%，比去年同期提升1.1個百分點；稅前利潤為人民幣51.5億元，同比增長8.3%；淨利潤同比增長3.3%至人民幣38.4億元，淨利潤率為18.0%。

CHAIRMAN'S STATEMENT

主席報告書

Given the outstanding result performance and ample cash flow of the Company, the Board proposes to distribute a final dividend of HKD0.070 per ordinary share and a special dividend of HKD0.070 per ordinary share for 2019, and the dividend payout ratio for the year is 100%.

Looking ahead in 2020, China's consumer market will face unprecedented challenges. The domestic outbreak of COVID-19 and the external trade tension will deal a major blow to the macroeconomic growth. In the face of macroeconomic challenges, the Group's long-standing strategy of steady operation and the foresighted industry planning are believed to be helpful in maintaining a healthy and steady growth. In respect of industry strategy, the Group will focus on three major industries — household consumption, snack food and ready-to-drink beverage — and carry out strategic planning for each industry in a pragmatic manner. In terms of product strategy, the Group will aim at different sub-markets and continue to develop innovative products to enrich product lines. Meanwhile, we will optimise resource allocation and improve our brand portfolio. With new consumption pattern and trend on the horizon after the epidemic, the Group will develop new channels and marketing methods, thereby increasing its market coverage. Furthermore, the Group will continue to strengthen its e-commerce team to proactively explore businesses in e-commerce. We will accelerate the development of online business, work closely with different platforms by resource binding, and expand new businesses.

During the past year, the Group notched up remarkable development, which was made possible thanks to the strong support of our business partners, the diligence of all our Group's staff and the faith of consumers. On behalf of the Board, I would like to express our gratitude to all Dali staff, business partners and consumers. In 2020, Dali will adhere to the principle of "Creating Quality with Heart" under a pragmatic yet proactive corporate culture. We will keep our faith to offer more delicious and healthy products for the consumers. We will continue to strive for enormous returns for our shareholders, and forge ahead to new achievements for the Group's business.

鑒於公司良好的業績和充裕的現金流，董事會建議派發二零一九年末股息每普通股0.070港元以及特別股息每普通股0.070港元，全年派息比例為100%。

展望二零二零年，中國消費市場面對空前挑戰，內部的疫情和外部的貿易摩擦將對宏觀經濟增長帶來衝擊。面對宏觀經濟層面的挑戰，相信集團一直奉行的穩健經營策略和高度預見性的產業布局，將有助於集團保持穩健增長。在產業策略上，本集團將圍繞家庭消費、休閒食品和即飲飲料三大產業，落實每個產業中的戰略規劃，穩扎穩打。在產品策略方面，本集團將針對不同細分市場持續開發創新產品，豐富產品線；優化資源配置，提升品牌組合。面對疫情後新的消費習慣和趨勢，本集團將開發與新的渠道和營銷方式，使本集團的市場覆蓋率不斷提高。此外，本集團將繼續強化提升電商團隊，積極開拓電商業務，加快線上業務布局，深化各平台的合作和資源綁定，拓展增量業務。

過去的一年，本集團取得了長足的發展，這與合作夥伴的大力支持、集團全體員工的努力、廣大消費者的信賴密不可分。本人謹代表董事會向各位達利人、合作夥伴和消費者表示由衷的謝意。二零二零年達利同仁將繼續堅持用心創品質的理念和務實進取的企業文化，不忘初心，繼續為消費者帶來更美味、健康的產品，為股東創造豐厚的回報，使集團的事業穩步邁向新的輝煌。

MANAGEMENT DISCUSSION & ANALYSIS

管理層討論及分析



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The year 2019 is a crucial year for the implementation of the Group's industrial upgrade and transformation strategy. In light of the increasingly personalised and diversified needs and preferences of consumers, manufacturers have to introduce products, packaging and marketing strategies in a more targeted manner. The Group continued to take full advantage of its multi-brand and multi-category operation strategy. On one hand, the Group consolidated its existing advantages in relation to snack food and ready-to-drink beverage industry, upgraded products and brands, and optimised resource allocation by increasing channel operation efficiency; on the other hand, the Group continued to expand its newly established presence in the household consumption industry. The Group entered short shelf-life bread industry at full speed in 2019 and quickly made a breakthrough after merely a year. It is expected to become the driver of the Group's next step of rapid development alongside the soy milk industry where the Group had set its plans. After two years of expansion, the Group saw initial success in its transformation and upgrade strategy, forming a layout of three major industries, namely household consumption, snack food and ready-to-drink beverage. The Group has also set the mid-term and long-term objectives. It strives to create dominant brands with a revenue level of RMB10 billion in each industry and build a top-tier brand portfolio in the consumption industry in the PRC.

Based on the foregoing strategic objectives, the Group sorted out and adjusted its management structure and sales system to ensure clear division of labour within the team and optimised and reasonable resource allocation. Adjustments were also made on external disclosure regarding financial matters to maintain consistent management with the Group's three major industries.

At the end of 2019, under the new strategic layout, the household consumption industry had begun to take shape, while soy milk and short shelf-life bread industry had made significant progress; despite the drop in snack food and ready-to-drink beverage industry due to the impact of the macro-environment and reasons of internal resource allocation, the overall trend remained stable, and has improved and gained growth momentum since the fourth quarter of 2019 through a series of measures including but not limited to product upgrade and channel optimisation. In respect of sales channel management, the advantages of traditional channels were consolidated while the penetration of modern channels such as marketplace, supermarkets and convenient store system further increased. We also set up an independent professional team for e-commerce which allowed for a substantial growth in sales volume for e-commerce and strengthened the control of sales channel with further improvement in channel efficiency. In respect of brand building, the Group adopted a more in-depth promotion strategy to further achieve precision marketing. In response to the dampened consumption market, the Group further raised the level of profit margin, maintained a strong cash flow, and strengthened its risk resilience through

二零一九年是本集團產業轉型升級戰略落地的關鍵一年。面對消費者日益個性化、多元化的需求和偏好，廠商需要更有針對性的產品、包裝和營銷策略。本集團繼續充分發揮駕馭多品牌、多品類運營的優勢，一方面鞏固傳統優勢的休閒食品、即飲產業，升級產品、提升品牌，並通過提高渠道運營的效率，優化資源配置；另一方面繼續迅速開拓新進入的家庭消費產業，於二零一九年全面進入短保麵包產業，短短一年便迅速打開局面，相信將與之前布局的豆奶產業一起成為集團下一步快速增長的引擎。經過兩年時間的開拓，本集團轉型升級戰略初見成效，形成了家庭消費、休閒食品和即飲飲料三大產業格局，並制定了未來中長期的發展目標，努力在每個產業中均培育出百億收入量級的明星品牌，打造出中國消費產業一流的品牌組合。

基於上述戰略目標，本集團對管理架構和銷售體系進行了梳理和調整，確保團隊分工明確，資源分配優化合理。對外披露的財務口徑也做了相應調整，保持與集團三大產業的管理視角一致。

截至二零一九年末，新戰略框架下的家庭消費產業已經初具規模，豆奶和短保麵包業務取得了顯著的階段性的成績；休閒食品和即飲飲料產業雖然由於宏觀環境的影響和內部資源分配的原因出現一定下滑，但整體態勢保持穩健，同時通過產品升級、渠道優化等一系列措施，二零一九年第四季度開始趨勢改善，獲得了新的增長動力。在銷售渠道管理方面，傳統渠道的優勢得到鞏固，賣場、商超、便利系統等現代渠道的滲透度進一步提升，通過分拆出獨立專業團隊使得電商銷售顯著增長，並加強了對銷售渠道的管控，渠道效率進一步提高；品牌建設方面，本集團採用了更立體的傳播策略，進一步實現精準營銷。在消費市場相對疲軟的情況下，本集團通過合理投入資源和提高營運效率，進一步提升了利潤率水平，保持了強大的現金流，抗風險能力得以加強。本

rational resource allocation and improvement in operation efficiency. The Group believes that the new industry strategy and management system will lay the foundation for the healthy growth of overall results and profitability in the future.

In 2019, the Group's revenue reached RMB21.375 billion, representing a year-on-year increase of 2.5%. In particular, the revenue of household consumption segment increased year-on-year by 41.6%, while the revenue of snack food segment and ready-to-drink beverage segment decreased year-on-year by 2.4% and 2.1%, respectively. Gross profit amounted to RMB8.491 billion, representing a year-on-year growth of 5.5%; the gross profit of household consumption, snack food and ready-to-drink beverage segments were RMB1.316 billion, RMB3.795 billion and RMB3.336 billion, respectively, representing year-on-year increases of 35.6%, 1.1% and 1.5%, respectively. The Group's overall gross profit margin was 39.7%, representing an increase of 1.1 percentage points as compared with the same period last year; profit before tax was RMB5.146 billion, representing a year-on-year increase of 8.3%; net profit increased by 3.3% year-on-year to RMB3.841 billion, with a net profit margin of 18.0%.

HOUSEHOLD CONSUMPTION BUSINESS

Household consumption business consists of soy milk brand DouBenDou and short shelf-life brand MeiBeiChen, which primarily satisfies the main meal needs of the consumer group. Since the household consumption business is characterised by repeated purchases, huge market capacity, high brand loyalty and so on, the Group can fully utilise its integrated advantage. The Group has formulated RMB10 billion sales development plans for soy milk and short shelf-life bread business, respectively, making them one of the main drivers of the growth of the Group's future results. Sales revenue of the household consumption business increased by 41.6% from RMB1.876 billion in 2018 to RMB2.657 billion in 2019.

Soy Milk

Since its launch, Doubendou has won the recognition of both consumers and the industry, and has successfully become a leading brand in the industry. In 2019, Doubendou's brand power and the operation of household consumption channels have drastically improved. At present, emphasis is laid on high-end products with high price tags and modern channels of first-and second-tier cities. In the future, its penetration will further improve as the product lines expand.

集團相信新的產業戰略和管理體系將為未來整體業績和盈利的健康增長奠定基礎。

二零一九年，本集團收入同比增長2.5%至人民幣213.75億元，其中家庭消費分部收入同比增長41.6%，休閒食品分部的收入同比下滑2.4%，即飲飲料分部收入同比下滑2.1%。實現毛利人民幣84.91億元，同比增長5.5%；家庭消費、休閒食品及即飲飲料分部的毛利分別為人民幣13.16億元、37.95億元及33.36億元，同比分別增長35.6%、1.1%、及1.5%。集團整體毛利率為39.7%，比去年同期提升1.1個百分點；稅前利潤為人民幣51.46億元，同比增長8.3%；淨利潤同比增長3.3%至人民幣38.41億元，淨利潤率為18.0%。

家庭消費產業

家庭消費產業由豆本豆品牌的豆奶和美焙辰品牌的短保麵包業務構成，主要服務於消費者群體的正餐需求。由於家庭消費產業具有持續複購、市場容量大、品牌忠誠度高等特點，本集團的綜合優勢得以充分發揮。本集團對豆奶和短保麵包業務分別制訂了百億銷售的發展規劃，使之成為本集團未來業績增長的主要驅動引擎之一。家庭消費產業的銷售收入由二零一八年的人民幣18.76億元增加41.6%至二零一九年的人民幣26.57億元。

豆奶

豆本豆自上市以來，得到消費者和業內的一致認可，成功塑造成為行業領先品牌。二零一九年豆本豆在品牌力的提升和家庭消費渠道運營的鞏固方面取得了長足進步，當前主要布局高價格帶的高端產品，渠道集中於一、二線城市的現代渠道，未來隨著產品線的擴充，將進一步提高滲透度。

MANAGEMENT DISCUSSION AND ANALYSIS

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Given the existing traditional perceptions of soy milk held by some customers, who had lower expectations for the quality and pricing of soy milk consumed in a breakfast scenario, the Group has offered generic products with high cost-performance ratio to complement the product lines since the second half of 2019; in respect of distributors' resources, the Group focuses on strengthening the development of breakfast shops and food distribution channels according to consumers' habit. It is believed that with the gradual introduction of these measures, the Group will extend its presence to the general consumer group whose primary concern is high cost performance, which will expand the consumers' base and foster the progress of packaged soy milk industrialisation.

Looking forward to 2020, Doubendou will mainly improve brand power and explore consumer groups. In respect of product strategy, Doubendou will continue to focus on plant nutrition value, introduce new flavour and nutrition elements to further enrich its product line, and gradually develop derivative products such as flavoured soy milk and plant-based yogurt; in respect of market cultivation, the Group will further explore household consumption market, holiday gifts market and food and beverage market to enrich consumption scenario, and build around Doubendou to expand the business scale of plant-based protein beverage. With regards to brand building, Doubendou has adopted more sophisticated promotional strategies to strengthen the leading brand image of plant-based protein beverage. By implementing the above measures, Doubendou will continue to lead the market, and progress steadily towards the strategic goals of the Group.

Short Shelf-life Bread

The short shelf-life bread market in the PRC has huge growth potential, with its market size potentially reaching tens of billions of RMB. Currently, the market landscape is hardly concentrated, mainly comprising regional and local factories as industry players. The Group captured the opportunity and fully entered the short shelf-life bread business of the Meibeichen brand in 2019. Leveraging the Group's comprehensive advantages, the Group had made substantial progress in the first year of operation. 52 SKUs were introduced, winning consumers over with products of high quality, rich nutrition and diverse tastes; with completed distributor deployment in core markets, the number of sales terminals has reached nearly 80 thousand and production capacity has been released in an orderly manner following the growth of sales scale and key indicators such as daily allocation rate at terminal, and rate of returned goods has gradually optimised.

針對部分消費群體對豆奶的認知相對傳統，早餐場景的豆奶消費有較低的品質需求和價位預期，本集團從二零一九年下半年開始在產品線上補充高性價比的大眾化產品；在經銷商資源方面重點加強順應消費者習慣的早餐店和配餐渠道的開發。相信這些措施的逐步推進，將開拓以高性價比為主要訴求的大眾消費群體，從而擴大消費者基礎，推動包裝豆奶產業化進程。

展望二零二零年，豆本豆將重點提升品牌力和開拓消費群體。在產品策略上，豆本豆繼續專注於植物營養價值，並引入新的口味和營養元素進一步豐富產品線，逐步研發風味豆奶以及植物基酸奶等衍生產品；在市場培育上，本集團將進一步開拓家庭消費、節慶禮品及餐飲市場，豐富消費場景，以豆本豆為核心擴大植物蛋白飲料的產業規模。在品牌建設方面，豆本豆將採用更立體的傳播策略，強化植物蛋白領導品牌形象。相信通過以上措施，豆本豆將繼續引領市場，穩步向本集團的戰略目標推進。

短保麵包

中國的短保麵包市場潛力巨大，市場規模有望達到數百億元人民幣，而目前市場格局集中度較低，參與者多為區域性和地方性的廠商。本集團把握時機，於二零一九年全面進入美焙辰品牌的短保麵包產業。通過發揮集團綜合優勢，在首年經營中已經取得了實質性進展。先後累計推出52個SKU，憑藉品質優越、營養豐富和口味多樣的產品贏得消費者；核心市場的經銷商布局已經初步完成，銷售終端數量近8萬家，產能隨著銷售規模的上升有序釋放，終端日配比率、返貨率等各項關鍵指標逐步優化。

Looking forward to 2020, Meibeichen will increase its coverage of core provincial capital cities and key prefecture-level cities, and significantly increase the penetration rate of channels, further boost various business indicators, and achieve a rapid increase in sales revenue by increasing the number and density of sales terminals, expanding and optimising transportation routes, and improving the efficiency, of logistics and distribution.

SNACK FOOD BUSINESS

Snack food business comprises bakery business under Daliyuan brand, potato chips business under Copico brand and biscuit business under Haochidian brand. With the improving living standards, consumers' pursuit of a healthy and happy lifestyle has been integrated into the trend of consumption upgrade. The Group captures the change of the market, upgrades product line with an emphasis on nutrition, health and happiness and continues to explore new niche markets. Given the effects of resource allocation and team adjustment, sales revenue of the snack food business dropped from RMB10.407 billion in 2018 to RMB10.154 billion in 2019, representing a decrease of 2.4%. With the completion of team adjustment and the introduction of new products, sales trend gradually improved in the second half of 2019.

Bakery

Daliyuan, with its well established brand advantage, still maintained its leading market share as the number one bakery brand in the PRC. In 2019, Daliyuan's R&D efforts on products resulted in sales acceleration, and Daliyuan developed various new products such as pineapple bun, ice cream pie and qiaokechun, upgrading the brand with higher quality, more advanced technique and brand-new tastes. Looking forward to 2020, Daliyuan will continue to enrich product lines, stably improve brand awareness and maintain a stable development.

展望二零二零年，美焙辰將加大對核心省會城市和重點地級城市市場的覆蓋，通過增加銷售終端數量和密度，擴充及優化線路、提高物流配送效率等手段，大幅提升渠道滲透率，進一步優化各項經營指標，實現銷售收入快速提升。

休閒食品產業

休閒食品產業由達利園品牌的烘焙糕點、可比克品牌的薯片和好吃點品牌的餅乾業務構成。隨著生活水平的日益提高，消費者對健康快樂生活方式的追求已經融入到消費升級的趨勢中。本集團把握市場的變化，以營養健康和快樂為主題持續升級產品線，並不斷開拓新的細分市場。由於資源分配和團隊調整的影響，休閒食品產業的銷售收入由二零一八年的人民幣104.07億元下滑2.4%至二零一九年的人民幣101.54億元，隨著團隊調整的完成和新產品的推出，二零一九年下半年銷售趨勢已逐步好轉。

烘焙糕點

本集團傳統優勢品牌達利園繼續保持領先的市場佔有率，是中國第一烘焙品牌。二零一九年達利園新品研發銷售提速，菠蘿麵包、星冰淋派、可可醇糕點等多款新品以更優質的品質、更先進的工藝、全新的口味帶動了品牌的升級。展望二零二零年，達利園將繼續豐富產品線、穩步提升品牌定位，保持穩定發展。

MANAGEMENT DISCUSSION AND ANALYSIS

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Potato Puffed Food

Copico is a leading local brand producing potato chips in the PRC and enjoys a good market reputation. In 2019, the Group made appropriate adjustments to its product portfolios, the emphasis of which was on fresh-cut potato chips, so that the products would be well suited to consumers' need for healthiness. In respect of sales channels, Copico had a comprehensive presence on e-commerce platforms as fresh-cut potatoes with various small packages were put on the market in order to attract new consumers. In terms of flavours, Copico continued to launch different unique flavours relating to Chinese food and pop culture. As for brand image, the IP co-branded packaging for young consumers in the target consumer group will be developed and marketed in respect of the packaging upgrade of products. The aforesaid initiatives will further strengthen Copico's shares in the potato puffed food market and maintain its leading position.

Biscuit

In 2019, Haochidian Biscuit accelerated its effort in introducing new products. The newly launched "Beiyouxing" and "Ritech" were positioned in the fast-growing children food market and high-end soda biscuit market, respectively, and they continuously penetrated submarkets with improved product positioning. Jiang Pai Cookies, a new product, was the first jam-filled cookie product in Mainland China, boosting the brand with its healthier ingredients and brand-new flavours.

薯類膨化食品

可比克是中國本土薯片品牌的龍頭，市場口碑良好。二零一九年，本集團對產品組合進行了適當調整，以純切薯片為投放重點，使產品更滿足消費者對健康理念的需求。在銷售渠道方面，可比克對電商平台進行了全面布局，用差異化的小規格包裝純切薯片切入市場，吸引新的消費者。在口味方面，可比克繼續推出多款與中國飲食和流行文化相關的獨創口味。在品牌形象方面，針對目標消費群體中的年輕消費者開發萌寵形象的IP聯名款包裝，圍繞產品包裝升級進行市場推廣。上述舉措進一步鞏固可比克在薯類膨化食品市場的份額，保持領先地位。

餅乾類

二零一九年好吃點餅乾新品節奏提速，新上市的「貝優星」和「瑞多滋」分別定位於快速增長的兒童食品市場和高端蘇打餅乾市場，繼續拓展細分市場，提升產品定位；新推出的醬π曲奇是國內首款果醬注餡工藝的曲奇產品，以更健康的材質和全新的口味帶動了品牌的升級。

READY-TO-DRINK BEVERAGE INDUSTRY

Ready-to-drink beverage industry mainly consists of Hi-Tiger energy drinks, Heqizheng herbal tea and other beverage businesses. The branded products under the ready-to-drink beverage industry are diverse in terms of development phases, therefore, the Group has adopted varied business strategies accordingly so as to increase their market shares while maintaining profitability. In general, the ready-to-drink beverage industry faces severe market competition and is susceptible to macroeconomic factors and fluctuates accordingly. The sales revenue of the ready-to-drink beverage industry dropped by 2.1% from RMB7.294 billion in 2018 to RMB7.142 billion in 2019.

Energy Drinks

China's energy drinks market continues to develop rapidly and remains the most attractive product category in the beverage industry. Due to the slowing down of the entire market and intensifying market competition, Hi-Tiger recorded a slower growth. The Group will continue to improve the properties and brand image of Hi-Tiger energy drinks, solidify its unique advantages, and comprehensively upgrade its brand positioning. For example, the Group carried out an integrated brand promotion campaign with focus on sports events IP by marketing the products as "The Official Energy Drinks of 2019 FIBA Basketball World Cup". Looking into 2020, Hi-Tiger will continue to strengthen its channel penetration and sales terminal expansion by implementing precise advertisement placement and marketing practice targeted at relevant consumption scenarios of energy drinks.

Herbal Tea

The herbal tea market in 2019 showed a lacklustre growth, but our herbal tea business maintained its market share in the face of challenges. Since Heqizheng currently enjoys a solid brand recognition, the focal point of its marketing strategy has shifted to the connection between the brand and traditional Chinese culture, with a view to creating a deeply embedded brand image for authentic herbal tea. Looking ahead in 2020, Heqizheng will rearrange its resource allocation, sort out its sales system, and strive for a growth in sales.

即飲飲料產業

即飲飲料產業主要由樂虎品牌的功能飲料、和其正品牌的涼茶和其他飲料業務構成。即飲飲料產業下的不同品牌產品跨度大，分別處於不同的發展階段，因此本集團也相應採取了不同的業務策略，鞏固提升市場份額的同時，也保持了盈利能力。整體而言，即飲飲料市場競爭態勢激烈，也更容易受宏觀因素的影響而波動。即飲飲料產業的銷售收入由二零一八年的人民幣72.94億元下滑2.1%至二零一九年的人民幣71.42億元。

功能飲料

中國的功能飲料市場仍處於快速發展階段，依然為飲料行業最具吸引力的品類。由於市場整體的放緩以及市場競爭態勢加劇，樂虎增速有所放緩。本集團將持續強化樂虎專業功能飲料的屬性和品牌形象，鞏固樂虎品牌的差异化優勢，對樂虎的品牌定位進行全面升級。例如通過「2019 FIBA籃球世界杯官方功能飲料」等營銷方式，圍繞體育賽事IP進行整合品牌推廣。展望二零二零年，樂虎將繼續增強渠道的滲透和終端的開發，聚焦功能飲料相關消費場景實施精準廣告投放與營銷。

涼茶

二零一九年涼茶市場整體增長乏力，涼茶業務面對挑戰仍保持了市場份額。由於和其正已經具有較為紮實的品牌知名度，在品牌營銷策略上主要為強化品牌與中國傳統文化關聯，深化純正涼茶品牌形象。展望二零二零年，和其正會重新規劃資源投入，梳理銷售體系，力爭實現銷售增長。

OTHER FINANCIAL INFORMATION

Sales and Distribution Expenses

Sales and distribution expenses of the Group increased by 8.9% from RMB3,377 million in 2018 to RMB3,677 million in 2019. Such expenses as a percentage of revenue increased from 16.2% in 2018 to 17.2% in 2019. The increase was mainly attributable to the increase in channel promotion expenses and logistics expenses for new brands and products.

Administrative Expenses

Administrative expenses of the Group decreased by 3.5% from RMB573 million in 2018 to RMB553 million in 2019. Such expenses as a percentage of revenue decreased from 2.7% in 2018 to 2.6% in 2019. Administrative expenses decreased as a result of the cost reduction and efficiency improvement measures implemented by the Group in 2019. Management fee decreased as compared to that in 2018. In particular, office expenses, travel expenses, and other administrative expenses have all decreased.

Cash and Borrowings

The Group meets its liquidity needs mainly through cash flow generated from operation and proceeds from the listing. The total value of the Group's pledged deposits, cash and bank deposits increased from RMB10,091 million as at December 31, 2018 to RMB11,092 million as at December 31, 2019. The increase was mainly due to the Group's net operating cash inflow of RMB5,015 million in 2019, as well as the cash outflow of RMB4,024 million incurred for the payment of dividends and capital expenditure.

As at December 31, 2019, the Group did not have any borrowings.

As at December 31, 2019, the Group's gearing ratio was 18.4%. The gearing ratio is the total liabilities divided by equity plus total liabilities.

其他財務信息

銷售及經銷開支

本集團的銷售及經銷開支由二零一八年的人民幣33.77億元增加8.9%至二零一九年的人民幣36.77億元。此開支占收益的百分比由二零一八年的16.2%上升至二零一九年的17.2%。上升的原因主要為新品牌及產品渠道推廣費和物流費用的增加。

行政開支

本集團的行政開支由二零一八年的人民幣5.73億元下降3.5%至二零一九年的人民幣5.53億元。此開支占收益的百分比由二零一八年的2.7%下降至二零一九年的2.6%。行政開支下降是由于二零一九年本集團推行降本增效措施，管理費用與二零一八年度相比有所下降，其中，辦公費、差旅費及其他行政支出均有所下降。

現金及借款

本集團主要通過經營活動所產生的現金流量及上市所得款項滿足流動資金需要。本集團的質押存款、現金及銀行存款總值由二零一八年十二月三十一日的人民幣100.91億元增加至二零一九年十二月三十一日的人民幣110.92億元。該提升主要由於二零一九年本集團經營現金淨流入人民幣50.15億元，同時派付股息及資本支出產生現金流出人民幣40.24億元。

於二零一九年十二月三十一日，本集團並無任何借款。

於二零一九年十二月三十一日，本集團的資產負債比率為18.4%，資產負債比率乃負債總額除以權益加上負債總額。

Inventories

The Group's inventories increased by 10.9% from RMB1,138 million as at December 31, 2018 to RMB1,262 million as at December 31, 2019. It is mainly because the Group appropriately stocked up its inventory according to the market demand of 2020. The inventory turnover days decreased from 34.7 days in 2018 to 33.5 days in 2019.

Trade and Bills Receivables

The Group's trade and bills receivables increased by 3.1% from RMB715 million as at December 31, 2018 to RMB737 million as at December 31, 2019, basically at the same level as last year. The trade receivables turnover days decreased from 15.5 days in 2018 to 12.2 days in 2019.

Trade and Bills Payables

The Group's trade and bills payables increased by 43.1% from RMB942 million as at December 31, 2018 to RMB1,348 million as at December 31, 2019, mainly attributable to the Group's enhanced fund management by using more bank acceptance bills to settle the trade payables. The trade and bills payables turnover days increased from 25.7 days in 2018 to 32.0 days in 2019.

Foreign Currency Risk

The Group's businesses are located in Mainland China and as such nearly all transactions are conducted in RMB. As nearly all of the assets and liabilities of the subsidiaries of the Company in Mainland China were denominated in RMB, the subsidiaries of the Company in Mainland China were not subject to significant foreign currency risk. As at December 31, 2019, the Group's assets and liabilities denominated in HKD were mainly held by the Company and certain subsidiaries incorporated outside Mainland China and had currencies other than RMB as their functional currencies.

The Company and these subsidiaries incorporated outside Mainland China also held bank balances denominated in RMB, from which foreign currency exposures arise. The Group has not undertaken any hedging activities.

存貨

本集團的存貨由於二零一八年十二月三十一日的人民幣11.38億元增加10.9%至於二零一九年十二月三十一日的人民幣12.62億元。主要由於本集團根據二零二零年的市場需求適當備貨。存貨周轉天數由二零一八年的34.7天下降至二零一九年的33.5天。

貿易應收款項及應收票據

本集團的貿易應收款項及應收票據由於二零一八年十二月三十一日的人民幣7.15億元增加3.1%至於二零一九年十二月三十一日的人民幣7.37億元，與去年同期基本持平。貿易應收款周轉天數由二零一八年的15.5天下降至二零一九年的12.2天。

貿易應付款項及應付票據

本集團的貿易應付款項及應付票據由於二零一八年十二月三十一日的人民幣9.42億元增加43.1%至於二零一九年十二月三十一日的人民幣13.48億元，主要由於本集團進一步優化資金管理，採用更多的銀行承兌匯票結算貿易應付款項。貿易應付款項及應付票據周轉天數由二零一八年的25.7天增加至二零一九年的32.0天。

外幣風險

本集團的業務位於中國內地，故幾乎全部交易以人民幣進行。因為本集團於中國內地的附屬公司幾乎全部資產及負債以人民幣計值，所以本公司的中國內地附屬公司不存在重大外幣風險。於二零一九年十二月三十一日，本集團以港元計值的資產及負債主要由本公司及若干附屬公司（於中國內地以外地區註冊成立）持有，並以人民幣以外的其他貨幣作為功能貨幣。

本公司及這些附屬公司（於中國內地以外地區註冊成立）亦持有以人民幣計值的銀行結餘，從中產生外幣風險。本集團並未進行任何對沖活動。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Contingent Liabilities

As at December 31, 2019, the Group did not have any significant contingent liabilities.

Asset Pledge

As at December 31, 2019, the Group's letter of credit was secured by pledging its short-term deposits in amount of RMB0.14 million.

Use of Proceeds from the Listing

The shares of the Company were listed on the Main Board of the Stock Exchange on November 20, 2015 with net proceeds from the global offering of approximately HKD8,665 million (after deduction of underwriting fees and commissions and estimated expenses payable in connection with the global offering). According to the intended use as set out in "Future Plans and Use of Proceeds" in the prospectus published on November 10, 2015 (the "Prospectus"), the amount utilised as at December 31, 2019 was as follows:

Use of Proceeds from the Listing (As at December 31, 2019)

或然負債

於二零一九年十二月三十一日，本集團無任何重大或然負債。

資產質押

於二零一九年十二月三十一日，本集團的信用證以質押其短期存款人民幣14萬元作抵押。

上市所得款項用途

本公司股份於二零一五年十一月二十日在聯交所主板上市，來自全球發售所得款項淨額約為86.65億港元(扣除本公司因全球發售應付的包銷費用佣金及估計開支)。根據二零一五年十一月十日發布的招股章程(「招股章程」)內「未來計劃及所得款項用途」所載的擬定用途，於二零一九年十二月三十一日的已動用金額如下：

上市所得款項用途(截至二零一九年十二月三十一日)

Unit: HKD million

單位：百萬港元

No. 序號	Items 項目	Percentage 佔比	Available 可動用	Utilised 累計已動用	Unutilised 未動用
1	Development, introduction and promotion of new products 開發、推出及推廣新產品	20%	1,733	1,195	538
2	Expansion and upgrade of production facility and manufacturing network 擴充及提升生產設施及生產網絡	20%	1,733	1,733	—
3	Enhancing presence in sales channels and promoting brands 提升在銷售渠道的地位及推廣品牌	20%	1,733	1,733	—
4	Potential acquisitions and business cooperation 潛在收購及業務合作	30%	2,600	—	2,600
5	Working capital and other general corporate purposes 營運資金及其他一般公司用途	10%	866	866	—
Total			8,665	5,527	3,138

The Company does not intend to use the proceeds for purposes other than those stated in the Prospectus.

The proceeds were used and are proposed to be used as and when appropriate based on the Group's business needs according to the intentions previously disclosed in the Prospectus.

Capital Expenditures and Capital Commitments

The Group had capital expenditures of RMB1,041 million in 2019, primarily incurred from (i) the construction and upgrade of production facilities for medium and short shelf-life bread; (ii) the construction of new plant and workshop and land acquisition; (iii) the construction and upgrade of production lines for soy milk and ready-to-drink beverage; and (iv) the renovation of production plant and workshop and the equipment upgrade.

As at December 31, 2019, the Group's capital commitments relating to property, plant and equipment were RMB237 million, which were primarily used for the construction of production lines for medium and short shelf-life bread, the construction of plant and workshop for factories in Shenyang and Guangxi and the upgrade of beverage production facilities.

Improvement of Product Quality and Operational Efficiency

In 2019, the Group, as always, acted on the principle of "quality first" and further improved the quality level of the products by optimising production processes and speeding up inventory circulation. By upgrading and improving production equipment and facilities, the Group ensured food safety. Through strict process control, the food safety system was implemented in each work stage, which fundamentally eliminated the risk of product quality. Aside from the various existing certifications in respect of quality, food safety, environment management, hazard analysis and key controlling point systems such as ISO9001, ISO22000, ISO14001 and HACCP, the Group passed the certification for organic soy milk and the certification issued by the China National Accreditation Service for Conformity Assessment (CNAS).

本公司無意將所得款項用作有別於招股章程所述的用途。

所得款項已根據或將建議根據先前招股章程披露的意向，因本集團的業務需要，在適當情況下使用。

資本開支及資本承擔

本集團於二零一九年的資本開支為人民幣10.41億元，主要用於(i)中短保麵包生產線設備的建設及更新；(ii)新設工廠的廠房及車間建設和土地購置；(iii)豆奶和即飲飲料生產線的建設和更新；以及(iv)生產工廠車間修繕改造和設備更新。

於二零一九年十二月三十一日，本集團與物業、廠房及設備有關的資本承擔為人民幣2.37億元，主要用於中短保麵包生產線的建設、瀋陽和廣西工廠的廠房及車間的建設、及飲料生產設備的更新。

提升產品質量和運營效率

二零一九年，本集團一如既往地以「品質至上」為原則，通過優化生產流程，加快庫存流轉，進一步提高了產品品質。通過升級和完善生產設備、設施，確保食品安全；通過嚴格的流程把控，把食品安全制度貫徹落實到每項工作環節中，從根本上杜絕產品質量風險。除了現有的ISO9001、ISO22000、ISO14001及HACCP等多個質量、食品安全、環境管理、危害分析與關鍵控制點體系認證以外，本集團也通過了豆奶有機認證以及中國合格評定國家認可委員會(CNAS)認可。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Human Resources and Staff Remuneration

The Group always believes that talent is the core competitiveness of enterprises and regards employees as important strategic resources for corporate development. It has made active efforts in establishing a sound talent selection and training mechanism to improve the overall competitiveness of employees and their sense of belonging to the Group. In 2019, the Group continued to introduce a large number of professional high-end talents, and actively identified talents from the existing employees and jointly established a training mechanism with key universities and colleges in China on a long-term basis. The Group established a tutor management system and a training management system and a learning and development model such as visiting external model enterprises, formed a talent selection and promotion mechanism for competition for posts and performance appraisal, maintained the core competitiveness of corporate talents, and cultivated an experienced, stable and reliable management team. Meanwhile, the Group continued to optimise and upgrade our management structure, promote fine management, upgrade information management and strengthen the headquarters' control of the market, laying a solid foundation for the Group's sustainable development.

As at December 31, 2019, the Group had a total of 37,975 employees (as at December 31, 2018: 37,313 employees). The Group's employees are remunerated with reference to their positions, performance, experience and prevailing salary trends in the market. In addition to basic salaries, the Company provides various staff benefits to its employees. For the year ended December 31, 2019, the total employee benefits expenses (including Directors' remuneration) were RMB2,234 million (for the year ended December 31, 2018: RMB2,170 million), which was primarily attributable to the development of short shelf-life bread industry which resulted in the increase in the sales of relevant food segment and production staff with the corresponding increase in remuneration.

人力資源及員工薪酬

本集團始終堅信人才是企業的核心競爭力，把員工視為企業發展的重要戰略資源，積極建立完善的人才選拔培養機制，提高員工的整體競爭力和對本集團的歸屬感。二零一九年，本集團持續引進大量專業高端人才，並積極從現有員工中發掘人才，長期與全國重點高校人才聯合建立培養機制。建立導師管理制度和培訓管理體系、外部標杆企業考察等的學習發展模式，形成競聘上崗、績效考核的人才選拔晉升機制，保障企業人才的核心競爭力，並培養出一支經驗豐富、穩定可靠的管理團隊。同時，本集團持續優化升級我們的管理結構，推進精細化管理，升級信息化管理，加強總部對市場的控制，為集團的持續發展打下堅實的基礎。

於二零一九年十二月三十一日，本集團僱有員工合共37,975人（於二零一八年十二月三十一日：37,313人）。本集團雇員的薪酬乃參照其職位、表現、經驗及現行市場上的薪金趨勢而釐定。除基本薪金外，本公司為其雇員提供多項員工福利。截至二零一九年十二月三十一日止年度，雇員福利開支總額（包括董事薪酬）為人民幣22.34億元（截至二零一八年十二月三十一日止年度：人民幣21.70億元），主要由於為拓展短保麵包產業，相關食品板塊的銷售及生產人員增加，薪酬相應增加所致。

PROSPECTS

2020 will be unprecedentedly challenging for China's consumer market. The domestic outbreak of COVID-19 and the external trade tension will deal a major blow to its macroeconomic growth. In the face of macroeconomic challenges, the Group's long-standing strategy of steady operation and the foresighted industry planning are believed to be helpful in coping with such challenges while maintaining a healthy and steady growth and continuing to create values for its shareholders. In respect of industry strategy, the Group will focus on three major industries, namely, household consumption, snack food and ready-to-drink beverage, and carry out strategic planning for each industry in a pragmatic manner. In terms of product strategy, the Group will aim at different sub-markets and continue its development in innovative products with diversified product lines. Meanwhile, we will optimise resource allocation and improve our brand portfolios.

With new consumption pattern and trend on the horizon after the epidemic, the Group will adjust its sales channels and relevant strategies in a timely manner and develop new sales channels and marketing approaches that coincide with the new consumption pattern. The Group will further enhance the efficiency of sales channels and tighten its control over sales terminals, thereby increasing its market presence. Furthermore, the Group will continue to strengthen its e-commerce team to proactively explore businesses in e-commerce. We will accelerate the development of online business, work closely with different platforms by resource binding, and expand new businesses.

The Group has been committed to enhancing corporate governance, optimising production process and lifting product quality in order to further increase our product competitiveness with consolidated and expanded market shares.

The Group will adhere to prudent financial management policies, maintain ample cash flow and a sound financial position. While strengthening our own growth, the Group will continue to explore any opportunities for mergers and acquisitions and external cooperation.

Looking forwards, the Group will continue to produce quality products under a pragmatic yet proactive corporate culture. We will keep our faith to offer more delicious and healthy products for our customers. We will continue to strive for enormous returns for our shareholders, and forge ahead to new achievements.

展望

二零二零年將是中國消費市場面對空前挑戰的一年，內部的疫情和外部的貿易摩擦將對宏觀經濟增長帶來衝擊。面對宏觀經濟層面的挑戰，相信集團一直奉行的穩健經營策略和高度預見性的產業布局，將有助於集團面對挑戰，保持健康穩定的增長，繼續為股東創造價值。在產業策略上，本集團將圍繞家庭消費、休閒食品和即飲飲料三大產業，落實每個產業中的戰略規劃，穩扎穩打。在產品策略方面，本集團將針對不同細分市場持續開發創新產品，豐富產品線；優化資源配置，提升品牌組合。

面對疫情後新的消費習慣和趨勢，本集團將及時調整渠道策略，開發與新的消費習慣相吻合的渠道和營銷方式；將進一步提升渠道效率，強化對終端的管控力，使本集團的市場覆蓋率不斷提高。此外，本集團將繼續強化提升電商團隊，積極開拓電商業務，加快線上業務布局，深化各平台的合作和資源綁定，拓展增量業務。

本集團將一如既往地致力於提升企業治理水平，持續優化生產工藝和提升產品品質，進一步加強產品的競爭力，鞏固和提升市場份額。

本集團會堅持審慎的財務管理政策，保持充沛的現金流，維持健康的財務狀況。在強化內生增長的同時，本集團將繼續關注並購和外部合作的機會。

未來本集團將繼續堅持用心創品質的理念和務實進取的企業文化，不忘初心，繼續為消費者帶來更美味、健康的產品，繼續為股東創造豐厚的回報，穩步邁向新的輝煌。

REPORT OF THE DIRECTORS

董事會報告

The Board is pleased to present the report of the Directors together with the audited consolidated financial statements of the Group for the year ended December 31, 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is a leading branded food and beverage company in China with a diversified multi-brand product portfolio focusing on high-growth product categories. The Group is principally engaged in the manufacture and sale of food and beverage in China. The Shares were listed on the Main Board of the Stock Exchange on November 20, 2015.

Segment analysis of the Group for the year ended December 31, 2019 is set out in Note 4 to the consolidated financial statements. A list of the Company's subsidiaries, together with their places and dates of incorporation, types of legal entity, principal activities and particulars of their issued shares/registered share capital, is set out in Note 1 to the consolidated financial statements.

A review of the business of the Group during the year and its future development, and an analysis of the Group's performance during the year using financial key performance indicators as required under Schedule 5 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) are set out in the "Chairman's Statement" on pages 6 to 8 and the "Management Discussion and Analysis" on pages 9 to 21 of this annual report which constitute part of this report of the Directors.

At the beginning of 2020, the COVID-19 outbreak had certain impact on the Group's businesses, but the Group quickly responded with caution and is actively taking all possible measures to bring the business operation back to normal in a timely fashion. The management of the Group will remain vigilant to the development of COVID-19 outbreak and continuously evaluate the potential impacts on its businesses.

董事會欣然提呈截至二零一九年十二月三十一日止年度的董事會報告以及本集團經審核合併財務報表。

主要活動及業務回顧

本公司的主要業務為投資控股。本集團是中國領先的品牌食品及飲料公司，擁有豐富、多品牌的產品組合，專注於高增長的產品類別。本集團主要從事於中國製造及銷售食品及飲料。股份於二零一五年十一月二十日於聯交所主板上市。

本集團截至二零一九年十二月三十一日止年度的分部分析載於合併財務報表附註4。本公司附屬公司列表，以及彼等的註冊成立地點及成立日期、法定實體類別、主要活動以及彼等已發行股份／已註冊股本的詳情載於合併財務報表附註1。

本集團年內的業務回顧及其未來發展，以及按照香港法例第622章公司條例附表5的規定，運用財務關鍵表現指標對本集團年內表現進行的分析載於本年報第6頁至第8頁「主席報告書」及第9頁至第21頁「管理層討論及分析」（構成本董事會報告的一部分）內。

二零二零年初新型冠狀病毒疾病(COVID-19)疫情爆發對本集團的業務造成一定影響，但本集團謹慎應對，並採取一切可行的有效措施令業務運營盡快重返正軌。本集團管理層會繼續對COVID-19疫情保持警覺，並持續評估其對業務的潛在影響。

PRINCIPAL RISK AND UNCERTAINTIES

The Group is exposed to the market, operational, financial and compliance risk in relation to the industry in which the Group operates and each business division of the Group. With the growth and expansion of our operations, the potential risks to our business increase as well. We have implemented a risk management system that covers each material aspect of our operations, including finance, supply chain, security, technology and compliance. As our risk management is a systematic project, each of our departments is responsible for identifying and evaluating the risks relating to its area of operations. Our audit committee is responsible for overseeing and assessing our risk management policy and they supervise the performance of our risk management system. Details of the principal risks during the year are set out in Risk Management and Internal Controls under Corporate Governance Report of the 2019 Annual Report.

FINANCIAL RESULTS

The results of the Group for the year ended December 31, 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 140.

DIVIDEND POLICY

On November 19, 2018, the Company adopted a dividend policy for the declaration, payment or distribution of its net profit to shareholders of the Company as dividends. According to the dividend policy, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of the Association of the Company and all applicable laws and regulations and the factors set out below.

The Board shall also take into account the following factors of the Company and its subsidiaries when considering the declaration and payment of dividends:

- financial result;
- cash flow conditions;
- business conditions and strategies;
- future operations and earnings
- capital requirements and expenditure plans;
- interests of shareholders;
- potential investment, mergers and acquisitions;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

主要風險及不確定性

本集團面臨與本集團所處行業有關的及各業務分部有關的市場、經營、財務、合規等風險。隨著我們業務增長及擴張，有關我們業務的潛在風險亦同時增加。我們已實施一套風險管理系統，覆蓋我們業務運營各重大方面，包括財務、供應鏈、安全、科技及合規。由於我們的風險管理為一個系統項目，我們各部門均負責識別及評估有關其營運範疇的風險。我們的審核委員會負責監督及評估我們的風險管理政策及監察我們風險管理系統的表現。有關本年度的主要風險已詳載於二零一九年年報的企業管治報告風險管理及內部監控部分。

財務業績

本集團截至二零一九年十二月三十一日止年度的業績載於第140頁的合併損益及其他綜合收益表。

股息政策

於二零一八年十一月十九日，本公司就宣派、派付或分發其純利予本公司股東作為股息制立了股息政策。根據股息政策，在建議或宣派股息時，本公司應維持足夠現金儲備，以應付其資金需求、未來增長以及其股權價值。根據本公司細則、所有適用法規及下列因素，董事會有權宣派及分發股息予本公司股東。

董事會在考慮宣派股息時，應同時考慮下列有關本公司及其附屬公司的因素：

- 財務業績；
- 現金流狀況；
- 業務狀況及策略；
- 未來營運及收入；
- 資金需求及支出計劃；
- 股東的利益；
- 潛在的投資併購；
- 任何派付股息的限制；及
- 董事會可能視為相關的任何其他因素。

REPORT OF THE DIRECTORS 董事會報告

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as follows:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

Any final dividend for a financial year will be subject to shareholders' approval. Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Articles of Association. The Board will review the dividend policy as appropriate from time to time.

DIVIDENDS

An interim dividend of HKD0.084 per ordinary share for the six months ended June 30, 2019 and a special dividend of HKD0.084 per ordinary share for the six months ended June 30, 2019 were declared during 2019.

The Board has recommended the payment of a final dividend of HKD0.070 (equivalent to approximately RMB0.0645) per ordinary share for the year ended December 31, 2019 (the **"2019 Final Dividend"**) and a special dividend of HKD0.070 (equivalent to approximately RMB0.0645) per ordinary share for the year ended December 31, 2019 (the **"2019 Special Dividend"**), representing a total payment of approximately HKD1,917,176,000 (equivalent to approximately RMB1,766,788,000). The payment of the 2019 Final Dividend and the 2019 Special Dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting (the **"AGM"**) to be held on May 29, 2020.

Upon Shareholders' approval to be obtained at the AGM, the 2019 Final Dividend and the 2019 Special Dividend are expected to be paid on July 8, 2020 to the Shareholders whose names appear on the register of members of the Company on June 8, 2020.

視乎本公司及本集團的財政狀況以及上述條件及因素，董事會可在財政年度或期間建議及／或宣派下列股息：

- 中期股息；
- 末期股息；
- 特別股息；及
- 任何董事會認為合適的純利分發。

任何年度股息均須由股東批准。本公司可以董事會認為合適的形式宣派及派付股息，包括現金或代息股份或其他形式。任何未領取的股息應被沒收及應根據本公司細則複歸本公司。董事會將在有需要時檢討股息政策。

股息

截至二零一九年六月三十日止六個月的中期股息每股普通股0.084港元，以及截至二零一九年六月三十日止六個月的特別股息每股普通股0.084港元，已於二零一九年內宣派。

董事會建議就截至二零一九年十二月三十一日止年度派付末期股息每股普通股0.070港元（相等於約人民幣0.0645元）（「**二零一九年末期股息**」）以及就截至二零一九年十二月三十一日止年度派付特別股息每股普通股0.070港元（相等於約人民幣0.0645元）（「**二零一九年特別股息**」），付款總額約為1,917,176,000港元（相等於約人民幣1,766,788,000元）。派付二零一九年末期股息以及二零一九年特別股息須待股東於二零二零年五月二十九日舉行的應屆股東週年大會（「**股東週年大會**」）上批准後，方可作實。

待於股東週年大會上取得股東批准後，二零一九年末期股息以及二零一九年特別股息預計將於二零二零年七月八日派付予於二零二零年六月八日名列本公司股東名冊的股東。

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years, as set out on page 5 of this annual report, is extracted from the audited consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year ended December 31, 2019 are set out in Note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's distributable reserves comprise the share premium and other reserves. As at December 31, 2019, the Company's reserves available for distribution amounted to RMB1.29 million (2018: RMB1,502 million).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements of the Group's property, plant and equipment during the year ended December 31, 2019 are set out in Note 13 to the consolidated financial statements.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The shares of the Company were listed on the Main Board of the Stock Exchange on November 20, 2015. The net proceeds from the Listing were approximately HKD8,665 million (after deduction of underwriting fees and commissions and estimated expenses payable by the Company in connection with the global offering).

For details, please refer to the section headed "Management Discussion and Analysis — Use of Proceeds from the Listing" on page 18 of this annual report.

五年財務摘要

載於本年報第5頁的本集團最近五年的業績及資產負債摘要摘錄自經審核合併財務報表。

稅務寬減及豁免

本公司概不知悉股東因持有本公司證券而享有任何稅務寬減及豁免。

股本

本公司於截至二零一九年十二月三十一日止年度的股本變動載於合併財務報表附註26。

分派儲備

本公司的分派儲備由股本溢價及其他儲備組成。於二零一九年十二月三十一日，本公司的可供分派儲備為人民幣129萬元（二零一八年：人民幣15.02億元）。

物業、廠房及設備

本集團截至二零一九年十二月三十一日止年度的物業、廠房及設備詳情載於合併財務報表附註13。

首次公開發售所得款項淨額用途

本公司股份於二零一五年十一月二十日在聯交所主板上市。上市所得款項淨額約為86.65億港元（經扣除本公司就全球發售應付的包銷費及佣金及估計開支）。

有關詳情，請參閱本年報第18頁「管理層討論及分析 — 上市所得款項用途」一節。

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Xu Shihui (*Chairman and Chief Executive Officer*)

Mr. Zhuang Weiqiang

Ms. Xu Yangyang

Non-executive Directors:

Ms. Xu Biying

Ms. Hu Xiaoling

Independent non-executive Directors:

Mr. Cheng Hanchuan

Mr. Liu Xiaobin

Dr. Lin Zhijun

Each of Mr. Xu Shihui, Mr. Zhuang Weiqiang, Ms. Xu Yangyang, Ms. Xu Biying, Ms. Hu Xiaoling, Mr. Cheng Hanchuan, Mr. Liu Xiaobin and Dr. Lin Zhijun shall retire from the Board by rotation at the forthcoming AGM pursuant to article 16.18 of the Articles of Association or the Listing Rules and, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

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

董事

於本年度及截至本報告日期止的董事為：

執行董事：

許世輝先生(主席兼行政總裁)

莊偉強先生

許陽陽女士

非執行董事：

許碧英女士

胡曉玲女士

獨立非執行董事：

程漢川先生

劉小斌先生

林志軍博士

根據組織章程細則第16.18條或上市規則，許世輝先生、莊偉強先生、許陽陽女士、許碧英女士、胡曉玲女士、程漢川先生、劉小斌先生及林志軍博士將各自於應屆股東週年大會上從董事會輪席退任，並合資格膺選連任。

董事服務合約

擬於股東週年大會上膺選連任的董事概無與本公司訂有不可於一年內免付賠償(法定賠償除外)而予以終止的服務合約。

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE AND COMPETING BUSINESS

Save as disclosed under the section headed “Continuing Connected Transactions” below and Note 31 “Related Party Transactions” to the consolidated financial statements, no transaction, arrangement or contract of significance (as defined in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in relation to the Group’s business to which the Company, its holding company or any of its subsidiaries was a party and in which a Director or controlling shareholder (as defined in the Listing Rules) of the Company had a material interest, whether directly or indirectly, subsisted at the end of 2019 or at any time during 2019.

None of the Directors has interests in any businesses apart from the Group’s business which competes or is likely to compete with the Group’s business, either directly or indirectly or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

RELATED PARTY TRANSACTIONS

The related party transactions for the year as disclosed in Notes 31(a)(i) and 31(a)(iii) to the consolidated financial statements constitute continuing connected transactions as defined under the Listing Rules but are exempt from the reporting, announcement, annual review and independent shareholders’ approval requirements pursuant to Rule 14A.76(1) (a). Details of such continuing connected transactions are set out in the section headed “Connected Transactions — Continuing Connected Transactions — Exempt Continuing Connected Transactions — Products and Services Mutual Provision Framework Agreement” in the Prospectus.

The related party transaction for the year as disclosed in Note 31(a)(ii) to the consolidated financial statements constitutes a continuing connected transaction as defined under the Listing Rules which is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. The Company has complied with Chapter 14A of the Listing Rules in respect of this related party transaction.

董事於重要交易、安排或合約及競爭業務的權益

除下文「持續關連交易」一節及合併財務報表附註31「關聯方交易」所披露者外，概無訂立與本公司、其控股公司或其任何附屬公司與本集團業務有關，而本公司董事或控股股東（定義見上市規則）於當中擁有重大權益（不論直接或間接），並且於二零一九年末或二零一九年內任何時間仍然生效的重要交易、安排或合約（定義見聯交所證券上市規則（「**上市規則**」）附錄十六）。

概無董事於本集團業務以外而與本集團業務構成競爭或可能構成競爭的任何業務中直接或間接擁有權益而須根據上市規則第8.10條予以披露。

關聯方交易

合併財務報表附註31(a)(i)及31(a)(iii)披露的年內關聯方交易構成上市規則所界定的持續關連交易，惟根據第14A.76(1)(a)條獲豁免遵守申報、公告、年度審核及獨立股東批准規定。有關該等持續關連交易的詳情載於招股章程「關連交易 — 持續關連交易 — 獲豁免持續關連交易 — 產品和服務互供框架協議」一節。

合併財務報表附註31(a)(ii)披露的年內關聯方交易構成上市規則所界定的持續關連交易，將須遵守申報、公告及年度審核規定，但獲豁免遵守上市規則第十四A章有關取得獨立股東批准的規定。本公司已就有關關聯方交易遵守上市規則第十四A章。

CONTINUING CONNECTED TRANSACTIONS

Property and Land Leasing Agreement

Except for the continuing connected transactions of the Group which are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.76(1) (a), the Company and Fujian Dali Foods Group Co., Ltd. (福建達利食品集團有限公司) ("Fujian Dali") entered into a property and land leasing agreement (the "**Property and Land Leasing Agreement**") on December 1, 2017. The transaction under the Property and Land Leasing Agreement is made in the ordinary and usual course of business and on normal commercial terms, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules were more than 0.1% but less than 5% on an annual basis. Fujian Dali is owned as to 100% by Mr. Xu Shihui, Ms. Chen Liling and Ms. Xu Yangyang, who are the controlling shareholders (as defined in the Listing Rules) of the Company and, in the case of Mr. Xu Shihui and Ms. Xu Yangyang, executive directors of the Company. The Group had been using certain properties and land owned by Fujian Dali for general business and ancillary purposes. The Property and Land Leasing Agreement was entered into in order to avoid unnecessary disruptions to our business caused by the relocation and enable us to ensure continuity of the operation of the Group.

Pursuant to the Property and Land Leasing Agreement, the Company agreed to lease the relevant properties and land in the PRC from Fujian Dali for a term of three years from January 1, 2018 to December 31, 2020 on the following principal terms:

- (a) the properties and land that were leased to us consist of (i) an office building located at Zishan, Linkou, Hui'an, Fujian Province and occupying a total gross floor area of approximately 21,142.67 sq.m., and (ii) buildings used for manufacturing workshop, warehouse and workers' dormitory as well as for other ancillary purposes located at Zishan, Linkou, Hui'an, Fujian Province and occupying a total gross floor area of approximately 265,643.40 sq.m.;
- (b) the monthly rental prices in respect of the office building and other properties for each of the three years ending December 31, 2020 are RMB10.70 per sq.m. and RMB5.40 per sq.m., respectively;
- (c) the rental price shall be reviewed and adjusted from the second year of the duration of the Property and Land Leasing Agreement by reference to the GDP growth for the previous year published by the National Bureau of Statistics of the PRC but in any event such increase in the rental price shall not exceed the relevant GDP growth rate;

持續關連交易

物業及土地租賃協議

除根據第14A.76(1)(a)條獲豁免遵守申報、公告、年度審核及獨立股東批准規定的本集團持續關連交易外，本公司與福建達利食品集團有限公司（「福建達利」）於二零一七年十二月一日訂立物業及土地租賃協議（「物業及土地租賃協議」）。物業及土地租賃協議下的交易乃於日常及一般業務過程中按正常商業條款訂立，為符合上市規則第十四A章的規定，最高適用百分比率為每年高於0.1%但低於5%。福建達利由本公司控股股東（定義見上市規則）許世輝先生、陳麗玲女士及許陽陽女士全資擁有，且許世輝先生及許陽陽女士為本公司執行董事。本集團一直使用由福建達利擁有的若干物業及土地，用作一般業務及配套，訂立物業及土地租賃協議乃為避免我們的業務因搬遷而受到不必要的阻礙，以及確保我們的營運持續性。

根據物業及土地租賃協議，本公司同意按以下主要條款向福建達利租用位於中國的相關物業及土地，自二零一八年一月一日至二零二零年十二月三十一日為期三年：

- (a) 出租予我們的物業及土地包括(i)一項位於福建省惠安縣紫山林口總建築面積約21,142.67平方米的辦公室樓宇，及(ii)多項位於福建省惠安縣紫山林口總建築面積約265,643.40平方米用作製造車間、倉庫及員工宿舍以及其他配套用途的建築物；
- (b) 截至二零二零年十二月三十一日止三個年度各年，就有關辦公室樓宇及其他物業支付的月租分別為每平方米人民幣10.70元及每平方米人民幣5.40元；
- (c) 租金應自物業及土地租賃協議年期的第二年起參考中國國家統計局公佈前一年度的國內生產總值升幅作檢討及調整，惟租金升幅無論如何不得超過相關國內生產總值升幅；

- (d) the Company shall pay the rental to Fujian Dali on a quarterly basis on or before the 25th day of the last month of the relevant quarter of the year; and
- (e) the Company shall be responsible for all utility charges and other miscellaneous expenses incurred in using the relevant properties and land during the term of the lease, except for national administration fee and property tax that shall be borne by each party in accordance with relevant laws and regulations.

The Company paid Fujian Dali rental expenses in an aggregate amount of RMB19,885,000 pursuant to the terms of the Property and Land Leasing Agreement for the year ended December 31, 2019. We have set annual caps for the aggregate rental expenses payable under the Property and Land Leasing Agreement of RMB20,000,000 and RMB21,000,000 for each of the two years ending 2020.

Opinion from the Independent Non-executive Directors and Auditors on the Continuing Connected Transaction

The Company's auditors were engaged to report on the Group's non-exempt continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *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. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above and confirmed that nothing has come to their attention that causes them to believe the continuing connected transactions abovementioned:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (d) have exceeded the annual cap.

- (d) 本公司須按季度向福建達利支付租金，於年內相關季度最後一個月第25日或之前支付租金；及
- (e) 本公司須承擔在租約期內使用有關物業及土地所產生的所有公用事業費用及其他雜項開支，惟國家行政費及物業稅則須根據相關法律及法規由各方分擔。

本公司於截至二零一九年十二月三十一日止年度根據物業及土地租賃協議的條款向福建達利支付的租金開支總額為人民幣19,885,000元。我們已制定截至二零二零年止兩個年度各年根據新物業及土地租賃協議應付租金開支總額的年度上限為人民幣20,000,000元及人民幣21,000,000元。

獨立非執行董事及核數師有關持續關連交易的意見

本公司核數師獲委託根據香港會計師公會所頒佈的香港保證工作準則第3000號審核或審閱過往財務資料以外之保證工作（經修訂）並參照實務說明第740號「關於香港《上市規則》所述不獲豁免持續關連交易的核數師函件就本集團的持續關連交易」編製報告。核數師已就上述披露的持續關連交易發出載有彼等的調查結果及結論的無保留意見函件並確認並不知悉有任何事宜致使其相信與上述持續關連交易：

- (a) 未獲董事會批准；
- (b) （倘交易涉及本集團提供貨品或服務的交易）在所有重大方面並無按照本集團的定價政策；
- (c) 於任何重大方面均並非根據規管有關交易的有關協議訂立；及
- (d) 超過年度上限。

REPORT OF THE DIRECTORS 董事會報告

The independent non-executive Directors of the Company have reviewed these transactions and confirmed that the non-exempt continuing connected transactions have been entered into:

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

The Directors confirm that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE

As at December 31, 2019, the interests of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules, were as follows:

I. Interest in shares or underlying shares of the Company

Name of Directors	Capacity/Nature of interest	Number of Shares	Approximate percentage of interest in the Company
董事姓名	身份／權益性質	股份數目	於本公司權益概約百分比
Mr. Xu Shihui ⁽¹⁾ 許世輝先生 ⁽¹⁾	Interest in controlled corporation 於受控法團的權益	11,640,000,000	85%
Ms. Xu Yangyang ⁽¹⁾ 許陽陽女士 ⁽¹⁾	Beneficiary of a discretionary trust ⁽¹⁾ 酌情信託的受益人 ⁽¹⁾	11,640,000,000	85%

本公司的獨立非執行董事已審閱該等交易及確認不獲豁免的持續關連交易已在：

- (a) 本集團的日常及一般業務過程中訂立；
- (b) 按正常商業條款進行；及
- (c) 根據有關協議的條款屬公平合理且符合股東的整體利益。

董事確認本公司已就其全部持續關連交易遵照上市規則第十四A章的規定。

董事及最高行政人員的權益及淡倉

於二零一九年十二月三十一日，本公司董事及最高行政人員於本公司或其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債權證中，擁有根據證券及期貨條例第352條本公司須存置登記冊登記的權益；或根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益如下：

I. 於本公司股份或相關股份的權益

II. Interest in shares of associated corporations of the Company

Name of Directors	Name of associated corporation	Capacity/Nature of interest	Number of shares in the associated corporation 於相聯法團的股份數目	Approximate percentage of interest 於本公司權益概約百分比
董事姓名	相聯法團名稱	身份／權益性質		
Mr. Xu Shihui ⁽¹⁾ 許世輝先生 ⁽¹⁾	Divine Foods Limited ("Divine Foods")	Interest in controlled corporation 於受控制法團的權益	50	50%

Note:

- (1) Divine Foods is 50%, 10% and 40% legally owned by Divine Foods-1 Limited, Divine Foods-2 Limited and Divine Foods-3 Limited respectively. Divine Foods-1 Limited is 98% and 2% legally owned by Mr. Xu Shihui and Hi-Tiger Limited respectively. Divine Foods-2 Limited and Divine Foods-3 Limited are in turn wholly-owned by Hi-Tiger Limited. Hi-Tiger Limited is an investment holding company incorporated in the BVI wholly-owned by Cantrust (Far East) Limited (the "Trustee"), and Hi-Tiger Limited holds 2%, 100% and 100% shareholdings in Divine Foods-1 Limited, Divine Foods-2 Limited, and Divine Foods-3 Limited respectively. The Trustee is a company incorporated in the BVI, the trustee of the Xu's Family Trust, which is a discretionary trust established by Ms. Chen Liling and Ms. Chen Liling, Mr. Xu Shihui and Ms. Xu Yangyang are the beneficiaries of the trust.

附註：

- (1) Divine Foods由Divine Foods-1 Limited、Divine Foods-2 Limited及Divine Foods-3 Limited分別合法擁有50%、10%及40%。Divine Foods-1 Limited由許世輝先生及Hi-Tiger Limited分別合法擁有98%及2%。而Divine Foods-2 Limited及Divine Foods-3 Limited由Hi-Tiger Limited全資擁有。Hi-Tiger Limited為一家於英屬處女群島註冊成立的投資控股公司，由Cantrust (Far East) Limited (「受託人」)全資擁有。Hi-Tiger Limited分別持有Divine Foods-1 Limited、Divine Foods-2 Limited及Divine Foods-3 Limited的2%、100%及100%控股權益。受託人為一家於英屬處女群島註冊成立的公司，為許氏家族信託的受託人，並為陳麗玲女士成立的酌情信託，而陳麗玲女士、許世輝先生及許陽陽女士則為信託受益人。

Save as disclosed above, as at December 31, 2019, none of the Directors and the chief executive of the Company had or were deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified under Divisions 7 and 8 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於二零一九年十二月三十一日，概無本公司董事或主要行政人員擁有或視為擁有本公司或其相聯法團（定義見證券及期貨條例第XV部）股份、相關股份或債券的任何權益及淡倉，而須根據證券及期貨條例第XV部第7及8分部作出通知或根據標準守則須知會本公司及聯交所。

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at December 31, 2019, the interests or short positions of the following persons (other than the Directors and chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of interest	Number of Shares (long positions)	Approximate percentage of interest in the Company 於本公司股權 概約百分比
股東姓名	身份／權益性質	股份數目（好倉）	
Divine Foods	Beneficial owner 實益擁有人	11,640,000,000	85%
Divine Foods-1 Limited ⁽¹⁾ ("Divine Foods-1")	Interest in controlled corporation 受控制法團權益	11,640,000,000	85%
Divine Foods-2 Limited ⁽¹⁾ ("Divine Foods-2")	Deemed interest as an associate of a substantial shareholder 作為一名主要股東聯繫人的視作權益	11,640,000,000	85%
Divine Foods-3 Limited ⁽¹⁾ ("Divine Foods-3")	Interest in controlled corporation 受控制法團權益	11,640,000,000	85%
Ms. Chen Liling ^{(1) (2)} 陳麗玲女士 ^{(1) (2)}	Interest of spouse 配偶權益	11,640,000,000	85%
Cantrust (Far East) Limited ("Trustee") ⁽¹⁾	Trustee; Interest in controlled corporation	11,640,000,000	85%
Cantrust (Far East) Limited ("受託人") ⁽¹⁾	受託人；受控制法團權益		

Notes:

- (1) Divine Foods is 50%, 10% and 40% legally owned by Divine Foods-1, Divine Foods-2 and Divine Foods-3 respectively. Divine Foods-1 is 98% and 2% legally owned by Mr. Xu Shihui and Hi-Tiger Limited respectively. Divine Foods-2 and Divine Foods-3 are in turn wholly-owned by Hi-Tiger Limited. Hi-Tiger Limited is an investment holding company incorporated in the BVI wholly-owned by the Trustee, and Hi-Tiger Limited holds 2%, 100% and 100% shareholdings in Divine Foods-1, Divine Foods-2, and Divine Foods-3 respectively. The Trustee is a company incorporated in the BVI, the trustee of the Xu's Family Trust, which is a discretionary trust established by Ms. Chen Liling and Ms. Chen Liling, Mr. Xu Shihui and Ms. Xu Yangyang are the beneficiaries of the trust.
- (2) Mr. Xu Shihui and Ms. Chen Liling are spouses. Accordingly each of Mr. Xu Shihui and Ms. Chen Liling is deemed, or taken to be, interested in all shares and underlying shares in which their spousal counterpart is interested in for the purpose of the SFO.

主要股東的權益及淡倉

於二零一九年十二月三十一日，下列人士（本公司董事及最高行政人員除外）於本公司股份或相關股份中擁有權益或淡倉，而根據證券及期貨條例第336條，須載入該條所述登記冊：

Name of Shareholders	Capacity/Nature of interest	Number of Shares (long positions)	Approximate percentage of interest in the Company 於本公司股權 概約百分比
股東姓名	身份／權益性質	股份數目（好倉）	
Divine Foods	Beneficial owner 實益擁有人	11,640,000,000	85%
Divine Foods-1 Limited ⁽¹⁾ ("Divine Foods-1")	Interest in controlled corporation 受控制法團權益	11,640,000,000	85%
Divine Foods-2 Limited ⁽¹⁾ ("Divine Foods-2")	Deemed interest as an associate of a substantial shareholder 作為一名主要股東聯繫人的視作權益	11,640,000,000	85%
Divine Foods-3 Limited ⁽¹⁾ ("Divine Foods-3")	Interest in controlled corporation 受控制法團權益	11,640,000,000	85%
Ms. Chen Liling ^{(1) (2)} 陳麗玲女士 ^{(1) (2)}	Interest of spouse 配偶權益	11,640,000,000	85%
Cantrust (Far East) Limited ("Trustee") ⁽¹⁾	Trustee; Interest in controlled corporation	11,640,000,000	85%
Cantrust (Far East) Limited ("受託人") ⁽¹⁾	受託人；受控制法團權益		

附註：

- (1) Divine Foods 由 Divine Foods-1、Divine Foods-2 及 Divine Foods-3 分別合法擁有 50%、10% 及 40%。Divine Foods-1 由許世輝先生及 Hi-Tiger Limited 分別合法擁有 98% 及 2%。而 Divine Foods-2 及 Divine Foods-3 由 Hi-Tiger Limited 全資擁有。Hi-Tiger Limited 為一家於英屬處女群島註冊成立的投資控股公司，由受託人全資擁有。Hi-Tiger Limited 分別持有 Divine Foods-1、Divine Foods-2 及 Divine Foods-3 的 2%、100% 及 100% 控股權益。受託人為一家於英屬處女群島註冊成立的公司，為許氏家族信託的受託人，並為陳麗玲女士成立的酌情信託，而陳麗玲女士、許世輝先生及許陽陽女士則為信託受益人。
- (2) 許世輝先生及陳麗玲女士為配偶。因此，就證券及期貨條例而言，許世輝先生及陳麗玲女士各自被視為或被當作於對方擁有權益的所有股份及相關股份中擁有權益。

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, the Company has not entered into any equity-linked agreement during the year of 2019.

SHARE OPTION SCHEME

Purpose of the Share Option Scheme

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on August 25, 2015 to enable the Company to grant share options to Qualified Participant (as defined below) as incentive for their commitment towards enhancing the value of the Company and its Shares for the benefit of the Shareholders, and to maintain or attract business relationship with the Qualified Participant whose contributions are or may be beneficial to the growth of the Group.

Qualified Participant

The Board may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to:

- (a) any executive Director, or employee (whether full time or part time) of the Company, any subsidiary or any entity in which the Company or any subsidiary holds any equity interest;
- (b) any non-executive Directors (including independent non-executive Directors) of the Company, any subsidiary or any entity in which the Company or any subsidiary holds any equity interest;
- (c) any customer, business or joint venture partner, advisor, consultant, contractor, supplier, agent or service provider of the Company, any subsidiary or any entity in which the Company or any subsidiary holds any equity interest who is an individual; or
- (d) any full-time employee of any customer, business or joint venture partner, advisor, consultant, contractor, supplier, agent, customer or service provider of the Company or any subsidiary or an entity in which the Company or any subsidiary holds any equity interest,

who the Board considers, in its sole discretion, has contributed or will contribute to the Company, any subsidiary or any entity in which the Company or any subsidiary holds any equity interest (collectively, the “**Qualified Participant**”).

股票掛鈎協議

除下文載列的購股權計劃外，於二零一九年度，本公司並無訂立任何股票掛鈎協議。

購股權計劃

購股權計劃的目的

本公司已於二零一五年八月二十五日採納購股權計劃（「**購股權計劃**」），旨在向合資格參與者（定義見下文）授出購股權，作為獎勵，以鼓勵彼等就提升本公司及其股份的價值及股東利益用心工作，以及維持或吸引與對本集團發展作出或可能作出有益貢獻的合資格參與者的業務關係。

合資格人士

董事會可全權酌情決定向其認為曾對或將對本公司、任何附屬公司或本公司或任何附屬公司於其中持有任何股權的任何實體作出貢獻的下列人士（統稱為「**合資格參與者**」）授出購股權，以認購董事會可能釐定的有關數目的股份：

- (a) 本公司、任何附屬公司或本公司或任何附屬公司於其中持有任何股權的任何實體的任何執行董事或全職或兼職僱員；
- (b) 本公司、任何附屬公司或本公司或任何附屬公司於其中持有任何股權的任何實體的任何非執行董事（包括獨立非執行董事）；
- (c) 本公司、任何附屬公司或本公司或任何附屬公司於其中持有任何股權的任何實體的任何客戶、企業或合營夥伴、顧問、諮詢顧問、承包商、供應商、代理或服務供應商，且屬個別人士；或
- (d) 本公司、任何附屬公司或本公司或任何附屬公司於其中持有任何股權的實體的任何客戶、業務或合營夥伴、顧問、諮詢顧問、承包商、供應商、代理、客戶或服務供應商的任何全職僱員。

Maximum number of Shares in respect of which options may be granted

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue as at the Listing Date (such total number of Shares being 13,694,117,500 Shares) (the “**Scheme Mandate**”, being 1,369,411,750 Shares), excluding for this purpose options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company. As at the date of this report, the total number of shares available for issue under the Share Option Scheme is 1,369,411,750 Shares, representing approximately 10% of the total issued share capital of the Company.

Maximum entitlement of each Qualified Participant

Unless approved by Shareholders in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that grantee on exercise of his options (including both exercised and outstanding options) during any 12 month period exceeding 1% of the total Shares then in issue.

Grant of options to connected persons

Any grant of options to a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of the Company or any of their respective associates under the Share Option Scheme must be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is also a grantee of the options).

Any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates (as defined in the Listing Rules) must be approved by the Shareholders in general meeting if the Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12 month period up to and including the proposed date of grant:

- (i) would represent in aggregate more than 0.1% of the Shares then in issue; and
- (ii) would have an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HKD5,000,000 (or such other amount as shall be permissible under the Listing Rules from time to time).

The grant of options shall be subject to approval by Shareholders in the General Meeting.

有關或會授出的購股權的最高股份數目

根據購股權計劃及本公司任何其他購股權計劃可能授出的購股權所涉及的最高股份數目，合共不可超過佔於上市日期已發行股份總數（該等股份總數為13,694,117,500股）的10%的股份數目（「計劃授權」，即1,369,411,750股股份），就此而言不包括根據本公司購股權計劃及任何其他購股權計劃的條款失效的購股權。於本年報日期，購股權計劃項下可供發行的股份總數為1,369,411,750股，佔本公司已發行股本總額約10%。

各合資格參與者的獲授權益上限

倘任何承授人接受購股權會導致該承授人於任何12個月期間行使其購股權（包括已行使及尚未行使購股權）時向該承授人已發行及將發行的股份總數超過當時已發行股份總數的1%，則董事會不可向該承授人授予購股權，惟按照上市規則規定的方式於股東大會獲得股東批准則除外。

向關連人士授出購股權

根據購股權計劃向本公司董事、最高行政人員或主要股東（定義見上市規則）或任何彼等各自的聯繫人授出任何購股權，須經所有獨立非執行董事（不包括亦為購股權承授人的任何獨立非執行董事）批准。

如向主要股東或獨立非執行董事或任何彼等各自的聯繫人（定義見上市規則）授出任何購股權，以致截至建議授出日期（包括該日）止的12個月期間所有已授予及擬授予彼的所有購股權（無論是否已行使、已註銷或尚未行使）獲行使後所發行及將發行的股份：

- (i) 合共超過當時已發行股份的0.1%；及
- (ii) 按股份於各授出日期的收市價計算的總值將超過5,000,000港元或上市規則不時規定的其他金額。

則該等購股權的授出須經股東於股東大會上批准。

Acceptance of an offer of options

An offer of the grant of an option shall be made to a Qualified Participant by written offer letter in such form as the Board may from time to time determine, requiring the Qualified Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. The offer shall remain open for such period (not exceeding 30 days, inclusive of, and from, the date of offer) as the Board may determine and notify to the Qualified Participant. There is no minimum period for which any option must be held before it can be exercised unless the Board otherwise determined and stated in the offer letter of the grant of options.

An option shall be deemed to have been accepted and to have taken effect when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HKD1 by way of consideration for the grant of the option shall have been received by the Company on or before the last day for acceptance as set out in the offer letter. The remittance is not in any circumstances refundable. Once accepted, the option is considered to be granted as from the date on which it was offered to the relevant Qualified Participant. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years from the offer date.

Subscription Price

The subscription price shall be a price determined by the Board but in any event shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of offer;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of offer; and
- (iii) the nominal value of the Shares.

接納購股權要約

授出購股權的要約須按董事會不時釐定的格式以書面要約函件向合資格參與者作出，要求合資格參與者承諾按將授出的條款持有購股權，並受購股權計劃的條文約束。要約須於董事會或會釐定及通知合資格參與者的該期間（自要約日期包括該日起計不超過30日）仍可供接納。除非董事會另行釐定並在授出購股權的要約函件中列明，否則任何購股權於行使前並無最短持有期限。

倘於要約函件所載的接納截止日期或之前，本公司接獲經承授人正式簽署的包括接納購股權的函件副本，連同以本公司為收款人的1港元匯款，作為授予購股權的對價，則購股權應被視為已獲接納且已生效。在任何情況下，有關匯款均不予退還。購股權一經接納，將視為於向有關合資格參與者提出要約日期起授出。購股權可予行使的期間將由董事會全權酌情釐定，惟購股權於要約日期起計10年後不得行使。

認購價

認購價將由董事會釐定，惟無論如何不得低於下列三者中的最高者：

- (i) 股份於要約日期聯交所每日報價表所列的收市價；
- (ii) 緊接要約日期前五個營業日，股份於聯交所每日報價表所列的平均收市價；及
- (iii) 股份面值。

Duration of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption.

Since the listing of the Company, no share option had been granted under the Share Option Scheme.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

Mr. Xu Shihui, Ms. Chen Liling, Ms. Xu Yangyang, Divine Foods, Divine Foods-1, Divine Foods-2 and Divine Foods-3 (collectively, the “**Controlling Shareholders**”) entered into a deed of non-competition in favor of the Company dated August 25, 2015 (the “**Deed of Non-Competition**”) as set out in section headed “Relationship with Our Controlling Shareholders — Non-Competition Undertaking” under the Prospectus. The independent non-executive Directors had reviewed and the Controlling Shareholders had confirmed their compliance with all the undertakings provided under the Deed of Non-Competition as of March 29, 2020. The independent non-executive Directors had reviewed the compliance of the Controlling Shareholders with the Deed of Non-Competition and there are no matters required to be deliberated by them in relation to the compliance with and enforcement of the Deed of Non-Competition and considered that the terms of the Deed of Non-Competition have been complied with by the Controlling Shareholders.

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

During the year ended December 31, 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

MINIMUM PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the prescribed public float as approved by the Stock Exchange during the year ended December 31, 2019.

購股權計劃的期限

除非由本公司於股東大會上或由董事會提早終止，否則購股權計劃自採納日期起計有效及生效10年。

自本公司上市以來，概無根據購股權計劃授出任何購股權。

控股股東的不競爭承諾

如招股章程「與我們控股股東的關係 — 不競爭承諾」一節所述，許世輝先生、陳麗玲女士、許陽陽女士、Divine Foods、Divine Foods-1、Divine Foods-2及Divine Foods-3（統稱為「**控股股東**」）以本公司為受益人訂立日期為二零一五年八月二十五日的**不競爭契據**（「**不競爭契據**」）。經獨立非執行董事審核及控股股東確認，於截至二零二零年三月二十九日止，控股股東已遵守不競爭契據下的所有承諾。經獨立非執行董事審核控股股東遵守不競爭契據的情況，概無與遵守及執行不競爭契據有關的事項須經獨立非執行董事論斷，並認為控股股東已遵守不競爭契據的條款。

購回、出售或贖回本公司的上市證券

截至二零一九年十二月三十一日止年度，本公司及其任何附屬公司概無購回、出售或贖回任何本公司的上市證券。

最低公眾持股權

於本年報日期，根據本公司所得悉的公開資料及就董事所知，本公司於截至二零一九年十二月三十一日止年度一直維持聯交所批准所訂明之公眾持股量。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of the Cayman Islands (place of incorporation of the Company) or under the articles of association of the Company (the “Articles”) which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Board considered that during the year ended December 31, 2019, the Company has complied with the code provisions set out in the CG Code, save and except for code provision A.2.1, details of which are set out in the “Corporate Governance Report”.

SENIOR MANAGEMENT’S EMOLUMENTS

The annual remuneration of the members of the senior management (other than the Directors) by bands for the year ended December 31, 2019 is set out below:

Remuneration bands	薪酬等級	Number of Individuals 人數
HKD1 to HKD500,000	1 港元至 500,000 港元	0
HKD500,001 to HKD1,000,000	500,001 港元至 1,000,000 港元	2
HKD1,000,001 to HKD1,500,000	1,000,001 港元至 1,500,000 港元	1
HKD1,500,001 to HKD2,000,000	1,500,001 港元至 2,000,000 港元	1
HKD2,000,001 to HKD2,500,000	2,000,001 港元至 2,500,000 港元	0
HKD2,500,001 to HKD3,000,000	2,500,001 港元至 3,000,000 港元	0
HKD3,000,001 to HKD3,500,000	3,000,001 港元至 3,500,000 港元	1

Details of the remuneration of each of the Directors for the year ended December 31, 2019 are set out in Note 8 to the consolidated financial statements.

優先購買權

根據開曼群島(本公司註冊成立地點)法例或本公司組織章程細則(「細則」)，並無條文規定本公司須按比例向其現有股東發售新股份。

企業管治

本公司已採納上市規則附錄十四所載的企業管治守則(「企業管治守則」)所列的守則條文。董事認為，於截至二零一九年十二月三十一日止年度，本公司已遵守企業管治守則所載的守則條文，惟守則條文第A.2.1條除外，有關詳情載於「企業管治報告」。

高級管理層的薪酬

高級管理層成員(董事除外)於截至二零一九年十二月三十一日止年度按薪酬等級劃分的年度薪酬載列如下：

有關各董事於截至二零一九年十二月三十一日止年度的薪酬詳情載於合併財務報表附註8。

EMOLUMENT POLICY

The emoluments of the Directors are reviewed and recommended to the Board by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market trends.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in the paragraph headed "Share Option Scheme" in this report.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or substantial part of the business of the Company were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers was 5.1% by value of the Group's total goods sales during the year ended December 31, 2019, with the largest customer accounting for 1.6%. The five largest suppliers of the Group comprised 5.2% by value of the Group's total purchases during the year, with the largest supplier accounting for 1.8%.

None of the Directors, their close associates or a Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest customers and suppliers.

薪酬政策

董事的薪酬乃經薪酬委員會審閱及向董事會推薦，並已參考本集團的經營業績、個人表現及可資比較的市場趨勢。

本公司已採納一項購股權計劃作為給予董事及合資格僱員的獎勵，該計劃詳情載於本報告「購股權計劃」一段。

管理合約

概無關於管理層及經營本公司全部或任何重大部分業務的合約於年內訂立或維持。

獲准許的彌償條文

根據細則，每位董事均有權就其任期內，或因執行其職務而可能遭致或發生與此相關的一切損失或責任從本公司資產中獲得賠償。

主要客戶及供應商

按本集團於截至二零一九年十二月三十一日止年度總商品銷售價值計算，來自本集團五大客戶的總收益為5.1%，而最大客戶則佔1.6%。按本集團於本年度的總採購價值計算，本集團的五大供應商佔5.2%，而最大供應商則佔1.8%。

概無董事、彼等的緊密聯繫人或股東（就董事所知擁有本公司已發行股本5%以上）於本集團任何五大客戶及供應商當中擁有任何權益。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the Share Option Scheme, at no time during the year ended December 31, 2019 was the Company or any of its holding company, subsidiaries or fellow 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.

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is our corporate and social responsibility in promoting a sustainable and environmental friendly environment, we strive to minimise our environmental impact by saving electricity and to build our corporation in a sustainable way.

We have adopted a set of emergency planning, response and control procedures as counter-measures for unexpected environmental pollution accidents to minimise our impact on the environment and the adverse effect on our business. We incurred RMB13.8 million (2018: RMB14.4 million) in environmental compliance costs for the year ended December 31, 2019.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in China while the Company itself is listed on the Stock Exchange. Our operations shall comply with relevant laws and regulations in China and Hong Kong. During the year ended December 31, 2019 and up to the date of this report, we have complied with all the relevant laws and regulations in China and Hong Kong in all material respects.

購買股份或債券的安排

除購股權計劃外，本公司或其任何控股公司、附屬公司或同系附屬公司於截至二零一九年十二月三十一日止年度內任何時間均無參與任何安排，致使本公司董事可藉購入本公司或任何其他法人團體的股份或債券而獲益。

環保政策及表現

促進可持續發展及有利保育的環境是我們的企業及社會責任，我們致力節省電力，並以可持續方式推動企業事務，將對環境的影響減至最少。

我們採納一套緊急規劃、應變及控制程序，作為發生出乎意料環境污染意外時的抵禦措施，儘量減少對環境的衝擊及我們業務的不利影響。截至二零一九年十二月三十一日止年度，我們錄得環境合規成本人民幣1,380萬元（二零一八年：人民幣1,440萬元）。

遵守法律法規

本集團的營運主要由本公司於中國的附屬公司進行，而本公司本身則在聯交所上市。我們的營運須遵守中國及香港的有關法律法規。於截至二零一九年十二月三十一日止年度內及直至本報告日期，我們於所有重大方面已遵守中國及香港的所有有關法律法規。

RELATIONSHIPS WITH KEY STAKEHOLDERS

Relationship with our distributors

Consistent with market practice in our industry, the customers of the Group are primarily distributors. This network penetrates a wide range of points-of-sale, enabling us to sell products at all levels of the market, from provinces to counties, villages and towns throughout China. As at December 31, 2019, we had more than 5,400 distributors covering all provinces, cities and most of the county-level divisions in China, and had over 12,100 dedicated sales personnel to maintain and support approximately two million points-of-sale.

1. Standard for selecting distributors

We select our distributors in each region based on factors including their business qualifications, marketing capabilities, reputation, breadth and quality of sales network, number of personnel, and logistics and transport capabilities.

2. Comprehensive support

In order to enhance our relationship with distributors and to provide adequate support to the distributors in meeting sales targets, the Group provides comprehensive support to its distributors. The Group develops and executes strategic and tactical sales plans with the distributors, provides support and implements incentive measures to promote sales.

Further, our sales team provides comprehensive support coverage in various counties and cities. They contact and cooperate with local distributors closely to enhance and maintain the relationship with the distributors. A sustainable relationship with our distributors also helped to expand the network of points-of-sales in China and the number of products being sold in different outlets.

與主要利益相關人士的關係

與我們分銷商的關係

與我們行業市場慣例一致，本集團的客戶主要為經銷商。該網絡滲透大範圍銷售點，讓我們可在全中國各級市場（從省到縣、村莊及城鎮）銷售產品。截至二零一九年十二月三十一日止年度，我們擁有超過5,400名經銷商，銷售網絡涵蓋中國所有省市及大部分縣級行政區域，擁有超過12,100名專職銷售人員維持及支持大約兩百萬個銷售點。

1. 甄選經銷商的標準

我們在各地區甄選經銷商所根據的因素包括其業務資格、營銷能力、聲譽、銷售網絡的寬度及質素、人員數目、及物流及運輸能力。

2. 全面的支援

為鞏固我們與經銷商的關係及向經銷商提供充份支援以致其符合銷售目標，本集團向其經銷商提供全面的支援。本集團與經銷商發展及制定策略及戰略銷售計劃、提供支援及履行獎勵措施以推廣銷售。

而且，我們的銷售團隊提供的全面支援覆蓋不同縣市。銷售團隊會與當地的經銷商密切聯繫及合作，以鞏固及維持與經銷商的關係。與經銷商維持可持續的關係亦有助擴展中國的銷售點網絡以及在不同門店出售的產品數目。

3. Inventory management

We closely monitor the distributors' inventory policies and movement and ensure their policies and practices are in compliance with the agreed requirements. The requirements include (a) the maintenance of an adequate inventory level that equals to the estimated monthly sales volume; (b) first-in-first-out policy; (c) evaluation of inventory based on its aging and expiration; (d) age of inventory shall be kept within one third of the shelf life; (e) if the age of inventory exceeds one third of the shelf life, sales personnel shall cooperate with the distributors to carry out sales plan to promote the sales of the specific products; and (f) if age of inventory exceeds half of the shelf life, it must be reported to the headquarters and the sales personnel shall cooperate with distributors to undergo promotions in specialty channels to promote sales of the specific products. We also conduct periodic stock taking and our sales representative, sales manager and region manager undertake specific responsibilities in respect of stock taking with the distributors.

Maintaining effective management of the sales team and distribution network is crucial to sustainable development of the Company. We established systems to enhance the management of personnel on the basis of relationship development, and placed the development of effective management as the core policy of the Company. With the combined effect of systematic management and personalized management, we have improved the cohesion and the capability of the Company through systematic division of labor and effective cooperation.

Relationship with our suppliers

We generally centralise the procurement of packaging materials and the raw materials used in the production of our food and beverage products to take advantage of economies of scale and to increase our bargaining power with suppliers. We believe that our centralized procurement system enables us to obtain more competitive prices and avoid regional or other price variation. Our raw materials are generally available from a number of domestic suppliers, and we normally have various source of supply for each type of raw materials to reduce our dependency on a single supplier. Our suppliers grant us payment terms that vary depending on a number of factors including our relationship with the suppliers and the size of the transactions.

3. 存貨管理

我們密切注視經銷商的存貨政策及變動，以及確保其政策及活動符合協定的要求。該等要求包括(a)維持相當於估計每月銷量的充足存貨水平；(b)先入先出政策；(c)按其老化及到期評估存貨；(d)貨齡年期須為保質期的三分之一；(e)倘貨齡超過保質期的三分之一，則銷售人員須與經銷商合作進行銷售計劃以推廣指定產品的銷售；及(f)倘貨齡超過保質期的一半，其必須向總部匯報，而銷售人員須與經銷商合作以在特殊渠道推廣指定產品的銷售。我們亦會定期進行盤點，而我們的銷售代表、銷售經理及地區經理與經銷商承擔有關盤點的指定責任。

維持銷售團隊及經銷網絡的有效管理對本公司的可持續發展至關重要。我們以關係發展為基準建立制度加強高級人員的管理，並以發展有效管理為本公司的核心政策。憑藉系統化管理與個人化管理的合併影響，我們已透過有系統的區分勞動及有效合作，改善本公司的凝聚力及能力。

與我們供應商的關係

我們一般中央化採購我們食品及飲料生產所用的包裝物料及原材料，以利用規模效益以及提升我們與供應商的議價能力。我們相信我們的中央化採購系統有助我們取得更具競爭力的價格及避免地區或其他價格變化。我們一般可自多名當地供應商取得原材料，而我們一般可就各類原材料取得不同供應來源以減低依賴單一供應商。我們的供應商向我們提供的付款期視乎多項因素而定，包括我們與供應商的關係及交易規模。

REPORT OF THE DIRECTORS 董事會報告

We uphold the principle of equality and cooperation for mutual benefit and maintain a sustainable and long-term relationship with various suppliers. To ensure the quality of the procurement, we typically work with large reputable domestic suppliers to secure the key raw materials used in our production process, based on criteria like product quality, reputation, scale of production, price and ability to meet our delivery schedule. Further, we established and maintained a mechanism and database of suppliers to perform a detailed evaluation and audit on the suppliers, which takes into account of comprehensive indicators like food safety, quality control, financial strength, technology research and development ability, environmental protection and reputation in the industry. These indicators reflect the criteria we look for in our suppliers under the long term development goal of the Company. We also require the suppliers to comply with the commercial code of conduct of the Group.

Relationship with our employees

We embrace our employees as the most valuable assets of the Group, the objective of the Group's human resources management is to reward and recognise outstanding employees by providing competitive remuneration packages and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group by providing adequate training and opportunities.

AUDITORS

The consolidated financial statements for the year ended December 31, 2019 have been audited by Ernst & Young, who will retire at the conclusion of the AGM and offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditors of the Company will be proposed at the AGM.

On behalf of the Board

Xu Shihui
Chairman

Hong Kong
March 29, 2020

我們秉承互惠互利的平等合作原則，與不同供應商維持可持續長期發展的關係。為確保採購質素，我們一般與大型具聲譽的當地供應商以取得我們生產過程所用的重要原材料，基準包括產品質素、聲譽、生產規模、價格及符合交付進度的能力。而且，我們已建立及維持一個機制及供應商數據庫，以對供應商進行詳盡的評估及審核，而這已考慮到食品安全、質量監控、財務能力、技術研發能力、環保及行內聲譽等全面指標。該等指標反映我們根據本公司長期發展目標甄選供應商的準則。我們亦會要求供應商遵守本集團的商業行為守則。

與我們僱員的關係

我們認為僱員是本集團最寶貴的資產，本集團人力資源管理的目標是，以具競爭力的薪酬待遇回饋及肯定傑出僱員的貢獻，以及實施具有適當獎勵的良好表現評估制度，並且藉提供足夠的培訓及機會，推動本集團內服務人士的事業前途與發展。

核數師

截至二零一九年十二月三十一日止年度的合併財務報表，已由安永會計師事務所審核，而其將於股東週年大會結束時退任，惟符合資格且願意再獲任命。股東週年大會將提呈一項決議案重新委任安永會計師事務所為本公司核數師。

代表董事會

主席
許世輝先生

香港
二零二零年三月二十九日

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層簡歷

DIRECTORS

Xu Shihui (許世輝)

Chairman, executive Director and chief executive officer

Mr. Xu Shihui (許世輝), aged 62, is the founder of the Group, Chairman, executive of the Company and was appointed as a Director on November 4, 2014. He is also the chairman of the nomination committee of the Company. Mr. Xu has been the chairman and the president of Fujian Dali since its establishment in 1992 and has served as the chairman of all subsidiaries of the Group since their establishment. Under Mr. Xu's leadership, the Group's business has grown from a local food manufacturing company in Fujian province to a nationwide food and non-alcoholic beverage company in China with a diversified multi-brand product portfolio focusing on high-growth product categories. Mr. Xu has accumulated 32 years of experience in food manufacturing industry. Mr. Xu has been a representative of the eleventh and twelfth National People's Congress of the People's Republic of China (中華人民共和國全國人民代表大會) in 2008 and 2013. Mr. Xu was also the News Figure of China Food Industry Elite Forum of the 30th Anniversary of the Reform and Opening Up (改革開放30週年中國食品行業精英論壇新聞人物) in September 2009. Mr. Xu was appointed as a senior consultant of the third session of the board of Quanzhou Food Industry Association (泉州市食品行業協會) by the association in January 2016. During 2017, Mr. Xu was also recognized as a Hui'an Philanthropist for the year 2015–2016 (二零一五年度惠安慈善家) and awarded a Special Outstanding Contribution Charity Award for the year 2015–2016 (二零一五年度慈善事業特別突出貢獻獎). Mr. Xu is the father of Ms. Xu Yangyang, the brother of Ms. Xu Biying and the brother-in-law of Mr. Chen Baoguo. Mr. Xu is a director of Dali Foods and Divine Foods-1, the controlling shareholders of the Company.

Zhuang Weiqiang (莊偉強)

Executive vice president and executive Director

Mr. Zhuang Weiqiang (莊偉強), aged 42, was appointed as an executive Director on June 14, 2015. Mr. Zhuang joined the Group in 1998 and has more than 20 years of experience in management with the Group. Mr. Zhuang has been the executive vice president of the Group in charge of overall marketing and distribution of products of the Group since 2006. Prior to this, Mr. Zhuang had been the general manager of Jinan Dali Foods Co., Ltd. (濟南達利食品有限公司) from 2004 to 2006 and the general manager of Chengdu Dali Foods Co., Ltd. (成都達利食品有限公司) ("Chengdu Dali") from 2000 to 2004. He had been a financial specialist of Chengdu Dali from 1998 to 2000. Mr. Zhuang graduated from the continuing education course of Sichuan Agricultural Management Cadre Institute (四川農業管理幹部學院) with a certificate in business administration in January 2007. Mr. Zhuang obtained a professional title as senior economist in Jilin province in January 2010.

董事

許世輝

主席、執行董事兼行政總裁

許世輝先生，62歲，為本集團創辦人、本公司主席、執行董事兼行政總裁，於二零一四年十一月四日獲委任為董事。彼亦為本公司提名委員會主席。許先生自福建達利於一九九二年成立起一直擔任其董事長兼總裁，同時自本集團各附屬公司成立起出任其董事長。在許先生的領導下，我們的業務從福建省一家地方食品製造公司發展為擁有豐富、多品牌的產品組合，專注於高增長的產品類別的全國性食品及非酒精飲料公司。許先生在食品製造行業累積32年經驗。許先生於二零零八年及二零一三年為第十一屆及第十二屆中華人民共和國全國人民代表大會代表。許先生於二零零九年九月亦獲評選為改革開放30週年中國食品行業精英論壇新聞人物。許先生於二零一六年一月被泉州市食品行業協會聘任為泉州市食品行業協會第三屆理事會高級顧問。許先生亦於二零一七年獲評選為二零一五年度至二零一六年度惠安慈善家並獲得二零一五年度至二零一六年度慈善事業特別突出貢獻獎。許先生為許陽陽女士的父親、許碧英女士的胞弟及陳寶國先生的姐夫 (brother-in-law)。許先生為Dali Foods及Divine Foods-1 (本公司控股股東) 的董事。

莊偉強

常務副總裁兼執行董事

莊偉強先生，42歲，於二零一五年六月十四日獲委任為執行董事。莊先生於一九九八年加入本集團，在本集團擁有逾20年的管理經驗。莊先生自二零零六年起擔任本集團常務副總裁，負責本集團產品的整體營銷及分銷。於此之前，莊先生自二零零四年至二零零六年曾擔任濟南達利食品有限公司總經理，自二零零零年至二零零四年曾擔任成都達利食品有限公司 ("成都達利") 總經理。自一九九八年至二零零零年莊先生曾擔任成都達利財務專員。莊先生於二零零七年一月畢業於四川農業管理幹部學院繼續教育課程，並取得工商企業管理證書。莊先生於二零一零年一月獲得吉林省高級經濟師專業職稱。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層簡歷

Xu Yang Yang (許陽陽)

Vice president and executive Director

Ms. Xu Yangyang (許陽陽), aged 36, is the vice president and executive Director of the Company in charge of making corporate and operational decisions and managing the day-to-day operation of the Group. Ms. Xu was appointed as a Director on November 4, 2014. She is also a member of the remuneration committee of the Company. She joined the Group in 2008 and has worked as a director and the vice president of Fujian Dali from 2009 to date and is also the supervisor of various subsidiaries of the Group. With more than 10 years of experience in the Group, Ms. Xu has held various positions in Fujian Dali from July 2008 to date, including the chairman of the labour union, workshop director and deputy factory manager. Outside the Group, Ms. Xu also has various important appointments, including the vice president of Fujian Association of Health Care Products and Cosmetics (福建省保化協會) since September 2012 and the vice president of the fifth session of the Standing Committee of Youth Chamber of Commerce of the Youth Entrepreneurs Association of Quanzhou (泉州市青年企業家協會青年商會) in July 2010. Ms. Xu graduated from Xiamen University (廈門大學) with a bachelor's degree in international economy and trade in 2005. Ms. Xu was the Quanzhou Economic Figure of 2015 (2015 年度泉州經濟人物) and the third session honorary president of Quanzhou Food Industry Association (泉州市食品行業協會) in January 2016. Ms. Xu was also awarded the honorary title of the 16th Fujian Provincial Excellent Entrepreneur (第十六屆福建省優秀企業家榮譽稱號) and recognized as an Outstanding Contributor for Non-public Economy in Fujian Province (福建省非公有制經濟優秀建設者) in June 2016. At the same time, Ms. Xu is a representative of the twelfth and the thirteenth People's Congress of Fujian Province (福建省第十二屆與第十三屆人大代表) and vice president of the 14th Quanzhou Federation of Industry and Commerce (第十四屆泉州市工商業聯合會副主席). Ms. Xu is the daughter of Mr. Xu Shihui, the niece of Ms. Xu Biying and the nephew of Mr. Chen Baoguo. Ms. Xu is a director of Dali Foods and Divine Foods-3, the controlling shareholders of the Company.

Xu Biying (許碧英)

Non-executive Director

Ms. Xu Biying (許碧英), aged 64, was appointed as a non-executive Director on June 14, 2015. With 31 years of experience in the food manufacturing industry, Ms. Xu has been the vice president of the Group, participating in the formulation of the corporate and business plans of the Group, since the establishment of the Group in 1992 until 2010, and has rich experience in the food industry and corporate management. She has over 19 years of experience in financial management. Ms. Xu received the Certificate for Qualified Accountant (會計師任職資格證書) from Department of Human Resources and Social Security of Fujian Province (福建省人力資源和社會保障廳) (previously known as the Personnel Department of Fujian Province (福建省人事廳)) in December 1998. Ms. Xu Biying is the sister of Mr. Xu Shihui, the aunt of Ms. Xu Yangyang and the cousin-in-law of Mr. Chen Baoguo.

許陽陽

副總裁兼執行董事

許陽陽女士，36歲，為本公司副總裁兼執行董事，負責作出本集團的企業和運營決策及管理本集團的日常運營。許女士於二零一四年十一月四日獲委任為董事。彼亦為本公司薪酬委員會成員。彼於二零零八年加入本集團，並於二零零九年至今擔任福建達利的董事兼副總裁，亦出任本集團多家附屬公司的監事。許女士在本集團擁有逾10年的經驗，自二零零八年七月至今在福建達利擔任多個職位，包括工會主席、車間主任及副廠長。在本集團外，許女士亦出任多個重要職務，包括自二零一二年九月起被選為福建省保化協會副會長及在二零一零年七月出任泉州市青年企業家協會青年商會第五屆理事會副會長。許女士於二零零五年畢業於廈門大學，獲得國際經濟與貿易學士學位。許女士為2015年度泉州經濟人物並於二零一六年一月獲評選為泉州食品行業協會第三屆名譽會長。許女士亦於二零一六年六月獲得第十六屆福建省優秀企業家榮譽稱號並被評為福建省非公有制經濟優秀建設者。同時，許女士亦擔任福建省第十二屆與第十三屆人大代表及第十四屆泉州市工商業聯合會副主席。許女士為許世輝先生的女兒、許碧英女士的侄女(niece)及陳寶國先生的外甥女(nephew)。許女士為Dali Foods及Divine Foods-3(本公司控股股東)的董事。

許碧英

非執行董事

許碧英女士，64歲，於二零一五年六月十四日獲委任為非執行董事。許碧英女士在食品製造行業擁有31年的經驗。許女士自一九九二年本集團成立以來至二零一零年一直擔任本集團副總裁，參與制訂本集團的企業及業務規劃，並且擁有豐富的食品行業及企業管理經驗。許碧英女士擁有逾19年財務管理經驗。許女士於一九九八年十二月取得福建省人力資源和社會保障廳(前稱福建省人事廳)頒發的會計師任職資格證書。許碧英女士為許世輝先生的胞姐，許陽陽女士的姑母(aunt)及陳寶國先生的姻姐(cousin-in-law)。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層簡歷

Hu Xiaoling (胡曉玲)

Non-executive Director

Ms. Hu Xiaoling (胡曉玲), aged 49, is a non-executive Director. She was appointed as a Director on May 4, 2015. She is also a member of the audit committee of the Company. Ms. Hu is responsible for providing advice on investment activities of the Group. Ms. Hu joined CDH Investments in 2002 and is currently a managing director of CDH Investments Management (Hong Kong) Limited, which is a Hong Kong company incorporated under the Hong Kong Companies Ordinance on April 22, 2003. Ms. Hu is also currently a director and general manager of CDH Investments Management (Xiamen) Limited (鼎暉投資管理(廈門)有限公司), a manager of CDH Investments (Tianjin) Limited (鼎暉投資(天津)有限公司) and a director and manager of CDH Hetai Investments Management (Xiamen) Limited (鼎暉和泰投資管理(廈門)有限公司). Ms. Hu is currently a director of Belle International Holdings Limited (a company delisted on the Stock Exchange since July 28, 2017, stock code: 1880), and a non-executive director of Baroque Japan Limited (a company listed on the Tokyo Stock Exchange, stock code: 35480), and Topsports International Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 6110). Ms. Hu had also been a director of Anhui Yingliu Electronmechanical Co., Limited (a company listed on the Shanghai Stock Exchange, stock code: 603308) from March 2011 to April 2017; a director of Midea Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000333) from August 2012 to July 2017; and a director of Beijing Motie Book Corporation Company from July 2010 to December 2017. Prior to joining CDH Investments Management (Hong Kong) Limited, Ms. Hu had worked at the direct investment department of China International Capital Corporation Limited and Arthur Andersen. Ms. Hu graduated from Beijing Jiaotong University (北京交通大學), previously known as Northern Jiaotong University (北方交通大學), with a master's degree in Economics and Accounting and a bachelor's degree in Economics. Ms. Hu has also been a fellow member of the Association of Chartered Certified Accountants.

胡曉玲

非執行董事

胡曉玲女士，49歲，為本公司非執行董事。彼於二零一五年五月四日獲委任為董事。彼亦為本公司審核委員會的成員。胡女士負責為本集團投資活動提供意見。胡女士於二零零二年加入鼎暉投資，目前為CDH Investments Management (Hong Kong) Limited的董事總經理，該公司是於二零零三年四月二十二日根據香港公司條例註冊成立的香港公司。胡女士現亦擔任鼎暉投資管理(廈門)有限公司董事兼總經理、鼎暉投資(天津)有限公司經理、以及鼎暉和泰投資管理(廈門)有限公司董事兼經理。胡女士現為百麗國際控股有限公司(一家自二零一七年七月二十八日起於聯交所撤銷上市的公司，股份代號：1880)的董事，以及Baroque Japan Limited(一家於東京證券交易所上市的公司，股份代號：35480)和滔搏國際控股有限公司(一家於港交所上市公司，股份代號：6110)的非執行董事。胡女士亦自二零一一年三月至二零一七年四月擔任安徽應流機電股份有限公司(一家於上海證券交易所上市的公司，證券代碼：603308)的董事；及自二零一二年八月至二零一七年七月擔任美的集團股份有限公司(一家於深圳證券交易所上市的公司，證券代碼：000333)的董事；以及自二零一零年七月至二零一七年十二月擔任北京磨鐵圖書有限公司的董事。在加入CDH Investments Management (Hong Kong) Limited前，胡女士曾於中國國際金融有限公司的直接投資部門及安達信會計師事務所工作。胡女士畢業於北京交通大學(前稱為北方交通大學)，並分別取得經濟學和會計碩士學位以及經濟學學士學位。胡女士亦是英國特許會計師公會的資深會員。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層簡歷

Cheng Hanchuan (程漢川)

Independent non-executive Director

Mr. Cheng Hanchuan (程漢川), aged 66, was appointed as an independent non-executive Director on August 25, 2015. He is also a member of the audit committee and the nomination committee of the Company. Mr. Cheng had been the head of factory of the Hui'an Huiquan Beer Brewery (惠安縣惠泉啤酒廠) from August 1991 to February 1997 and the chairman, vice chairman, director and general manager of Huiquan Brewage Group Inc. Fujian China (福建省惠泉啤酒集團股份有限公司) (now known as Fujian YanJing HuiQuan Brewery Co., Ltd (福建省燕京惠泉啤酒股份有限公司), a company listed on the Shanghai Stock Exchange, stock code: 600573) from January 1997 to August 2013. Mr. Cheng had been the vice chairman of the specialised committee of beer of China Food Industry Association (中國食品工業協會啤酒專業委員會) from March 2008 to May 2013. Mr. Cheng had also been the vice chairman of the seventh session committee of Fujian Federation of Enterprises and Entrepreneurs (福建省企業與企業家聯合會) and Fujian Federation of Industrial Economic (福建省工業經濟聯合會) from April 2012 to May 2013. Mr. Cheng graduated from Fujian Normal University (福建師範大學) with a diploma in Business Administration in July 2010 and was awarded the professional qualification as a senior economist by the Personnel Department of Fujian Province (福建省人事廳) (now known as "Department of Human Resource and Social Security of Fujian Province" (福建省人力資源及社會保障廳)) in August 1997. Mr. Cheng has been an expert who enjoys the special allowance of the State Council since June 2000.

Liu Xiaobin (劉小斌)

Independent non-executive Director

Mr. Liu Xiaobin (劉小斌), aged 54, was appointed as an independent non-executive Director on August 25, 2015. He is also a member of the remuneration committee and the nomination committee of the Company. Mr. Liu has been engaged in teaching Chinese in Xiamen University (廈門大學) since September 1989. He was an assistant professor of Chinese language and literature from August 2007 to July 2010, and currently holds the position of a lecturer at the Overseas Education College of Xiamen University. Mr. Liu graduated from Xiamen University in July 1986 with a bachelor's degree in Arts (Chinese Literature) and Northwest University in China in June 1989 with a master's degree in Arts (Classic Chinese Literature).

程漢川

獨立非執行董事

程漢川先生，66歲，於二零一五年八月二十五日獲委任為獨立非執行董事。彼亦為本公司審核委員會及提名委員會的成員。程先生分別於一九九一年八月至一九九七年二月以及於一九九七年一月至二零一三年八月先後擔任惠安縣惠泉啤酒廠廠長以及福建省惠泉啤酒集團股份有限公司（現稱福建省燕京惠泉啤酒股份有限公司，一家於上海證券交易所上市的公司，證券代碼：600573）的董事長、副董事長、董事及總經理。程先生於二零零八年三月至二零一三年五月曾擔任中國食品工業協會啤酒專業委員會的副會長。程先生亦自二零一二年四月至二零一三年五月擔任福建省企業與企業家聯合會及福建省工業經濟聯合會第七屆理事會副會長。程先生於二零一零年七月畢業於福建師範大學並取得工商管理文憑，且於一九九七年八月獲福建省人事廳（現稱「福建省人力資源和社會保障廳」）頒發高級經濟師的專業資格。程先生自二零零零年六月起一直是享有國務院特殊津貼的專家。

劉小斌

獨立非執行董事

劉小斌先生，54歲，於二零一五年八月二十五日獲委任為獨立非執行董事。彼亦為本公司薪酬委員會及提名委員會的成員。劉先生自一九八九年九月起一直於廈門大學從事漢語教學工作。於二零零七年八月至二零一零年七月，他曾擔任漢語及文學助理教授。目前於廈門大學海外教育學院擔任講師職務。劉先生於一九八六年七月畢業於廈門大學，並取得文學學士學位，主修漢語言文學，並於一九八九年六月畢業於中國西北大學，取得文學碩士學位，主修中國古典文學。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層簡歷

Lin Zhijun (林志軍)

Independent non-executive Director

Dr. Lin Zhijun (林志軍), aged 65, was appointed as an independent non-executive Director on August 25, 2015. He is also the chairman of the audit committee and the remuneration committee of the Company. Dr. Lin is currently an independent non-executive director of Springland International Holdings Limited (a company listed on the Stock Exchange, stock code: 1700), Sinotruk (Hong Kong) Limited (a company listed on the Stock Exchange, stock code: 3808), China Everbright Limited (a company listed on the Stock Exchange, stock code: 0165), CITIC Dameng Holdings Limited (a company listed on the Stock Exchange, stock code: 1091) and BOCOM International Holdings Company Limited (a company listed on the Stock Exchange in May 2017, stock code: 3329). Dr. Lin is the Dean of the Business School and an Associate Vice President of the Macau University of Science and Technology. From August 1998 to January 2015, he was a Professor and Head of the Department of Accountancy and Law in Hong Kong Baptist University. Prior to these positions, Dr. Lin also taught at The University of Hong Kong from August 1996 to June 1998, Lethbridge University in Canada from September 1990 to August 1998 and Xiamen University (廈門大學) from September 1982 to August 1990. Dr. Lin worked at the Toronto office of an international accounting firm from December 1982 to November 1983.

Dr. Lin holds a master's degree in Science in Accounting from University of Saskatchewan in Canada in October 1991 and a Doctorate's degree in Economics (Accounting) from Xiamen University in December 1985. Dr. Lin is also a member of the American Institute of Certified Public Accountants since August 1995, the Chinese Institute of Certified Public Accountants since June 1995, the Washington Institute of Certified Management Accountants since May 1995 and the Australian Institute of Certified Management Accountants since 2003. He is a member of various educational accounting associations including the American Accounting Association.

林志軍

獨立非執行董事

林志軍博士，65歲，於二零一五年八月二十五日獲委任為獨立非執行董事。彼亦為本公司審核委員會及薪酬委員會的成員。林博士現於華地國際控股有限公司（一家於聯交所上市的公司，股份代號：1700）、中國重汽（香港）有限公司（一家於聯交所上市的公司，股份代號：3808）、中國光大控股有限公司（一家於聯交所上市的公司，股份代號：0165）、中信大錳控股有限公司（一家於聯交所上市的公司，股份代號：1091）及交銀國際控股有限公司（一家於二零一七年五月聯交所上市的公司，股份代號：3329）擔任獨立非執行董事。林博士為澳門科技大學商學院院長兼任副校長。自一九九八年八月至二零一五年一月，彼曾擔任香港浸會大學會計及法律系教授及系主任。在出任以上職位前，林博士亦曾任教於香港大學（一九九六年八月至一九九八年六月）、加拿大萊斯布里奇大學（Lethbridge University）（一九九零年九月至一九九八年八月）及廈門大學（一九八二年九月至一九九零年八月）。林博士曾於一九八二年十二月至一九八三年十一月任職於一家國際會計師事務所多倫多分行。

林博士於一九九一年十月獲得加拿大薩省大學（University of Saskatchewan）會計學理學碩士學位及於一九八五年十二月獲得廈門大學經濟學（會計學）博士學位。林博士自一九九五年八月為美國註冊會計師協會會員、自一九九五年六月為中國註冊會計師協會會員、自一九九五年五月為華盛頓註冊會計師協會會員及自二零零三年起為澳大利亞註冊管理會計師協會會員。彼亦為美國會計學會等多個會計學術團體之會員。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層簡歷

SENIOR MANAGEMENT

Chen Baoguo (陳寶國)

Vice president in charge of production

Mr. Chen Baoguo (陳寶國), aged 50 is the vice president of the Group. Mr. Chen is responsible for overseeing and managing overall production activities and quality control of the Group. With over 27 years of experience in the Group, Mr. Chen has served in Fujian Dali as the head of production technology development department from 1992 to 2010. He is the brother-in-law of Mr. Xu Shihui, uncle of Ms. Xu Yangyang and the brother of the sister-in-law of Ms. Xu Biying.

Mr. Chen graduated from the Professional Online Education Program in Food Science and Engineering (Bakery) of Jiangnan University (江南大學) in 2011 and further obtained a bachelor's degree in Engineering with a major in Food Science and Engineering (Bakery) from Jiangnan University (江南大學) in January 2017. Mr. Chen was awarded the professional qualification of Grade 1 Senior Technician by the Ministry of Labour and Social Security of the PRC (中華人民共和國勞動和社會保障部) in December 2008. Mr. Chen was awarded the Certificate of Professional Technology Training by the Technology Training Center of the China Food Industry Association (中國食品工業協會技術培訓中心) in December 2007, and was appointed as a member of the Expert Committee of the China National Food Industry Association (中國食品工業協會專家委員會委員) during the same period. He was awarded the certified qualification of senior baker by the Bakery Food and Confectionary Expert Committee of the Society of Food Science of Shanghai (上海市食品學會) in April 2004.

Wu Xinchuan (吳欣川)

Chief financial officer

Mr. Wu Xinchuan (吳欣川), aged 39, is the chief financial officer of the Group and has held the current post since 2008. Mr. Wu is responsible for overseeing and managing overall finance of the Group. With over 19 years of experience within the Group, Mr. Wu had held various positions at the Group from 1999 to 2008, including head of the finance department of the Group, financial director of Jinan Dali Foods Co., Ltd., accountant of Quanzhou Dali Foods Co., Ltd., and financial specialist of Hubei Dali Foods Co., Ltd.. Mr. Wu graduated from the Accounting Department of the School of Modern Distance Education (現代遠程教育學院) of Beijing University of Aeronautics and Astronautics (北京航空航天大學) with a diploma in Accounting in 2015.

高級管理層

陳寶國

副總裁 (負責生產)

陳寶國先生，50歲，為本集團副總裁。陳先生負責監察及管理本集團整體生產活動及質量控制。陳先生在本集團擁有逾27年的經驗，自一九九二年至二零一零年一直擔任福建達利生產技術開發部部長。彼為許世輝先生的妻弟(brother-in-law)、許陽陽女士的舅舅(uncle)及許碧英女士的弟媳的胞弟。

陳先生於二零一一年畢業於江南大學，修完食品科學與工程(焙烤)專業網絡教育課程，並進而在二零一七年一月獲得了江南大學的工學學位，主修食品科學與工程(焙烤方向)。陳先生於二零零八年十二月獲中華人民共和國勞動和社會保障部頒發一級高級技師的專業資格。陳先生於二零零七年十二月獲中國食品工業協會技術培訓中心頒發專業技術培訓證書，並在同期被委任為中國食品工業協會專家委員會委員。於二零零四年四月，陳先生獲上海市食品學會烘焙食品糖製品專業委員會頒發的高級烘焙師資格證書。

吳欣川

財務總監

吳欣川先生，39歲，為本集團財務總監，自二零零八年起一直擔任現任職位。吳先生負責監察及管理本集團的整體財務。吳先生在本集團擁有逾19年的經驗，於一九九九年至二零零八年間在本集團擔任多項職務，包括本集團財務部部長、濟南達利食品有限公司財務主管、泉州達利食品有限公司會計員、湖北達利食品有限公司財務專員。吳先生於二零一五年畢業於北京航空航天大學現代遠程教育學院會計學專業，並取得會計文憑。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層簡歷

Huang Zhiqing (黃志清)

Chief procurement officer

Mr. Huang Zhiqing (黃志清), aged 53, is the chief procurement officer of the Group and has held the current post since 2008. Mr. Huang is responsible for supervising and managing the overall purchasing and supply of the Group. With over 26 years of experience within the Group, Mr. Huang had served as the head of the procurement department in the Group from 2006 to 2008, as a purchasing manager in Fujian Dali from 1998 to 2006 and as a purchasing specialist in Fujian Dali from 1993 to 1998. Mr. Huang was awarded the professional title of senior economist by the Human Resources and Social Security Department of Jilin province in 2012. Mr. Huang was elected as a representative of the sixteenth People's Congress of Quanzhou Municipality (第十六屆泉州市人大代表) and recognized as one of the Top 10 Professional Managers in 2016 for Food Industry in Quanzhou (泉州市食品行業二零一六年度十佳職業經理人) in 2017.

Le Zhenqiao (樂振竅)

Head of product research and development department

Mr. Le Zhenqiao (樂振竅), aged 42, senior engineer, is the head of product research and development department of the Group and has held the current post since 2007. Mr. Le is responsible for research and development of new products and supervising the quality control of the products of the Group. Mr. Le has over 17 years of experience within the Group.

Mr. Le graduated in 2001 from Shaanxi University of Science and Technology (陝西科技大學), previously known as Northwest Institute of Light Industry (西北輕工業學院), with a bachelor's degree in Biochemical Engineering, with a minor in Computer Application and Maintenance. Mr. Le completed the food safety capacity building program organized by the Department of Human Resources and Social Security (人力資源和社會保障部) and China Food Industry Association in 2014. Mr. Le was awarded the professional qualification of Engineer of Biochemistry by the Human Resources and Social Security Department of Fujian Province in 2009. Mr. Le was awarded the Certificate of Professional Qualification in Quality Specialization (質量專業技術人員職業資格證書) by the Ministry of Personnel of the PRC (中華人民共和國人事部) and the AQSIQ in 2005. Mr. Le was engaged by the Committee of Standardization Administration of the PRC (中國國家標準化管理委員會) as a member for the National Committee of Snack Food Technology Standardization (SAC/TC490) (全國休閒食品標準化技術委員會) in 2009 and as a member for the National Committee of Baked Product Technology Standardization (SAC/TC488) (全國焙烤製品標準化技術委員會) in 2004. Mr. Le was awarded the honorary title of National Advanced Worker for Quality Works (全國質量工作先進工作者) by the China Quality Inspection Association (中國質量檢驗協會) in 2014.

黃志清

物資採供總監

黃志清先生，53歲，為本集團物資採供總監，自二零零八年起一直擔任現任職位。黃先生負責監督及管理本集團整體物資的採購及供應。黃先生在本集團擁有逾26年的經驗。彼於二零零六年至二零零八年出任本集團採供部部長，於一九九八年至二零零六年出任福建達利採購主管並於一九九三年至一九九八年出任福建達利採購專員。黃先生於二零一二年獲吉林省人力資源和社會保障廳授予高級經濟師專業職稱。黃先生於二零一七年當選第十六屆泉州市人大代表並被評選為泉州市食品行業二零一六年度十佳職業經理人。

樂振竅

產品研發部部長

樂振竅先生，42歲，高級工程師。為本集團產品研發部部長，自二零零七年起一直擔任現任職位。樂先生負責本集團新產品的研發及監督產品品質控制。樂先生在本集團擁有逾17年經驗。

樂先生於二零零一年畢業於陝西科技大學(前稱西北輕工業學院)，取得生物醫學學士學位，輔修計算機應用與維修。樂先生於二零一四年完成了人力資源和社會保障部及中國食品工業協會合辦的《食品安全能力建設》高級研修課程。樂先生於二零零九年獲福建省人力資源和社會保障廳頒發的生物化工工程師專業資格。樂先生於二零零五年獲中華人民共和國人事部及國家質檢總局頒發的《質量專業技術人員職業資格證書》。樂先生於二零零九年由中國國家標準化管理委員會聘請為全國休閒食品標準化技術委員會(SAC/TC490)委員，並於二零零四年被聘請為全國焙烤製品標準化技術委員會(SAC/TC488)委員。樂先生於二零一四年獲中國質量檢驗協會授予的全國質量工作先進工作者榮譽稱號。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層簡歷

Chen Ying (陳穎)

Joint company secretary

Ms. Chen Ying (陳穎), aged 34, joined the Group in 2016. Prior to joining the Group, Ms. Chen was a lawyer at Shanghai Llinks Law Offices from 2011 to 2016, specializing in capital market with extensive professional experience in securities issuance, merger and acquisition, corporate assets reorganization, equity investing and financing and post-listing legal and compliance matters. Ms. Chen graduated from Xiamen University with a master's degree in law in 2011 and graduated from Southwest University of Political Science and Law with a bachelor's degree in law in 2008, as well as a bachelor's degree (dual degree) in English literature from Sichuan International Studies University in the same year. Ms. Chen obtained her practicing certificate in Law in the PRC issued by China Ministry of Justice.

JOINT COMPANY SECRETARIES

Chen Ying (陳穎), was appointed as a joint company secretary on March 18, 2018. Please refer to "Biographies of Directors and Senior Management – Senior Management" for details of her biography.

Mak Sze Man (麥詩敏), has served as a joint company secretary of the Company since May 29, 2019. Ms. Mak is currently a senior manager of Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Mak has over 22 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Mak is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Mak holds a master degree in corporate governance from the Graduate School of Business of The Hong Kong Polytechnic University.

陳穎

聯席公司秘書

陳穎女士，34歲，於二零一六年加入本集團。加入本集團前，陳女士於二零一一年至二零一六年為上海市通力律師事務所的律師，專攻資本市場，在證券發行、收購兼併、企業資產重組、股權投融資及上市後法律與合規事宜方面具有豐富專業經驗。陳女士於二零一一年畢業於廈門大學，並取得法學碩士學位，於二零零八年畢業於西南政法大學，並取得法學學士學位，同年自四川外國語大學取得英語文學學士學位（雙學位）。陳女士在中國取得中國司法部頒發的法律職業資格證書。

聯席公司秘書

陳穎，於二零一八年三月十八日獲委任為聯席公司秘書。有關彼簡歷詳情，請參閱「董事及高級管理層簡歷 – 高級管理層」。

麥詩敏，自二零一九年五月二十九日起獲委任為本公司的聯席公司秘書。麥女士現為卓佳專業商務有限公司企業服務部高級經理。卓佳是全球性的專業服務公司，為客戶提供商務、企業及投資者綜合服務。麥女士於企業服務範疇擁有逾22年經驗，一直為香港上市公司，以及跨國公司、私人公司及離岸公司提供專業的企業服務。麥女士為特許秘書、特許企業管治專業人員，以及香港特許秘書公會及英國特許秘書及行政人員公會的會士。麥女士持有香港理工大學工商管理研究院公司管治碩士學位。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The board of directors (the “**Board**”) of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders and enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Company has adopted the CG code as its own code of corporate governance.

The Board is of the view that throughout the year ended December 31, 2019, the Company has complied with the code provisions as set out in the CG Code, save for code provision A.2.1 of the CG Code, detail of which is explained in the relevant paragraph in this report.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the directors and the relevant employees who, because of their office or employment in the Group, are likely to possess inside information of the Company, (the “**Securities Dealing Code**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and all of them have confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the year ended December 31, 2019.

No incident of non-compliance of the Securities Dealing Code by the employees was noted by the Company.

企業管治常規

本公司董事會(「**董事會**」)致力達致良好企業管治標準。董事會相信良好的企業管治標準為本公司提供框架以捍衛股東利益、提升企業價值、制定其業務策略與政策，以及提高其透明度與問責性而言屬至關重要。

本公司的企業管治常規乃根據香港聯合交易所有限公司(「**聯交所**」)證券上市規則(「**上市規則**」)附錄十四企業管治守則(「**企業管治守則**」)載列的原則及守則條文為基礎，而本公司已採納企業管治守則為其自身企業管治守則。

董事會認為本公司於截至二零一九年十二月三十一日止年度已遵守企業管治守則載列的守則條文，惟企業管治守則第A.2.1條除外，其詳情於本報告相關段落中作解釋。

董事會將定期檢討及提升其企業管治常規以確保本公司繼續符合企業管治守則的規定。

董事進行證券交易

本公司已就董事及相關僱員(因其職務或工作而有可能掌握本公司內幕資料)進行本公司證券交易採納一套不低於上市規則附錄十所載的上市公司董事進行證券交易的標準守則(「**標準守則**」)的操守守則(「**證券買賣守則**」)。

已向全體董事進行具體查詢，而彼等已確認於截至二零一九年十二月三十一日止年度已遵守標準守則及證券買賣守則。

本公司並不知悉僱員不遵守證券買賣守則的任何事件。

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

The Board of the Company comprises the following directors:

Executive Directors:

Mr. Xu Shihui (*Chairman and Chief Executive Officer*)

Mr. Zhuang Weiqiang

Ms. Xu Yangyang

Non-executive Directors:

Ms. Xu Biying

Ms. Hu Xiaoling

Independent non-executive Directors:

Mr. Cheng Hanchuan

Mr. Liu Xiaobin

Dr. Lin Zhijun

The biographical information of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 43 to 50 of this annual report.

The relationships between the members of the Board are disclosed under "Biographies of Directors and Senior Management" on pages 43 to 50 of this annual report.

董事會

董事會統籌本集團的業務、策略決策及表現，並須客觀作出符合本公司最佳利益的決策。

董事會須定期檢討董事履行其對本公司的責任而須作出的貢獻，以及其是否投入足夠時間履行其對本公司的責任。

本公司董事會由以下董事組成：

執行董事：

許世輝先生(*主席及行政總裁*)

莊偉強先生

許陽陽女士

非執行董事：

許碧英女士

胡曉玲女士

獨立非執行董事：

程漢川先生

劉小斌先生

林志軍博士

董事的履歷資料載列於本年報第43頁至第50頁「董事及高級管理層簡歷」一節。

董事會成員間之關係於本年報第43頁至第50頁「董事及高級管理層簡歷」中披露。

Insurance for Directors

The Company has arranged appropriate insurance cover in respect of any legal action against its directors.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The Chairman and Chief Executive Officer of the Company are held by Mr. Xu Shihui who is the founder of the Company and has extensive experience in the industry. The Board believes that vesting the roles of the Chairman and Chief Executive Officer in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

Independent Non-executive Directors

During the year ended December 31, 2019, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing more than one-third of the Board) with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Non-executive Directors

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of one year, and the term is renewable for one year automatically upon approval by the Shareholders in general meeting.

董事保險

本公司已就針對其董事的任何法律訴訟作出適當的投保安排。

主席及行政總裁

守則條文A.2.1訂明，主席與行政總裁的角色應有區分，並不應由一人同時兼任。

本公司的主席及行政總裁由許世輝先生擔任，而許世輝先生為本公司的創辦人，擁有豐富行業經驗。董事會相信由同一人擔任主席兼行政總裁角色，有助本公司以更快的反應速度、更高效率及更有效制定業務策略及執行業務計劃。董事會相信，由執行董事及獨立非執行董事組成的董事會足以平衡其權力與權限。

獨立非執行董事

於截至二零一九年十二月三十一日止年度，董事會已於任何時間遵守上市規則有關委任最少三名獨立非執行董事（佔多於董事會人數三分之一）的規定，其中一人擁有適當的專業資格或會計或相關財務管理專業知識。

本公司已就獨立非執行董事根據上市規則第3.13條載列的獨立性指引自各獨立非執行董事接獲年度書面確認。本公司認為全體獨立非執行董事均屬獨立。

委任及重選非執行董事

本公司非執行董事（包括獨立非執行董事）已獲委任，為期一年，而年期可於股東在股東大會上批准後自動續期一年。

Responsibilities of the Directors

The Board is responsible for leadership and control of the Company and oversees the businesses, strategic decisions and performance of the Group and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

董事職責

董事會負責領導及控制本公司並監督本集團的業務、決策及表現，並為促進本公司的成功而指導及監管其事務集體負責。董事會各董事為本公司利益作出客觀決定。

董事會直接及間接通過其委員會制定策略並監督執行情況來領導管理層並為其提供指導，監察本集團的營運及財務業績，並確保實施完善的內部監控及風險管理系統。

全體董事（包括非執行董事及獨立非執行董事）均為董事會的效率及有效運作帶來廣泛的寶貴商業經驗、知識及專業。

全體董事均可於任何時間取覽本公司所有資料。董事可應要求在適當時尋求獨立專業意見，其因履行本公司職務的開支由本公司承擔。

董事須向本公司披露彼等擔任的其他職務的詳情，而董事會亦會定期審閱各董事向本公司履行其職責時作出的貢獻。

董事會負責決定所有重要事宜，當中涉及政策事宜、策略及預算、內部監控及風險管理、重大交易（特別是或會涉及利益衝突的事宜）、財務資料、委任董事及本公司其他重大營運事宜。有關執行董事會決策、指導及協調本公司日常營運及管理的職責轉授予管理層。

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate.

During the year ended December 31, 2019, the following Directors participated in the following trainings:

Directors	Type of Training ^{Note}
Executive Directors	
Mr. Xu Shihui	A,B
Mr. Zhuang Weiqiang	A,B
Ms. Xu Yangyang	A,B
Non-executive Directors	
Ms. Xu Biying	A,B
Ms. Hu Xiaoling	A,B
Independent non-executive Directors	
Mr. Cheng Hanchuan	A,B
Mr. Liu Xiaobin	A,B
Dr. Lin Zhijun	A,B

Note:

Types of Training

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

董事持續專業發展

董事不斷留意作為本公司董事的責任及操守，以及有關本公司業務活動及發展的事宜。

每名新任董事均於首次獲委任時獲提供正式、全面及度身訂造的入職培訓，確保新董事可適當掌握本公司業務及營運，並充分明白上市規則及相關法規下其須承擔的董事職責及責任。

董事應參與適當的持續專業發展，發展並更新其知識及技能，以確保向董事會持續提供全面和相關的貢獻。本公司將在適當時候在公司內部為董事安排簡介會並向董事發放相關課題的閱讀材料。

於截至二零一九年十二月三十一日止年度，下列董事已出席下列培訓：

董事	培訓類別 ^{附註}
執行董事	
許世輝先生	A,B
莊偉強先生	A,B
許陽陽女士	A,B
非執行董事	
許碧英女士	A,B
胡曉玲女士	A,B
獨立非執行董事	
程漢川先生	A,B
劉小斌先生	A,B
林志軍博士	A,B

附註：

培訓類型

- A：出席培訓課程，包括但不限於簡報、研討會、會議及講習班
- B：閱讀相關新聞快訊、報紙、期刊、雜誌及相關出版物

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the website of the Company and of Hong Kong Exchanges and Clearing Limited ("HKEX") and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on pages 2 to 3 of this annual report.

Audit Committee

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting system, internal control and risk management systems, effectiveness of the internal audit function, relationship with external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held two meetings during the year to discuss the audit process and accounting issues with the external auditors and to review, among other things, (i) the annual financial results for the year ended December 31, 2018 and the interim results for the six months ended June 30, 2019 and the relevant reports prepared by the external auditors relating to 2019 annual audit and interim review plans and major findings in the course of audit/review, (ii) significant issues on the financial reporting, operational and compliance controls, (iii) the effectiveness of the risk management and internal control systems and internal audit function, (iv) appointment of external auditors and their relevant scope of work, as well as (v) continuing connected transactions.

During the year, the Audit Committee also met the external auditors twice without the presence of the management of the Company to discuss the audit procedures and accounting issues.

董事委員會

董事會已設立三個委員會，即審核委員會、薪酬委員會及提名委員會，以監督本公司具體事務。本公司所有董事委員會均按書面界定的職權範圍履行工作。董事委員會的職權範圍已刊載於本公司網站及香港交易及結算所有限公司（「港交所」）網站，並可應要求時供股東查閱。

各董事委員會的大部份成員為獨立非執行董事，而各董事委員會主席及成員名單載於本年報第2頁至第3頁「公司資料」內。

審核委員會

審核委員會的主要職責為協助董事會審閱財務資料及申報系統、內部監控及風險管理制度、內部審核職能效率、與外聘核數師之關係以及檢討安排致使本公司僱員可舉報本公司財務申報、內部監控或其他方面的可能不當行為。

審核委員會於年內已召開兩次會議與外部核數師討論審計程序及會計事宜，並審閱（其中包括）(i) 截至二零一八年十二月三十一日止年度的年度財務業績及截至二零一九年六月三十日止六個月的中期業績以及外部核數師所編製有關二零一九年年度審核的相關報告以及中期審閱計劃及在審核／審閱過程中的主要發現；(ii) 有關財務申報、營運及合規監管的重大事宜；(iii) 審閱風險管理及內部監控系統及內部審核職能的效率；(iv) 委聘外部核數師及其相關工作範疇；及(v) 持續關連交易。

年內，審核委員會亦在公司管理層不在場的情況下與外部核數師會談了兩次，討論審計程序及會計事宜。

Remuneration Committee

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the year, the Remuneration Committee met once to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the Directors and senior management and other related matters.

Details of the remuneration of the senior management by band are set out under “Report of the Directors — Senior Management’s Emoluments” on page 37 of this annual report.

Nomination Committee

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning for directors, and assessing the independence of independent non-executive Directors.

The Board has adopted a “Board Diversity Policy” to achieve and maintain diversity on the Board in order to strengthen the performance of the Board, promote effective decision-making and better corporate governance and monitoring. The Company considered that diversity of board members can be achieved through consideration of a number of aspects, including but not limited to skills, experience and cultural and educational background, geographical, industry and professional experience, ethnicity, gender, age, knowledge and length of service.

Based on the business needs of the Group, the Nomination Committee has recommended and the Board has adopted the following measurable objectives:

- (a) at least one-third of the Board members shall be independent non-executive Directors; and
- (b) at least one of the independent non-executive Directors shall have obtained accounting or appropriate professional qualifications.

薪酬委員會

薪酬委員會的主要職責包括審閱個別執行董事及高級管理層的薪酬待遇、全體董事及高級管理層的薪酬政策及架構並就此向董事會提供意見；及設立透明的程序以制定薪酬政策及架構，從而確保概無董事或任何彼等的聯繫人士可參與釐定彼等自身的薪酬。

年內，薪酬委員會已召開一次會議，以檢討本公司的薪酬政策及架構、董事和高級管理層的薪酬組合以及其他相關事宜並向董事會提出建議。

有關高級管理層按組別劃分的薪酬詳情，載於本年報第37頁「董事會報告 — 高級管理層的薪酬」內。

提名委員會

提名委員會的主要職責包括審閱董事會的組成、制定及擬定提名及委任董事的相關程序、就董事委任及繼任計劃向董事會提供意見，以及評估獨立非執行董事的獨立性。

董事會已採納「董事會多元化政策」以達致及維持董事會多元化以加強董事會表現。本公司認為董事會成員多元化可通過考慮多方面（其中包括技能、經驗及文化及教育背景、地理位置、行業及專業經驗、種族、性別、年齡、知識及服務年期）而達致。

根據本集團的業務需要，提名委員會建議而董事會已採納下列計量指標：

- (a) 至少三分之一的董事會成員須為獨立非執行董事；及
- (b) 至少有一名獨立非執行董事擁有會計或適當的專業資格。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Nomination Committee shall monitor the implementation of the Board Diversity Policy and review the progress of its measurable objectives from time to time.

The Company has also adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Candidate's age, skills, knowledge, experience, expertise, professional qualifications, academic qualifications, background and other personal qualities
- Impact on the composition of the board and the diversity of its members
- Commitment by the candidate to devote sufficient time and effectively perform his or her duties
- The number and nature of the positions of candidates in public companies or organizations or other administrative appointments or other important work commitments
- Potential/actual conflict of interests with the Company upon appointment of candidates
- Candidate's independence
- Length of service of the proposed re-election of independent non-executive director who has been serving to the Company
- Other factors that the Nominating Committee considers to be relevant on a case-by-case basis

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended December 31, 2019, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

提名委員會須監察董事會多元化政策的實施並不時檢討其計量指標的發展。

本公司亦採納董事提名政策，其載列有關提名及委任本公司董事的篩選條件及程序以及董事會繼任計劃的考慮，旨在確保董事會在切合本公司、董事會延續及董事會層面合適領袖所需的技能、經驗、不同觀點方面取得平衡。

董事提名政策載列評估提名候選人的合適性及對董事會的潛在貢獻之因素，包括但不限於以下各項：

- 候選人的年齡、技能、知識、經驗、專長、專業資格、學歷、背景及其他個人素質
- 對董事會的組成及成員多元化的影響
- 候選人投入充足的時間且有效地履行其職責的承諾
- 候選人於公眾公司或組織或其他行政委任或其他重要工作承擔的數量及性質
- 候選人因獲選而引發與本公司的潛在／實際利益衝突
- 候選人的獨立性
- 就建議續任獨立非執行董事而言，彼已在任之服務年期
- 提名委員會按個別情況認為有關係的其他因素

董事提名政策亦載列在股東大會挑選及委任新董事及重選董事的程序。截至二零一九年十二月三十一日止年度，董事會組成並無變動。

提名委員會將於適當時候檢討董事提名政策，以確保成效。

During the year, the Nomination Committee met once to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring directors standing for election at the 2019 Annual General Meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Securities Dealing Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

年內，提名委員會已召開一次會議，以檢討董事會的架構、規模及組成以及獨立非執行董事的獨立性，並考慮於二零一九年股東週年大會上候選的退任董事的資格。提名委員會認為董事會多元化觀點的合適平衡已得以維持。

企業管治職能

董事會負責履行企管守則的守則條文第D.3.1條所載的職能。

年內，董事會已檢討本公司的企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司在遵守法例及監管規定的政策及常規、遵守標準守則及證券買賣守則以及遵守企管守則及於本企業管治報告中作出的披露。

ATTENDANCE RECORDS OF DIRECTORS

The attendance records of each Director at the Board and Board Committees meetings and the general meeting of the Company held during the year ended December 31, 2019 is set out in the table below:

董事的出席會議記錄

下表載列各董事出席截至二零一九年十二月三十一日止年度內舉行的董事會及董事委員會會議以及本公司股東大會的記錄：

Name of Directors 董事姓名		Attendance/Number of Meetings 出席次數／會議次數				
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	General Meeting 股東大會
<i>Executive Directors</i> 執行董事						
Mr. Xu Shihui	許世輝先生	4/4	N/A 不適用	N/A 不適用	1/1	1/1
Mr. Zhuang Weiqiang	莊偉強先生	4/4	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Ms. Xu Yangyang	許陽陽女士	4/4	N/A 不適用	1/1	N/A 不適用	1/1
<i>Non-executive Directors</i> 非執行董事						
Ms. Xu Biying	許碧英女士	4/4	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Ms. Hu Xiaoling	胡曉玲女士	4/4	2/2	N/A 不適用	N/A 不適用	1/1
<i>Independent non-executive Directors</i> 獨立非執行董事						
Mr. Cheng Hanchuan	程漢川先生	4/4	2/2	N/A 不適用	1/1	1/1
Mr. Liu Xiaobin	劉小斌先生	4/4	N/A 不適用	1/1	1/1	1/1
Dr. Lin Zhijun	林志軍博士	4/4	2/2	1/1	N/A 不適用	1/1

The Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors during the year.

主席於年內亦在其他董事沒有出席的情況下與獨立非執行董事召開一次會議。

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2019.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 133 to 236.

AUDITORS' REMUNERATION

An analysis of the remuneration paid/payable to the external auditors of the Company, Messrs. Ernst & Young, in respect of audit services and non-audit services for the year ended December 31, 2019 is set out below:

Service Category	服務類別	Fees Paid/Payable 已付／應付費用 RMB 人民幣
Audit Services	審核服務	4,500,000
Non-audit Services (including Tax compliance service, Tax advisory, ESG reporting advisory and Risk management reporting advisory)	非審核服務(包括稅務合規服務、稅務諮詢、環境、社會及管治報告諮詢及風險管理報告諮詢)	761,000
Total	合計	5,261,000

COMPANY SECRETARIES

The Company has engaged Tricor Services Limited ("Tricor"), external service provider. Ms. Cheng Pik Yuk, a director of Corporate Services Division of Tricor, has been appointed as the Company's joint company secretary and retired on May 29, 2019 and Ms. Mak Sze Man, a senior manager of Corporate Services Division of Tricor, has been appointed as the Company's joint company secretary since May 29, 2019. Its primary contact person at the Company is Ms. Chen Ying, the joint company secretary of the Company.

董事有關財務報表的責任

董事確認其編製本集團截至二零一九年十二月三十一日止年度合併財務報表的責任。

本公司獨立核數師有關其財務報表的報告責任聲明載於第133頁至第236頁獨立核數師報告內。

核數師的薪酬

就截至二零一九年十二月三十一日止年度的審核服務及非審核服務向本公司外聘核數師安永會計師事務所的已付／應付薪酬分析載列如下：

公司秘書

本公司已委聘外部服務提供者卓佳專業商務服務有限公司(「卓佳」)。鄭碧玉女士，卓佳企業服務部董事，獲委任為本公司聯席公司秘書並於二零一九年五月二十九日退任，而麥詩敏女士，卓佳企業服務部高級經理，由二零一九年五月二十九日起獲委聘為本公司聯席公司秘書。其於本公司的主要聯絡人為本公司的聯席公司秘書陳穎女士。

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of HKEX after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 12.3 of the Articles, any two or more shareholders or any one shareholder which is a recognised clearing house (or its nominee(s)) (the "Requisitionist(s)") 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 require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the Requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles or the Cayman Islands Companies Law for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" which is posted on the Company's website.

股東的權利

為保障股東的利益及權利，本公司會就各項獨立重大問題（包括選舉個別董事）於股東大會提呈獨立決議案。根據上市規則，所有於股東大會上提呈的決議案須以投票方式表決，投票結果將於進行投票表決的各股東大會舉行後在本公司及港交所的網站上刊登。

股東召開股東特別大會

根據細則第12.3條，兩名或以上股東或為獲認可結算所（或其代理人）的任何一名股東（「遞呈請求人士」）於遞呈請求當日持有不少於本公司有權於股東大會上投票的繳足股本十分之一，於任何時候均有權提呈書面請求，以要求董事會就該請求書所指定的任何事務交易召開股東特別大會。倘自遞呈日期起21日內董事會未有恰當地召開該大會，則遞呈請求人士或任何遞呈請求人士持有當中遞呈請求人士總投票權的過半數，則可以以董事會召開股東大會同等方式盡快召開股東大會，惟該有關股東大會必須由接獲請求書日期起計三個月內召開，及因董事會的不合作而遞呈請求人士所有產生的合理開支可向本公司報銷。

於股東大會上提呈議案

細則或開曼群島公司法並無有關股東於股東大會上提呈新決議案的條文。欲提呈新決議案的股東可根據前一段所載程序向本公司提出召開股東大會的要求。就考慮建議一位人士參選本公司董事選舉，請參閱刊載於本公司網頁的「股東提名人選參選本公司董事的程序」。

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 2601, 26th Floor, One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong
(For the attention of the Joint Company Secretaries)

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

The Company maintains a website at www.dali-group.com as a communication platform with shareholders of the Company and investors, where the financial information and other relevant information of the Company are available for public access.

Constitutional Documents

During the year under review, the Company has not made any changes to its Articles. An up to date version of the Articles is also available on the Company's website and HKEX's website.

向董事會作出查詢

關於向本公司董事會作出任何查詢，股東可將書面查詢發送至本公司。本公司通常不會處理口頭或匿名的查詢。

聯絡資料

就上述而言，股東可發送其查詢或要求到下列的聯絡方法：

地址：香港九龍紅磡德豐街18號
海濱廣場一座26樓2601室
(註明收件人為聯席公司秘書)

為免生疑，股東須發出正式簽署的書面要求、通知或聲明或查詢(視情況而定)的正本到上述地址，並提供彼等全名、聯絡詳情及身份，以便本公司回覆。股東資料可能根據法律規定而予以披露。

與股東溝通及投資者／投資者關係

本公司深信，與股東保持有效溝通，對促進投資者關係及加深投資者對本公司業務表現及策略瞭解至為重要。本公司盡力保持與股東之間的對話，尤其是透過股東週年大會及其他股東大會。於股東週年大會上，董事(或其受委人，如適用)可與股東會面並回答其查詢。

本公司維持網站www.dali-group.com作為與本公司股東及投資者的溝通平台，公眾亦可於網站取得本公司的財務資料及其他相關資料。

憲章文件

於回顧年度，本公司並無對其細則進行任何更改。最新版本的細則亦可於本公司網頁及港交所網頁上取得。

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board's Responsibility for Risk Management and Internal Control

The Board of Directors, as the supreme leading organ in risk management of the Group, undertakes ultimate responsibility for construction and effective operation of the overall risk management system, takes charge of the building, improvement and efficient operation of the overall risk management system and has the discretion to delegate senior management and operational division of each department in the risk management system.

The Board of Directors is responsible for evaluating and determining the nature and extent of the risks the Group is prepared to take in achieving its strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board has an audit committee which is responsible for overseeing the appropriateness of the risk management and internal supervision procedure and the effectiveness of the internal audit function of the Group, as well as providing a confirmation to the Board on the effectiveness of these systems.

風險管理與內部監控部分

董事會風險管理與內部監控責任

董事會是本集團風險管理的最高領導機構，對整體風險管理體系的建設和有效運行負最終責任，其負責整體風險管理體系的建立、健全和有效運轉，並負責明確高級管理層、各部門在風險管理體系中的職責分工。

董事會負責評估及釐定本集團達成策略目標時所願意接納的風險性質及程度，並確保本集團設立及維持合適且有效的風險管理及內部監控系統。董事會下設審核委員會，負責監察本集團風險管理系統及內部監督程序的合適性及內部審計職能的有效性，並向董事會提供有關系統是否有效的確認。

Characteristics of Risk Management and Internal Control Systems

The Group's internal control system is formulated according to the principles of the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the US. With the philosophy of risk management at all levels consistently adopted according to the framework, the Group has been implementing the risk management work to the group headquarters and all the subsidiaries with intensive management against critical risks therein. The components of the framework are shown as follows:

風險管理及內部監控系統的特點

本集團的內部監控系統根據美國(Committee of Sponsoring Organizations of the Treadway Commission「COSO」)的內部監控框架的原則制定。集團按照框架始終貫徹全員風險管理理念，將風險管理工作覆蓋集團總部及下屬子公司，並對其中關鍵風險實施重點管理。框架的組成部分如下所示：

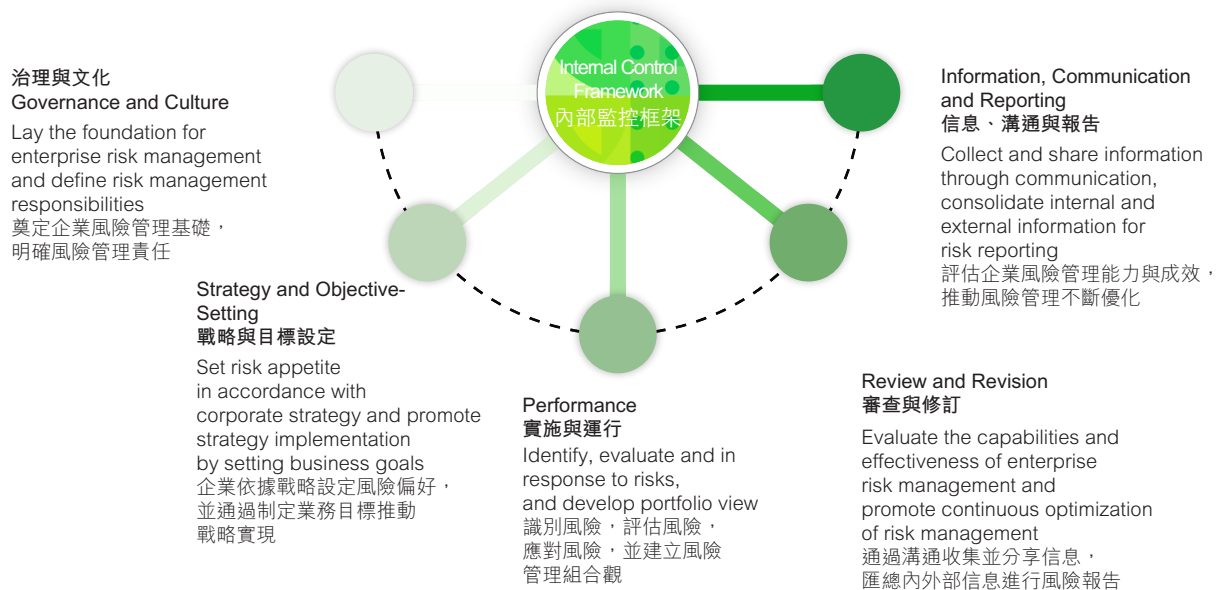


Figure 1: Internal control framework

圖1：內部監控框架

The risk management and internal control systems adopted by the Group are designed to manage rather than eliminate the risks associated with its failure to fulfill business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

本集團所採納的風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失做出合理而非絕對的保證。

Risk Management Organizational System

風險管理組織體系

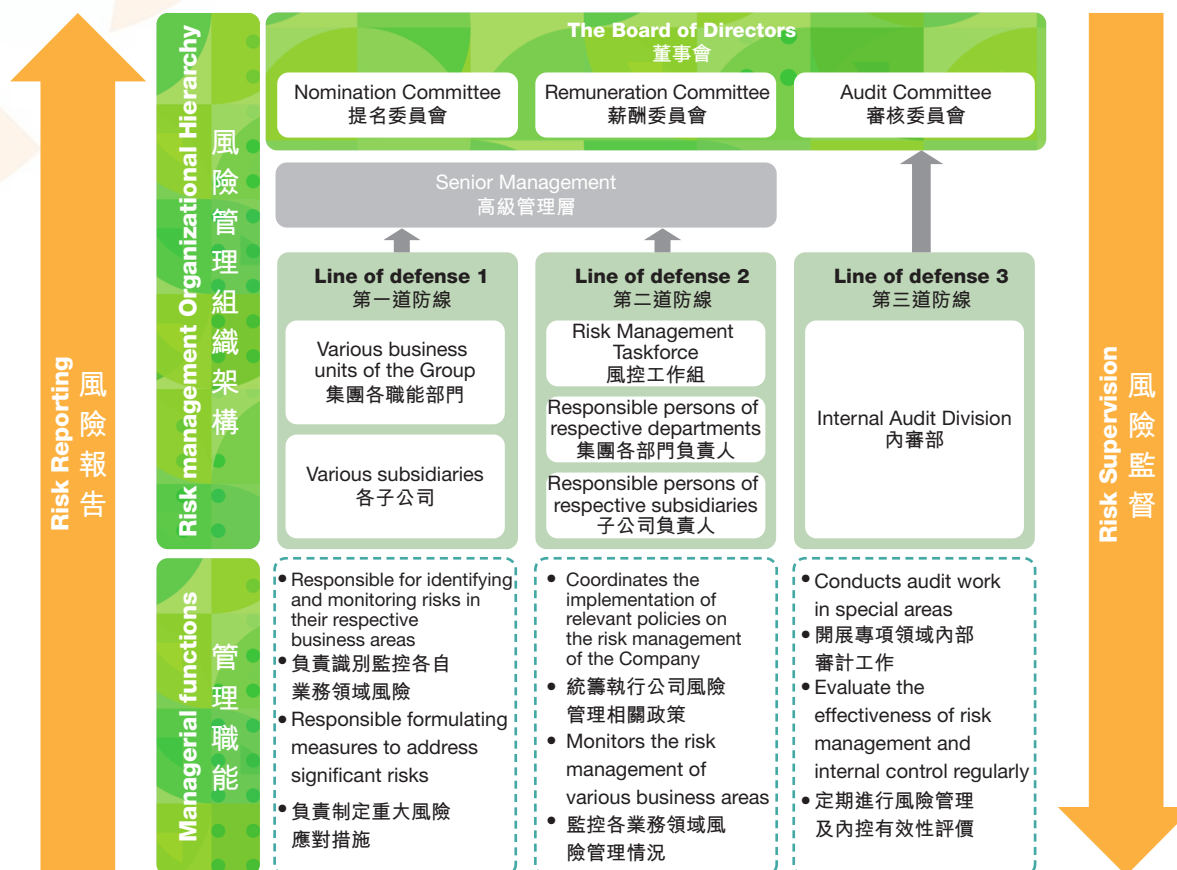


Figure 2: Risk management organizational system

圖2：風險管理組織體系

Based on the respective responsibilities of the management, the Board of Directors and the Audit Committee for risk management, the Group has set up three lines of defense regarding its risk management and internal control work:

The Line of defense 1 serves as a risk bearer for various functional departments as well as subsidiaries of the Group undertaking the primary and direct responsibilities for the risks in business activities. Its main functions include identifying, quantifying and overseeing the risks within each business area as well as formulating and implementing risk countermeasures linked to daily operation.

The Line of defense 2 is composed of the Risk Management Taskforce and responsible persons of various centers and subsidiaries of the Group who assist the Group in the implementation of its risk monitoring and control. The Risk Management Taskforce is staffed by professionals from the Legal Department, Human Resources Department and Financial Operation Center, facilitating the execution and improvement of risk management and control measures through a combination of professional knowledge and skills as well as the coordination and monitoring of risk exposures and management in each business area. The primary duties of responsible persons of various centers and subsidiaries of the Group are coordinating and formulating the Group's risk and internal control policies and systems as well as implementing major risk countermeasures and pivotal internal control processes.

The Line of defense 3 comprises the Audit Committee and the Internal Audit Division. The Internal Audit Division is responsible for carrying out specific tests, verification and evaluation on the integrity and effectiveness of the risk management framework and internal control system and providing independent and objective appraisal. The Audit Committee reviews the process and findings of the Internal Audit Division's evaluation on the risk management framework and internal control system on a regular basis and reports to the Board of Directors.

集團依據董事會、審核委員會及管理層在風險管理工作中的職責，對風險管理及內部監控工作設置了風險管理三道防線：

第一道防線由集團各職能部門、各子公司作為風險的承擔者，對各項經營活動承擔的風險負有首要、直接的責任，主要職責為識別、計量和監控各自業務領域的風險，並制定與執行同日常運營相關聯的風險應對措施。

第二道防線由風控工作組、集團各部門負責人與子公司負責人組成，以協助集團開展風險監督及控制工作。其中風控工作組由法律部、人事部、財務運營中心專業人士組成，通過專業知識與技能的綜合運用，以協調、監控各個業務領域的風險暴露及管理情況，推動風險管控措施的執行與完善。集團各部門負責人與子公司負責人主要職責為統籌制定本集團的風險與內部監控制度，監督落實重大風險應對措施與關鍵內部控制點的執行。

第三道防線為審核委員會與內審部，內審部負責對風險管理框架、內部監控體系的完整性和有效性進行專項領域的測試、驗證和評估，並提供獨立、客觀的評價。審核委員會定期審閱內審部對風險管理框架、內部監控體系的評價過程及結果，並向董事會進行匯報。

Management Procedure for Risk Management and Internal Control

The Group has set up a risk management and internal control system in line with the characteristics of our management. This system maintains consistent and stable operation to manage and monitor the Group's risks for this financial year. Main processes are as follows:

風險管理與內部監控管理流程

集團已建立一套符合自身管理特徵的風險管理與內部監控管理體系，並保持體系持續平穩運行，對集團本財年的風險進行管理與監控，其主要流程如下：



Figure 3: Risk management and internal control procedure

圖3：風險管理與內部監控流程

(1) Collection of risk information

The Group collects and updates risk information internally and externally. The Group has collected internal risk management information through various channels such as internal visits and questionnaires, effectively identified and analyzed various risk points in the operation and management of the Group. At the same time, the Group also collects industry-related information from the outside, conducts industry benchmarking, and maintains a comprehensive understanding of the general risks of the industry and updated the "Comprehensive Risk Database", providing further support for risk analysis.

(2) Analysis of risk assessment

The Group reviews the prevailing conditions about its risk management on a regular basis, mobilizes all members of the Group to participate in risk assessment, and thoroughly explores the implications of risks by means of interviews and scoring of risks along with the cause-and-effect analysis approach. Quantitative analysis and comprehensive assessment of the risks are conducted from two dimensions, namely the possibility of occurrence and the degree of impacts of risks, to determine the major risks of the Group for the relevant year which constitute the "List of Major Risks".

(3) Implementation of risk countermeasures

The management of the Group discusses and decides on contingency plans for major risks, refines countermeasures, and links such risk countermeasures with day-to-day business operations for the proper implementation by responsible departments and functionaries and make clear the crucial contingency arrangement. The Group has established a bottom-up reporting channel to ensure effective monitoring of the risk countermeasures and give full play to the primary responsibility of risk management in all operating divisions.

(1) 風險信息收集

集團從內部、外部兩個方面開展風險信息的收集更新工作。集團通過內部走訪、問卷調查等多種渠道，收集集團內部風險管理相關信息，有效識別並分析集團經營管理中的各項風險點；同時，集團從外部收集行業相關信息，開展行業對標，充分把握行業整體風險，並更新《全面風險數據庫》，為風險成因分析提供進一步支持。

(2) 風險評估分析

集團定期梳理當前的風險管理情況，調動集團全員參與風險評估，通過訪談、風險問卷評分等形式，結合因果分析法，深入挖掘風險內涵，並從風險發生可能性及影響程度兩個維度對風險進行定量分析、綜合評價，確定集團當年的重大風險，形成《重大風險清單》。

(3) 落實風險應對措施

集團管理層共同討論並確定重大風險應對方案，細化應對措施，將風險應對措施與日常業務運營相掛鉤，具體落實到責任部門及責任崗位中，並明確應對工作的節點安排。集團確立了自下而上的匯報渠道，確保風險應對實施受有效監控，充分發揮各業務部門風險管理第一責任。

(4) Continuous supervision of risk

The Group conducts continuous supervision of risks through various means to ensure the effectiveness of risk management and internal control system. The Group further enhances the development of the three lines of defense for risk control, conducts daily supervision duties for risks, explicitly defines the relevant responsible departments for various risks, and conducts normal supervision over the content and frequency of its risk management implementation. In addition, the Group regularly conducts audit in special areas and evaluation of internal control procedure according to the work plan for annual internal audit and evaluation on internal control, so as to ensure that the risk control under the "Line of defense 1" has been put in place.

(5) Optimization of risk management

The management of the Group integrates the results of risk assessment with those of internal audit for the update and improvement of the Group's internal control and risk management system. By further enriching and improving its risk database, the Group conducted systematic analysis on the causes, impacts and internal logic of various risks, traced the root causes of risks, grasped the core factors of risks, enhanced risk countermeasures so as to realize the efficient management and control of risks and the optimization and upgrade of the internal control system.

Major Risks and Management Measures in 2019

Major risk management achievements of the year

- To conduct a comprehensive risk assessment. The Group's Risk Control Taskforce took the lead in carrying out a comprehensive review of businesses of the Group and its subsidiaries: The Risk Control Taskforce understood the potential risks of the Group's business processes through field visits to and questionnaire surveys with various functional departments, and then revised and improved the Group's risk database. Secondly, the Risk Control Taskforce led the employees from various departments to score risks in the risk database from the two dimensions of the possibility of occurrence and the degree of impacts of risks, in order to identify the risks that the Group is confronted or will be confronted.

(4) 風險持續監督

集團運用多種手段開展風險的持續監督，確保風險管理及內控體系運行的有效性。集團進一步加強風險管理三道防線建設，明確各風險的相關責任部門，發揮風險日常監督職責，對風險管理實施的內容與頻率進行常態化監督。此外，集團按照年度內部審計及內控評價工作計劃，定期開展專項領域審計及內部控制評價工作，保證「一道防線」風控實施到位。

(5) 風險管理優化

集團管理層結合風險評估及內部審計結果，對集團內控和風險管理體系進行更新改進。通過進一步充實完善風險數據庫，對各項風險的成因、影響及其內在邏輯關係進行系統性分析，追溯風險根本成因，把握風險關鍵因素，強化風險應對措施，實現風險高效管控，內部控制體系優化提升。

2019年重大風險及管理舉措

本年度風險管理主要建設成果

- 開展全面風險評估。集團風控工作組牽頭開展集團及子公司業務全面梳理工作：風控工作組通過各職能部門現場走訪、問卷調研等形式，了解集團各業務流程存在潛在風險，修改並完善集團風險數據庫，並牽頭各部門員工從風險發生的可能性與影響程度兩個維度，對風險數據庫中風險展開評分，評選出集團所面臨或將面臨的風險。

- To strengthen management on the causes of risks. Through the analysis of the industry benchmarking and business processes, the Group analyzed the causes of the significant risks that the Group is confronted, grasp the risk priorities and association, precisely located the source of risks and formulated targeted countermeasures, so as to achieve effective risk management and control.
- To fully optimise various business processes. The Group paid ongoing attention to and regularly reviewed its business processes, improved the development of the internal control system and optimised inefficient business processes according to national policies and regulations, and adopted informatization methods to improve process efficiency and accuracy continuously, so as to achieve both “risk control” and “high efficiency”. Besides, the Group has further developed and remedied functions offered from the OA systems. It has been used extensively among the Group and its subsidiaries in the areas of human resources, supplies requisition. The application optimises the workflows of operation and thus increases the efficiency in overall.
- To enhance the development of risk management culture. Guided by the overall strategies, placing the productions as the theme and full participation as the principle, the Group reviewed regulations related to risk management culture, optimised the management structure within the organization and specified the accountabilities and responsibilities of designated departments in the risk field. With the measure, it strengthened the control of principal businesses and trainings in the culture of risk management, so that the corporate culture in risk management could be facilitated proactively.
- 強化風險成因管理。集團通過把握外部環境變化，開展行業對標分析與內部業務流程梳理，對集團面臨的重大風險和潛在行業風險進行風險成因分析，把握風險主次及關聯關係，準確定位風險源頭，針對性制定應對措施，以實現風險高效管控。
- 全面優化各業務流程。集團持續關注並定期審視業務流程，及時根據國家政策法規要求修訂業務管理制度及操作流程，同時引入信息化手段持續提升流程效率與精確性，實現「控風險」與「高效率」並舉。另外，集團進一步開發並完善OA系統功能，目前已在人力資源、物資領用、費用審批等領域實現集團與各子公司的深化運用，持續優化業務流程，提升整體工作效率。
- 加強風險管理文化建設。集團以整體策略為綱領，以生產經營為中心，以全員參與為原則，通過梳理與風險管理文化相關的管理規定，優化調整組織管理結構，明確各風險的主責部門及相應職責，提升重點業務事項的管控力度，加大風險管理文化的培訓教育，積極促進風險管理企業文化建設落地。

After the process of risk assessment, the Group has identified six major risks and potential risks in the industry, and according to the Group's core business processes, analyzed the potential impact of major risks on the Company's operations and management. Meanwhile, it has specifically formulated and effectively implemented risk countermeasures, and actively promoted comprehensive risk management to achieve the stable and healthy development of the Group.

經過風險評估程序，集團識別出了六項重大風險以及行業潛在風險，並結合集團核心業務流程，分析重大風險對公司經營管理的潛在影響，同時，具有針對性地制定並有效執行風險應對措施，積極推動風險綜合整治，以實現集團平穩健康發展。

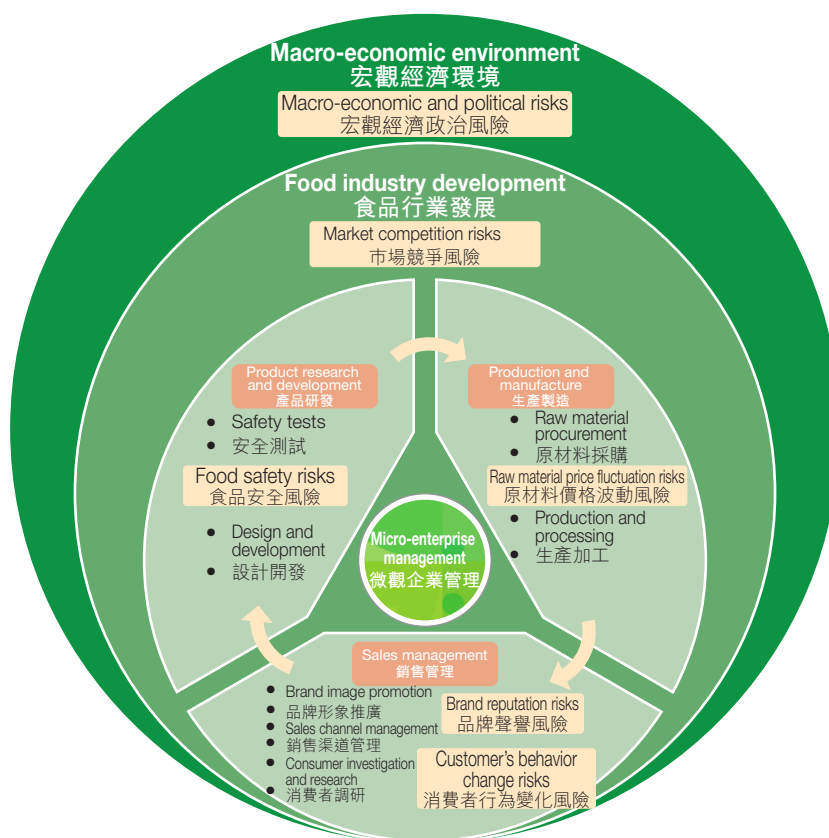


Figure 4: Major Risks — Business Logic Diagram
圖4：重大風險 — 核心業務流程圖

In respect of its risk exposures, the Group has designed and monitored the implementation of the following countermeasures through consolidation of existing resources.

1 Market competition risk

In recent years, the food and beverage industry has maintained a slow growth trend. Due to an overwhelming number of market products and competitors, consumption has become fragmented and market competition is further intensified. If the Group fails to obtain market attention and consumer dependence through innovation, or fails to effectively increase its market share through production advantages and channel resources, or fails to make timely adjustment to its business direction in line with market changes, the existing market share of the Group may be reduced, which will adversely affect the Group's market influence and competitiveness.

1. To optimise industrial layout and realize continuous product innovation:

The Group has been following its strategies on brandings with years. Over the last 30 years since the establishment, we have established various well-known brands, namely Daliyuan, Copico, Haochidian, Hi-Tiger, Heqizheng, Doubendou, Meibeichen in the industry. In 2019, we explored the area of children's biscuit by launching a sub-brand of Haochidian named Beiyouxing Children's Biscuits. Meanwhile, we kept on innovating our products offered under each of the brands. For instance; in 2019, we launched dozens of new products including ice cream pie, Qiaokechun, pineapple bun under the Daliyuan brand, and grain soymilks, oats soymilks under the Doubendou brand, in an aim to satisfy the diverse demands from consumers.

針對集團所面臨風險，集團通過整合現有資源，設計並監督執行以下應對措施：

1 市場競爭風險

近年來，食品飲料行業保持緩慢增長態勢，市場產品百花齊放，競爭對手層出不窮，消費人群呈現分散化特點，市場競爭進一步加劇。若集團不能推陳出新獲得市場關注和消費者依賴，無法借助生產優勢和渠道資源有效提升市場份額，或不能順應市場變化及時調整經營方向，可能導致集團現有市場份額降低，對集團市場影響力、競爭力帶來不利影響。

1. 優化產業佈局，實現產品持續創新：

集團始終堅持多品牌戰略，自成立以來的30年間，相繼打造了達利園、可比克、好吃點、樂虎、和其正、豆本豆、美焙辰七大知名品牌，並於二零一九年進軍兒童餅乾領域，推出好吃點子品牌貝優星兒童餅乾，同時不斷創新各品牌旗下產品類型，二零一九年推出「達利園」星冰淋派、巧可醇、菠蘿麵包、「豆本豆」穀物豆奶、燕麥豆奶等數十種新產品，全面滿足消費者多樣化需求。

2. To expand sales channels and boost market share:

The Group has actively expanded its sales channels. At present, it has set up off-line sales channels which cover the nationwide key supermarket system, chain convenience system, nationwide specialty channels, nationwide direct marketing system, etc. and online sales channels on major e-commerce platforms to fully promote the sales of our products in the market. At the same time, the Group further optimised the structure of department team, clarified the responsibility for channel management, established a more professional sales team to keep one-on-one contact with personnel from each channel, and assisted them in solving problems in the market from the aspects of store construction, inventory supervision, market promotion, etc., so as to continuously increase the market share with a refined management of sales channels.

3. To enrich marketing activities and expand brand market influence:

In addition to carrying out regular marketing activities on holidays, the Group adapted to the trend of market popularity and e-commerce development. For off-line marketing, Hi-Tiger, as a sponsor of the 2019 FIBA Basketball World Cup for energy drinks, held offline interactive activities in several cities before the competition, greatly enhancing the market momentum of the brand. In addition, Heqizheng also cooperated with NetEase Cloud Music to adjust product packaging in order to conform to the latest national trend. For on-line marketing, the Group introduced methods such as Juhuasuan, Taoqianggou and live broadcasting, to enrich product marketing activities and greatly enhance the Group's market influence.

2. 拓展銷售渠道，助力市場份額提升：

集團積極拓展市場銷售渠道，目前已搭建起包括全國重點商超系統、連鎖便利系統、全國性特通渠道、全國直營系統等在內的線下銷售渠道及各大電商平台線上銷售渠道，推動產品在市場上的充分銷售。同時，進一步優化部門團隊架構、明確渠道管理責任，建立更加專業的銷售團隊與渠道方一一對接，從門店建設、庫存監督、市場動銷等方面協助渠道方解決市場中的問題，以銷售渠道精細化管理助力市場份額持續提升。

3. 豐富營銷活動，擴大品牌市場影響：

集團在開展節假日常規營銷活動外，順應市場流行和電商發展趨勢，在線下樂虎作為二零一九年FIBA籃球世界杯功能飲料贊助商，在賽前於多個城市舉辦線下互動活動，極大增強品牌市場活力，此外，和其正也同網易雲音樂開展合作，調整產品包裝以順應國潮趨勢；在線上，集團引入聚劃算、淘搶購及直播等方式，豐富產品營銷活動，大力提升集團市場影響力。

4. To collect market information and strengthen market trend analysis:

For offline products, the Group gathered information about popular products in the market and sales ranking, etc. by extensively collecting information on the Internet, purchasing third-party databases or conducting on-the-spot investigation and visits. Meanwhile, it developed an understanding of the market direction by communicating with cooperative partners across the country. For online products, the Group aimed at its core rivals in each sub-sector and observes their sales performance on a daily basis. At the same time, it summarized and analyzed the key search terms, traffic conversion rate and characteristics of the consumer population on e-commerce platforms, so as to adjust the product promotion focus and sales rhythm in a timely manner.

4. 收集市場信息，加強市場趨勢分析：

針對線下產品，集團通過廣泛收集網絡信息、購買第三方數據庫或實地調研走訪等方式，匯集市場流行產品、銷量排名等信息，並通過與全國範圍內的合作商溝通，了解市場發展趨勢。針對線上產品，集團錨定每一細分領域核心對手，每日觀察其銷售情況，同時匯總分析電商平台中的關鍵搜索詞、流量轉化率、銷售人群特徵等，以及時調整產品推廣重點及銷售節奏。

2 Food safety risk

Food safety is related to the national economy and people's livelihood and is an important issue that food and beverage enterprises should pay attention to. Food safety risks arise from the whole process of product design, processing, manufacturing and distribution. If the Group fails to effectively control the purchase of raw materials, production environment, processing technology, quality inspection capability and other aspects, the products may not meet national and industry standards, which can easily lead to food safety problems, affect the reputation of the Group and may cause serious economic losses.

1. To continuously pass the food safety qualification certification:

Besides passing the ISO 14001 environmental management system and the ISO 22000 food safety management system certification, all the subsidiaries of the Group have obtained the HACCP food safety standard certification in 2019 and expanded the scope of BRC global food quality certification. In addition, the Group's testing center has passed the re-evaluation for the laboratory accreditation certificate issued by China National Accreditation Service for Conformity Assessment (CNAS) and has added testing accreditation for preservatives, pigments, heavy metals and other items. By introducing domestically and internationally advanced management standards, the Group's ability of food quality and safety control has been fully recognized by the industry.

2 食品安全風險

食品安全關係著國計民生，是食品飲料行業企業需關注的重要內容。食品安全風險貫穿產品設計、加工、製造、流通全過程，若集團未能對採購原料、生產環境、加工工藝、質量檢測能力等方面進行有效管控，可能造成生產產品不符合國家及行業標準，易引發食品安全問題，影響集團聲譽，並可能產生嚴重經濟損失。

1. 持續通過食品安全資質認證：

集團在通過ISO 14001環境管理體系、ISO 22000食品安全管理體系認證基礎上，二零一九年實現HACCP食品安全標準認證在集團子公司的全面覆蓋，BRC全球食品質量認證範圍的擴大。此外，集團檢測中心已通過中國合格評定國家認可委員會(CNAS)實驗室認可證書複評審，並新增防腐劑、色素、重金屬等項目檢測認證。通過引入國內外先進的管理標準，集團食品質量安全管控能力受到行業充分肯定。

2. To strengthen standardized management of production processes:

The Group has continuously strengthened the standardized management of production processes, screened and actively responded to possible food safety risks in various links such as design and development, production and processing, process transformation and market distribution. In respect of design and development, environmental protection and cleanliness requirements are fully considered to create high-standard environmental friendly workshops and purification systems; in respect of production and processing, the Group strengthens the monitoring over various indicators such as product composition and ingredients; gradually pushes forward the construction of production workshop information monitoring platform, and further improves the monitoring of various process indicators; after the products enter the market, quality inspection will be carried out occasionally to ensure product quality and safety.

3. To strengthen food safety and quality inspection:

In 2019, the Group adjusted its organizational structure according to production requirements and operating conditions, further optimised its production management mode, set up regional production divisions to conduct regional management of production bases nationwide, and built a group-region-subsidiary three-level supervision mode to ensure the implementation of food safety production requirements at all levels. At the same time, the Group's testing centers conduct random quality inspection for all the products according to the national testing standards on a monthly basis. In 2019, a total of more than 1,300 internal and external random inspections were conducted, with a passing rate of 100%.

2. 強化生產流程標準化管理：

集團不斷加強生產流程標準化管理，排查並積極應對在設計開發、生產加工、工藝轉化、市場流通等各環節可能存在的食品安全風險。在設計開發時充分考慮環保與潔淨度要求以打造高標準環保車間和淨化系統；在生產加工時加強對產品成分、配料等各項指標的監測；逐步推進生產車間信息化監控平台建設，進一步完善各項工藝指標的監控；在產品進入市場後，不定期開展質量檢測，確保產品質量安全。

3. 加強食品安全質量檢測：

二零一九年，集團根據生產要求和經營情況對組織結構進行調整，進一步優化生產管理模式，設置區域性生產事業部對全國範圍內的生產基地進行區域管理，構建起「集團—區域—子公司」三級監管模式，確保食品安全生產要求的層層落實。同時，集團檢測中心每月依據國家檢測標準對所有產品質量進行抽檢，二零一九年共計實施內外部抽檢1,300餘次，檢測合格率為100%。

3 Brand reputation risk

Brand reputation is an important factor of building and maintaining corporate image, and are thus very important for increasing the influence and competitiveness of the brand and cultivating consumption groups. If the Group fails to increase and maintain brand reputation, it may result in a lack of attractiveness to consumers and decline of market recognition, which may be unfavourable to the Group's brand image. At the same time, if the Group fails to monitor public opinion and respond reasonably to external events such as counterfeit products, it may damage the Group's reputation and affect our long-term healthy development.

1. To enhance brand reputation by receiving various prestigious awards

In 2019, the Group received a considerable number of awards in the PRC in relation to product quality and brand building. Participating in the contest organized by the International Taste Institute (iTi) (formerly known as iTQi) for the second consecutive year, Doubendou, a brand under the Group, won its second Superior Taste Award with its organic green soymilk, black soymilk and original soymilk. It also received the "Brand of the Year Golden Award" in the 26th China International Advertising Festival for its erudition in treatment ability and nutrition. In 2019, Doubendou also became the official partner of Golden Rooster and Hundred Flowers Film Festival, demonstrating professional recognition of the Group's brand influence on both domestic and foreign stages.

2. To optimise public opinion monitoring system to respond reasonably to crises:

The Group further optimises the public opinion monitoring system to carry out real-time monitoring on social platforms such as Weibo and WeChat, or other public media and dissemination channels so as to cover the Group, its competitors, consumers' behavior, brand image, emergency cases etc., capturing public opinion every day while collecting complaints and suggestions through various channels. After screening and summarizing all types of information, the Group will carry out operation adjustment in due course. In addition, facing all kinds of counterfeit products in the market, the Group protects our brand image and legal interests through official announcements, on-site evidence collecting, litigation and enhancement of anti-counterfeiting designs.

3 品牌聲譽風險

品牌聲譽作為塑造、維護企業形象的重要因素，對擴大品牌影響力及競爭力、培育消費人群具有重要意義。若集團未採用適當方式提升和維護品牌聲譽，可能導致消費者吸引力不足、市場認可度降低，不利於集團整體品牌形象的樹立。同時，若集團未對輿情進行監督，未對產品遭仿冒等危機事件進行合理應對，可能損害集團聲譽，影響集團的長期健康發展。

1. 榮獲多項權威獎項，提升品牌美譽度：

二零一九年，集團在產品品質和品牌塑造方面榮獲多項國內外大獎，旗下品牌豆本豆連續第二年參加iTQi國際風味評鑒所（原iTQi國際風味暨品質評鑒所）評選大會，選送的有機青豆奶、黑豆奶、原味豆奶第二次斬獲 Superior Taste Award 美味大獎，並憑藉對工藝、營養的深度解讀榮獲第26屆中國國際廣告節「年度品牌塑造金獎」。二零一九年，豆本豆還成為金雞百花電影節官方合作夥伴，充分證明集團品牌影響力在國內外舞台獲得專業認可。

2. 完善輿情監測機制，合理應對危機事件：

集團進一步完善輿情監測機制，對微博、微信等社交平台或其他大眾媒體傳播渠道進行實時關注，覆蓋集團自身、競爭對手、消費者行為、品牌形象、突發事件等多個維度，實現每日輿情動態捕捉，同時利用多種渠道收集投訴、建議等，在篩選並匯總處理各類信息後，適時進行經營調整。另外，在面對市場上層出不窮的仿冒品時，集團運用官方公告、現場取證、提起訴訟及加強防偽設計等方式積極維護集團品牌形象及合法權益。

4 Raw material price fluctuation risk

The prices of raw materials required for the Group's production are affected by the combination of China-US trade war, rising consumer index, exchange rate fluctuations, weather changes, natural disasters, market supply and demand, environmental protection requirements and other factors, resulting in increased uncertainty in the Group's production costs and its composition. If the Group fails to scientifically forecast the price of raw materials based on the analysis of macro-economy and price trends of raw materials, or lacks effective coping strategies in the event of unfavorable fluctuation of raw material prices, the Group's purchasing cost may increase, which may affect the Group's operating efficiency.

1. To forecast the price trend of raw materials and secure purchase price in time:

At the beginning of each year, the procurement and supply operation center will analyze and forecast the current price trend of all kinds of major raw materials and the domestic and foreign economic situations, define various cost targets, and update and adjust them monthly according to the actual situation and emergencies. At the same time, according to market anticipation, purchase contracts are signed at lower prices to secure the prices of bulk purchases and avoid losses to the Company due to price increases caused by unexpected events. In addition, the procurement and supply operation center has formulated contingency plans for price fluctuations of each raw material so as to strengthen the overall cost control.

4 原材料價格波動風險

集團生產所需原材料價格受中美貿易戰、消費者指數上漲、匯率波動、天氣變化、自然災害、市場供需、環保要求等多因素共同影響，導致集團生產成本及其構成不確定性加強。若集團未能在宏觀經濟和原材料價格走勢的分析基礎上，對原材料價格進行科學預測，或在原材料價格發生不利波動時缺乏有效的應對策略，可能導致集團採購成本增加，影響集團運營效率。

1. 預測原材料價格走勢，及時鎖定採購價格：

每年初，採供運營中心會針對各類主要原材料的當年價格走勢和國內外經濟形勢進行分析預測，明確各項成本目標，並根據實際情況和突發事件，每月進行更新調整。同時根據市場預判，在價格低點簽訂採購合同，鎖定大宗物料購買價格，避免突發性事件導致價格上升而給公司帶來損失。此外，採供運營中心對每種原材料均制定了價格波動的應急處理預案，以加強整體成本管控。

2. To promote information sharing with suppliers and strive for win-win cooperation:

The Group strengthens cooperation and communication with raw material suppliers, and regularly communicates with suppliers on raw material related manufacturing cost, operation plan, quality control and other information, which helps to improve the process and efficiency of raw material suppliers and reduce manufacturing costs, thus improving the Group's control over raw material prices. By establishing a relationship of mutual trust and creating a good atmosphere of cooperation, the Group can negotiate with suppliers to determine the price of raw materials and reduce the impact of price fluctuations.

3. To diversify procurement methods to reduce the impact of price fluctuations:

The Group applies diversified purchasing methods, and adopts off-season purchasing methods according to the production characteristics of raw materials to reduce the purchasing price. Through the analysis of the price trend of raw materials and the economy at home and abroad, mid-to-long-term strategic purchase contracts are signed with suppliers of raw materials in the form of long-term spot price, so as to secure the prices in advance, reduce the uncertainty of the fluctuation of purchase prices and its impact on the company, thus obtaining the relative advantages of purchase prices in the market.

2. 推動與供應商信息共享，爭取合作共贏：

集團加強與原材料供應商的合作交流，定期與供應商就原材料有關製造成本、作業計劃、質量控制等信息進行溝通，有助於原材料供應商的工藝和效率的提升，降低製造成本，從而提高集團對原材料價格的把控。通過建立相互信任的關係，營造良好的合作氛圍，集團可以同供應商協商確定原材料價格，降低價格波動影響。

3. 採購方式多元化，降低價格波動影響：

集團採取多樣化的採購方式，根據原材料生產特性，採取反季節採購的方式，降低採購價格；通過對原材料價格走勢和國內外經濟性的研判，運用遠期點價的方式，與原材料供應商簽訂中長期戰略採購合同，提前鎖定價格，減少採購價格波動的不確定性及其對公司的影響，從而獲得在市場中採購價格的相對優勢。

5 Consumer's behavior change risk

With the changes in living standards and social environment, consumer groups are stratified and show healthy and functional characteristics in consumption preferences. If the Group does not conduct in-depth research on consumer behavior, analyze the changing trend of consumer behavior, and accurately control the different needs and preferences of different consumer groups for product prices, functions and other aspects, it may reduce the attractiveness of our products to new and old customers, resulting in a decline in product market share and affecting the Group's revenue.

1. To grasp the new direction for product design and research:

In the design and research stage of new products, the Group obtains various information about market environment, consumption trends, best-selling products, etc. from various channels. Through multi-department analysis and discussion, and in combination with the Group's own advantages and experience, the Group conducts internal evaluation, thus accurately positioning the target consumers and corresponding brands, and determining the direction for the design of new products. When obtaining information, the Group conducts in-depth research in various sub-sectors through the use of third-party databases and supplier networks, combined with reports on consumer behavior from third-party companies, and based on field visits to supermarkets, convenience stores, etc. to ensure extensive collection of consumer information.

5 消費者行為變化風險

隨著生活水平及社會環境的變化，消費者群體出現分層，並在消費偏好上呈現出健康化、功能化等特徵。若集團未對消費者的消費行為進行深入研究，分析消費者行為變化趨勢，準確把控不同消費者群體對於產品價格、功能等維度的不同需求及偏好，可能會降低產品對於新老客戶的吸引力，造成產品市場佔有率的下降，影響集團收益。

1. 把握新產品設計研發方向：

在新產品的設計研發階段，集團從多方渠道獲取關於市場環境、消費趨勢、熱銷產品等多種信息，通過多部門分析討論，結合集團自身優勢與經驗，開展內部評估，從而對目標消費者及對應品牌進行精準定位，確定新產品設計方向。在獲取信息時，集團通過運用第三方數據庫及供應商網絡，結合第三方公司的消費者行為報告，並根據對超市、便利店等實地走訪情況，對各細分領域進行深入研究，保證消費者信息的廣泛收集。

2. To improve the product evaluation and consumer feedback research mechanism:

The Group has continuously improved its product evaluation mechanism and conducted follow-up research on consumer feedback. At present, the Group has established a relatively mature evaluation mechanism to explore the differences between product effects and design concepts from various aspects through internal evaluation of research and development teams; carried out cross-department evaluation within the group to understand the impression and comment of products by staff members outside the research and development team; on-the-spot visits were conducted to understand public consumers' feelings and suggestions for improvement in product price, taste, packaging and other aspects. Based on the evaluation results, suggestions for product adjustment and optimization were put forward. After scientific discussions and studies by various departments, corresponding adjustments and arrangements were put in place.

3. To calibrate brand positioning and deepen brand image promotion:

Faced with the increasing demand of consumers for nutritious and healthy products, the Group has developed a number of new products to meet their needs, such as "Xiangcui Luoxuanzao Biscuits" under Haochidian and featuring health concepts, and "Nutritious Toast" under Meibeichen, etc. At the same time, according to the differences in consumer preferences, the Group targets different consumer groups separately, such as housewives, bodybuilders, children and others, with unique designs in brand promotion strategies. For example, Doubendou has expanded its marketing channels to platforms such as Xiaohongshu, keep and Zhihu. Hi-Tiger cooperated with FIBA Men's Basketball World Cup to carry out a number of offline basketball interactive activities. Beiyouxing Children's Biscuits and "Boonie Cubs" jointly launched a co-branding package to greatly enhance the attractiveness of the products to consumers.

2. 完善產品評測及消費者反饋調研機制：

集團持續完善產品評測機制，並對消費者反饋進行跟蹤調研。目前，集團已建立起相對成熟的評測機制，通過研發團隊內部評測，從各維度探討產品效果與設計理念之差異；開展集團內跨部門評測，了解研發團隊之外人員對於產品的印象、評價；實地走訪了解大眾消費者對於產品價格、口感、包裝等維度的感受及改進建議，並依據測評結果，提出產品調整與優化建議，通過多部門科學討論研究後，進行相應調整部署。

3. 精確品牌定位，深耕品牌形象推廣：

面對消費者對營養健康產品需求的不斷提高，集團開發出多款滿足其需要的新產品，如主打健康理念的好吃點「香脆螺旋藻餅乾」，美焙辰「營養吐司」等。同時，根據不同消費者消費偏好差異，劃分家庭主婦、健身人群、少年兒童等不同群體，在品牌推廣策略上進行了獨有設計。如豆本豆拓展了小紅書、keep、知乎等平台營銷渠道；樂虎與FIBA男籃世界杯進行合作，開展多場線下籃球互動活動；貝優星兒童餅乾與「熊熊樂園」合作推出了聯名包裝，大力提升產品對消費者的吸引力。

6 Macro-economics and politics risk

The food and beverage industry is affected by macro-economic and political changes. If the Group fails to keep up with the changes in policies and regulations and the adjustment of industry standards and optimise the Group's operation and management in a timely manner, decisions made by the Group may become irrational and have adverse effects on the Group's operation. At the same time, given negative events such as the overall macro-economic downturn, intensified market competition, China-US trade war and RMB exchange rate fluctuation, it may not be conducive to the overall growth of the Group's product sales and income.

1. To pay close attention to changes in policies and regulations and actively seek government support:

The Group has paid close attention to the implementation of the new policies and regulations, sorted out dozens of laws and regulations closely related to the Group in economic management, private enterprises and food industry in a timely manner, studied and determined their impact on its operation and management, and actively revised the Company's system and work process according to the new direction of government policies and regulations to ensure the normal and orderly operation of the Group. In addition, the Group and its subsidiaries have maintained close communications with local governments and are actively paying attention to the financial support and policy support of the central and local governments for enterprises. The chief and executive deputy directors of subsidiaries regularly communicate with local government departments and actively seek tax relief and financial subsidies in accordance with policies to maximize the company's benefits.

6 宏觀經濟政治風險

食品飲料行業受宏觀經濟政治變化影響。若集團未能緊跟政策法規變化和行業標準調整，及時對集團經營管理進行優化，可能導致集團決策不合理，對集團經營造成不良影響。同時，受整體宏觀經濟下行，市場競爭加劇，中美貿易戰，人民幣匯率波動等消極事件影響，可能不利於集團產品銷售和收入的整體增長。

1. 密切關注政策法規變化，主動尋求政府支持：

集團密切關注新的政策法規的實施，及時梳理經濟管理、民營企業和食品行業等方面與集團息息相關的法律法規數十項，及時研判其對經營管理的影響，積極根據政府政策法規新導向修訂公司制度及工作流程，保障集團正常有序運轉。另外，集團及各子公司均與各地政府保持密切交流，積極關注中央及地方政府對企業的資金扶持和政策扶持。各子公司總廠長和常務副廠長定期與當地政府部門進行交流，依據政策積極尋求稅收減免和財政補貼，以實現公司利益最大化。

2. To actively participate in the formulation of standards to help the healthy development of the industry:

As the governing unit of the China Food Industry Association, the Group actively participates in the formulation of national food safety standards. In 2019, the Group, in collaboration with the China Baked Food and Sugar Products Industry Association, held a seminar on the revision of GB/T 20980 Biscuits and GB/T 20981 Bread standards. Combining with its own experience, the Group put forward professional opinions on the revision of the standards. Through promoting the standardization construction of the food industry and establishing good cooperative relations with other enterprises within the industry, the Group will drive a more stable development of the food industry.

3. To strengthen the linkage between upstream and downstream and enhance the exchange and cooperation among peers:

The Group regularly organizes communications and cooperation between upstream and downstream enterprises, gives early warning to upstream enterprises on macro-economic and political risks, and puts forward suggestions on improving raw material technology to reduce production costs for upstream enterprises. At the same time, the Group actively discusses changes in market demand with downstream enterprises, captures market opportunities and jointly explores new market growth points. In 2019, the Group not only actively communicated and cooperated with its domestic peers, but also its senior management went abroad to visit and investigate foreign peers, learned advanced experience and strived to be a leader in the same industry at home and abroad.

2. 積極參與標準制定，助力行業健康發展：

集團作為中國食品工業協會理事單位，積極參與食品安全國家標準的制定。二零一九年，集團協同中國焙烤食品糖製品工業協會，召開GB/T 20980《餅乾》標準修訂、GB/T 20981《麵包》標準修訂研討會，並結合自身經驗提出標準修訂專業意見，通過推動食品行業的規範化建設，並與同行業其他企業建立起良好的合作關係，以帶動食品行業更加穩定地發展。

3. 加強上下游聯動，增進同業交流合作：

集團定期組織上下游企業進行交流合作，就宏觀經濟政治風險對上游企業進行預警提示，提出原材料工藝提升建議以降低上游企業生產成本，同時與下游企業積極探討市場需求變動，捕捉市場機遇，共同發掘新的市場增長點。二零一九年，集團不僅積極同國內同業進行交流合作，集團高層管理人員還走出國門，對國外同業公司進行走訪調研，汲取先進經驗，力爭走在國內外同行業的先行。

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS REVIEW OF 2019

The Internal Audit Division, in accordance with the annual audit plan approved by the Audit Committee in 2019, carried out independent review on the effectiveness of the Group's risk management and major internal control, covering financial control, operational control and compliance control. The Internal Audit Division reported the audit results to the Audit Committee and the Board of Directors, recommended rectification measures and exchanged views with the management and took follow-up actions to ensure that the management has put such rectification measures into practice.

The Audit Committee scrutinizes and approves the review results and comments from the Internal Audit Division regarding the effectiveness of the Group's internal control system and the risk management system on a regular basis and reports major issues (if any) to the Board of Directors.

As of December 31, 2019, the Board of Directors and the Audit Committee have conducted a review on the effectiveness of the Group's risk management and internal control systems, including adequacy of resources, employees' qualification and experience, training programs and budgets of the Company's accounting and financial reporting functions. The Board of Directors is of the view that there is no material deficiency in the Company's risk management and internal control systems in terms of integrity, rationality and validity.

2019年風險與內部監控體系檢討

根據二零一九年審核委員會批准的年度審計計劃，內審部對本集團風險管理及重大內部監控(包括財務監控、營運監控及合規監控)的成效進行了獨立檢討。內審部向審核委員會及董事會匯報結果，提出整改措施建議與管理層交流意見，並負責跟進以確認管理層已落實整改。

審核委員會定期審閱由內審部就本集團內部監控系統及風險管理的有效性而作出的檢討結果及意見，並向董事會匯報任何重大事項。

截至二零一九年十二月三十一日，董事會與審核委員會已對本集團風險管理及內部監控系統的成效進行了檢討，認為本集團風險管理及內部監控系統在完整性、合理性及有效性方面無重大缺陷，該年度檢討亦包括本集團會計及財務申報職能的資源充足性、員工資格及經驗、培訓計劃及預算。

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ABOUT THE REPORT

Overview

The report is the fourth annual Environmental, Social and Governance (hereinafter referred to as “ESG”) Report issued by Dali Foods Group Company Limited (hereinafter referred to as “Dali” or the “Company”, together with its subsidiaries “We” or the “Group”) which mainly discloses the Group’s performance on ESG. The report covers work for the financial year from 1 January 2019 to 31 December 2019 (the “reporting period”).

Preparation basis

The report was prepared in accordance with the revised Environmental, Social and Governance Reporting Guide published in December 2015 as set out in Appendix 27 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The report contents are determined according to a set of systematic programs and relevant procedures include: identification and prioritization of important stakeholders, identification and prioritization of ESG related important topics, determination of boundary of ESG report, collection of relevant materials and data, preparation of report according to the data, verification of data in report, etc.

Scope and boundary of the report

Unless specially stated, the policies, statements and data in the report basically cover the Group’s headquarters and subsidiaries while certain information on community investment is beyond the scope of this report and will be explained elsewhere. The currency used in the report is RMB.

Data source and reliability assurance

The data and cases of the report are mainly from the statistics report and related documents of the Group. The Group undertakes that there is no false record or misleading statement in the report, and we shall be liable for the authenticity, accuracy and completeness of the report.

Confirmation and approval

As confirmed by the management, the report was approved by the board of directors on 29 March 2020.

關於本報告

概覽

本報告是達利食品集團有限公司(於本報告提述為「達利」或「本公司」，連同其附屬公司統稱為「我們」或「本集團」)發佈的第四份環境、社會及管治(以下簡稱「ESG」)年度報告，重點披露本集團在ESG方面的表現。本報告涵蓋2019年1月1日至2019年12月31日財務年度(「報告期」)的工作。

編製依據

本報告編製遵循香港聯合交易所有限公司(以下簡稱「聯交所」)上市規則附錄二十七所載的於2015年12月公佈經修訂的《環境、社會及管治報告指引》進行編製。

本報告內容是按照一套程式而釐定的。有關程序包括：識別和排列重要的權益人、識別和排列ESG相關重要議題、決定ESG報告的界限、收集相關材料和數據、根據資料編製報告以及對報告中的資料進行檢視等。

報告範圍及邊界

除特殊說明之外，本報告中的政策、聲明、數據等覆蓋本集團總部和附屬公司，其中部分社區投資信息超過此範圍，會另行說明。本報告財務數據所涉及的幣種均為人民幣。

資料來源及可靠性保證

本報告的資料和案例主要來源於本集團統計報告和相關文檔。本集團承諾本報告不存在任何虛假記載、誤導性陳述，並對其內容真實性、準確性和完整性負責。

確認及批准

本報告經管理層確認後，於2020年3月29日獲董事會通過。

RESPONSIBLE OPERATION TO FUEL SUSTAINABLE DEVELOPMENT

Since its establishment in 1989, the Group has experienced decades of rapid development and grown into a comprehensive modern food enterprise group consisting of three major business segments: snack food, beverages and household consumption. As we always uphold the corporate philosophy of “creating quality products”, we are committed to meeting consumers’ demand for healthy nutrition intake and creating a better quality of life for them. While consistently upgrading and innovating in various fields, we kept exploring sustainable development models with focus on corporate responsibility and making unremitting efforts to achieve the goal of sustainable development.

ESG Management

In a view to promote the long-term, stable and sustainable development of the Group, we continuously improved the effectiveness of ESG management and integrated the concept of ESG responsibility with our business strategies. We have established a three-level ESG governance structure consisting of the Board, the ESG executive committee, and the ESG working group, comprehensively implementing and enhancing our ESG management by promoting in-depth Board participation, horizontal coordination of management, as well as the execution of various functional departments.

責任運營，助力持續發展

本集團自1989年創辦至今，歷經數十年的飛速發展，已經發展形成了以休閒食品、飲料、家庭消費三大業務板塊構成的綜合性現代化食品企業集團。我們始終秉承「用心創品質」的企業理念，致力於滿足消費者健康營養的攝取需求，為消費者締造美好生活品質。我們在多領域持續升級創新的過程中，不斷探索可持續發展模式，始終堅守企業責任之道，為實現可持續發展目標而不懈努力。

ESG 管理

為促進本集團長期、穩定的持續發展，我們不斷提升ESG管理的工作成效，並將ESG責任理念同經營戰略相融合。我們設立了由董事會、ESG執行委員會、ESG工作小組構成的三級ESG治理架構，通過促進董事會深度參與、管理層橫向協調、各職能部門落實行動，全面地開展ESG管理工作的落實與提升工作。



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Communication with Stakeholders

The Group attaches great importance to the opinions and expectations of stakeholders. We strive to actively maintain mutual communication with stakeholders including shareholders/investors, government departments, suppliers, staff, community/organizations/NGOs, Medias, as well as customers, so as to understand the authentic opinions and expectations of all stakeholders, establishing a long-term, stable and good relationship with mutual trust through effective communication and responses. The following sets forth issues of concern to different groups of stakeholders during the reporting period:

權益人溝通

本集團高度重視權益人的意見和期望，我們堅持與股東／投資者、政府部門、供應商、員工、社區人士／組織／非政府組織、媒體、顧客在內的權益人保持積極的雙向溝通，真實瞭解各權益人的意見和期望，並通過有效溝通和回應，來建立長期穩定、相互信賴的友好關係。下表列出報告期內主要權益人組別所關注的議題。

Groups of stakeholders 權益人組別	Issues of concern 權益人關注的主要議題	Communication channels/ Feedback form 溝通渠道／反饋方式	Frequency/Number of times 頻率／次數
Shareholders/ Investors	Operation Results Food Safety Green Production Climate Change Risks	— Annual General Meeting — Investors Conference — Result Announcements Meeting — Press Release/Announcement — On-site Research and Investigation — Mail Communication	Annual General Meeting is held once a year; Investors Conference and on-site research and investigation are held irregularly
股東／投資者	經營業績 食品安全 綠色生產 氣候變化風險	— 股東週年大會 — 投資者見面會 — 業績發佈會 — 新聞稿／公告 — 現場調研 — 郵件溝通	股東週年大會每年舉行一次；投資者見面會及現場調研不定期舉行
Government Departments	Food Safety Green Production Operation Compliance	— On-site Research and Investigation — Meeting	Irregular
政府部門	食品安全 綠色生產 合規經營	— 現場調研 — 會談	不定期

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Groups of stakeholders 權益人組別	Issues of concern 權益人關注的主要議題	Communication channels/ Feedback form 溝通渠道／反饋方式	Frequency/Number of times 頻率／次數
Suppliers 供應商	Supply Chain Management Food Safety 供應鏈管理 食品安全	— On-site Research and Investigation — Supplier Assessment — 現場調研 — 供應商考核	Irregular Regular 不定期 定期
Staff 員工	Employee's Rights Remuneration and Benefits 員工權益 薪酬福利	— Staff Interviews — Internal Email/hotline — Internal WeChat Public Account — Employee Satisfaction Survey — Employee Complaint QR Code — 員工面談 — 內部電郵／熱線 — 內部微信公眾號 — 員工滿意度調查 — 員工投訴二維碼	Irregular 不定期
Community/ Organizations/NGOs 社區人士／組織／ 非政府組織	Green Production Food Safety 綠色生產 食品安全	— On-site Research and Investigation — Meeting — 現場調研 — 會談	Irregular 不定期
Medias 媒體	Food Safety Product Tracing 食品安全 產品追溯	— Press Release/Announcement — Interview — Meeting — 新聞稿／公告 — 採訪 — 會議	Irregular 不定期
Customers 顧客	Food Safety Food Nutrition and Health 食品安全 食品營養與健康	— Online Promotion and Release — Offline Promotion — Contact Through Telephone/Email — WeChat/Weibo — Questionnaire — Symposium — 線上推廣發佈 — 線下推廣活動 — 電話／電子郵件 — 微信／微博 — 問卷 — 座談會	Irregular 不定期

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Material Issues Analysis

The Group integrates the opinions and expectations of various stakeholders into our ESG management strategy and policy formulation. We conducted material issue analysis based on media remarks, peer-to-peer benchmarking and stakeholder communication results in order to address the concerns of all stakeholders in this Report. Our materiality assessment was implemented with two main phases as shown below.

Identify potential material issues

識別潛在重大性議題

To examine the media analysis, industry benchmarking analysis and reviews on other relevant documents, we could identify the potential material issues which reflect the economic, environment and social impact brought by the Group's business, or affect the stakeholders' evaluations and decision making on the Group.

我們通過媒體分析、同行對標分析及其他相關文件檢閱，識別能夠反映本集團業務產生的經濟、環境和社會影響，或影響權益人對本集團評估和決策的潛在重要議題。

Prioritize potential material issues

對潛在重大性議題進行排序

We comprehend stakeholders' concern on their priorities to matters through communications. We try to integrate their ideas into our strategies and approaches for development, resulting in the formation of a matrix of materiality.

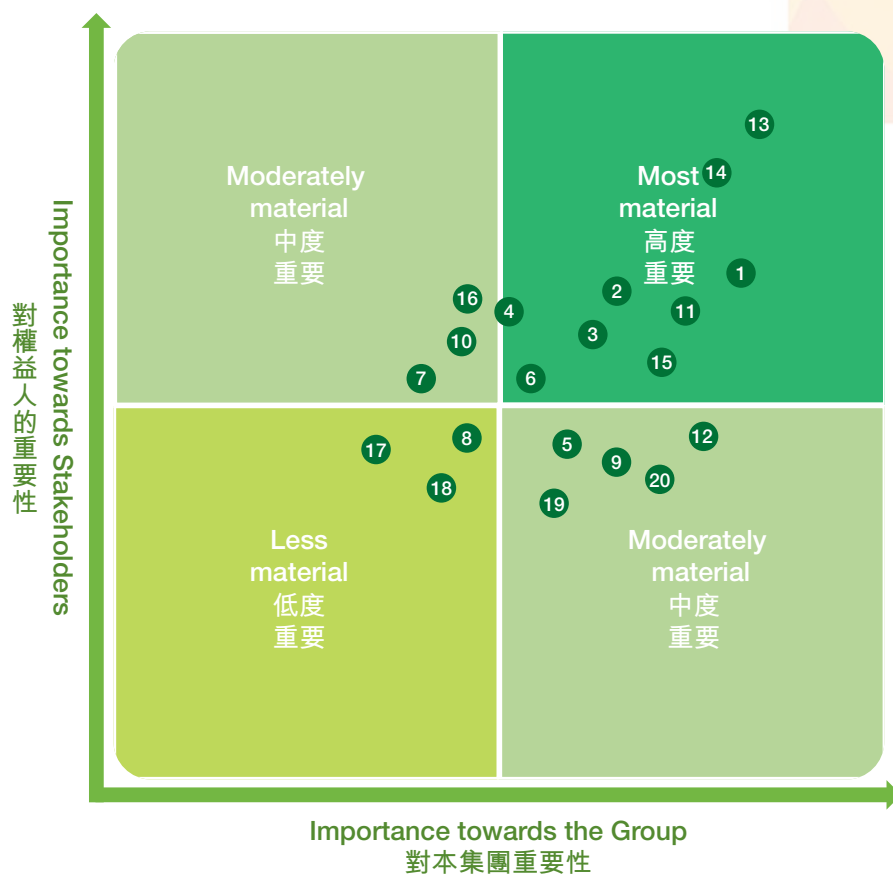
通過權益人溝通、瞭解各權益人所關注的優先議題，結合公司戰略和發展方向，得出重大性矩陣。

重大性議題分析

本集團將各權益人的意見及期望與ESG管理戰略及政策制定相融合，我們結合媒體分析、同行對標及權益人溝通結果，開展重大性議題分析，以便在本報告中主動且有針對性的回應各權益人的關注。重要性議題評估工作主要分為以下兩個階段執行。

Through the above assessment process, the Group has identified 9 most material, 8 moderately material and 3 less material ESG issues. These issues constitute a key part of this report and relevant management initiatives will be disclosed herein.

本集團通過以上評估過程識別出9項高度重要ESG議題，8項中度重要ESG議題，以及3項低度重要ESG議題，這些議題構成本報告內容的重點部分，我們將會在本報告內詳細披露相關的管理舉措。



- | | |
|--|--|
| 1 Integrity
誠信廉潔 | 11 Supply chain management
供應鏈管理 |
| 2 Water resources management
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Integrity and Compliance

Legal and operation compliance are the foundation of an enterprise's operation and the correct approach of its development. As the Group is always committed to creating a business environment with honesty, integrity, transparency and fairness, we strictly abide by the relevant laws and regulations including but not limited to *the Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Basic Standards for Corporate Internal Control* and the *Interim Rules on Prohibition of Commercial Bribery*, as well as formulate internally a number of standards including the "Anti-fraud Management Rules", so as to improve our operation compliance on a continuous basis.

In order to enhance our internal fraud risk control, we have established a permanent anti-fraud body responsible for receiving, investigating and reporting any complains of corruption (whether anonymous or otherwise) and providing handling suggestions under the supervision of the Board, the supervisory committee and the audit committee. Meanwhile, we continue to improve the protection mechanism for whistleblower. Through the training and advocacy of relevant laws and regulations, as well as anti-corruption and professional ethics, we help our employees to establish the values of integrity and pragmatism, and require them to discharge respective duties with fairness, integrity and honesty. During the reporting period, the Group did not have any corruption lawsuit cases.

廉潔合規

遵紀守法、合規運營是企業運營之本和發展之道。本集團始終致力於打造誠信、廉潔、透明、公正的商業環境，我們嚴格遵守《中華人民共和國公司法》《中華人民共和國反不正當競爭法》《企業內部控制基本規範》《關於禁止商業賄賂行為的暫行規定》等法律法規，並在內部制定了包括《反舞弊管理制度》在內的多項規範性文件，持續提升我們的合規運營水平。

為了不斷加強內部舞弊風險控制，我們建立了反舞弊工作常設機構，負責對各類實名和匿名的舞弊行為舉報進行接收、調查、報告和提出處理意見，並接受董事會、監事會及審核委員會的監督。同時，我們持續健全舉報人保護機制。通過開展相關法律法規、反腐敗及職業道德規範培訓與宣貫，幫助員工樹立誠信務實的價值觀念，並要求大家公正、廉潔、誠信地開展各項工作。報告期內，本集團未發生貪污腐敗訴訟案件。

Honorary Award

The Group strives to develop into an innovation-driven enterprise by continuously improving our product quality. We continued to be recognized by various sectors of the society, including the government, industry, and media. During the reporting period, part of the awards and honors received by the Group is as follows:

榮譽獎項

本集團堅持以創新驅動企業發展，不斷提升產品品質，持續獲得了來自政府、行業、媒體等社會各界的認可。報告期內，本集團獲得的獎項及榮譽如下：

Major honorary achievements in 2019

2019年所獲主要榮譽成果

Won the title of “Outstanding Contribution Enterprise of the Food Industry of Fujian Province for the 40th Anniversaries of Reform and Opening up”

榮獲福建省改革開放40年食品工業突出貢獻企業稱號

Ranked among the 2019 Top 100 Enterprises in Fujian Province

榮獲2019年度福建省百強企業稱號

Ranked among the China Top 500 Private Enterprises of the Manufacturing Industry

中國民營企業製造業500強

Ranked among the China Top 500 Private Enterprises

中國民營企業500強

Ranked among the Top 50 Private Enterprises of the Manufacturing Industry in Fujian Province

福建省民營企業製造業50強

Ranked among the Top 100 Private Enterprises in Fujian Province

福建省民營企業100強

Standing Member of the 6th Council of the China Association of Bakery and Confectionery Industry

中國焙烤食品糖製品工業協會第六屆理事會常務理事單位

Actively participated in the targeted poverty alleviation campaign of “Thousands of Enterprises Helping Thousands of Villages” in Fujian Province and won the title of “Effective Supports Unit”

踴躍參與福建省「千企幫千村」精準扶貧行動，並取得良好幫扶成效單位

Obtained the “2019 China Brand Value Evaluation Result Notice” issued by the China Council for Brand Development

中國品牌建設促進會頒發「2019中國品牌價值評價結果通知書」

Group Member of the China National Food Industry Association

中國食品工業協會團體會員

CREATING BETTER QUALITY OF LIFE BY ATTENTIVE PRODUCTS

As the saying goes, “food is the paramount concern of the people and safety is the paramount concern for food”, the Group always place “quality first” at the starting point of our operation and actions, remaining true to our initial aspiration throughout the past 30 years. With adherence to the ideal of “creating quality products” and a pragmatic and enterprising corporate culture, we insisted on the innovation and development of healthier products with higher nutrition values, collaborating with business partners to provide customers with high-quality products on the basis of ensuring food quality and safety.

Food Quality and Safety

Quality control mechanism

The Group strictly complies with the *Food Safety Law of the People's Republic of China*, the *Product Quality Law of the People's Republic of China*, the *Regulations on the Implementation of the Food Safety Law of the People's Republic of China* and other national laws and regulations. We have put in place quality control policy follows the principle of “being conscious at the outset, gaining control of the source, having attention to detail, placing focus on the process, conducting inspection as safeguard, and striving to ensure safety”, as well as quality management system follows the four principles of “one standard, two levels of supervision, three prohibitions and four non-tolerances”. During the reporting period, the Group further strengthened the operation mechanism of our management system; all 14 subsidiaries have introduced and implemented the Hazard Analysis Critical Control Point (HACCP) system. We also continued to promote the certification of Global Standards for Food-safety and the Integrity Management System of the British Retail Consortium (BRC). Through these, our established all-round integrated management system, which is based on the ISO22000 Food Safety Management System, the ISO9001 Quality Management System, as well as the ISO14001 Environmental Management System, enhanced by the HACCP system, strengthened by the BRC standards, complemented by the organic and halal product certification, as well as supplemented by informational and industrial integrated management system and food industry enterprise integrity management system, has been ultimately refined.

用心產品，締造品質生活

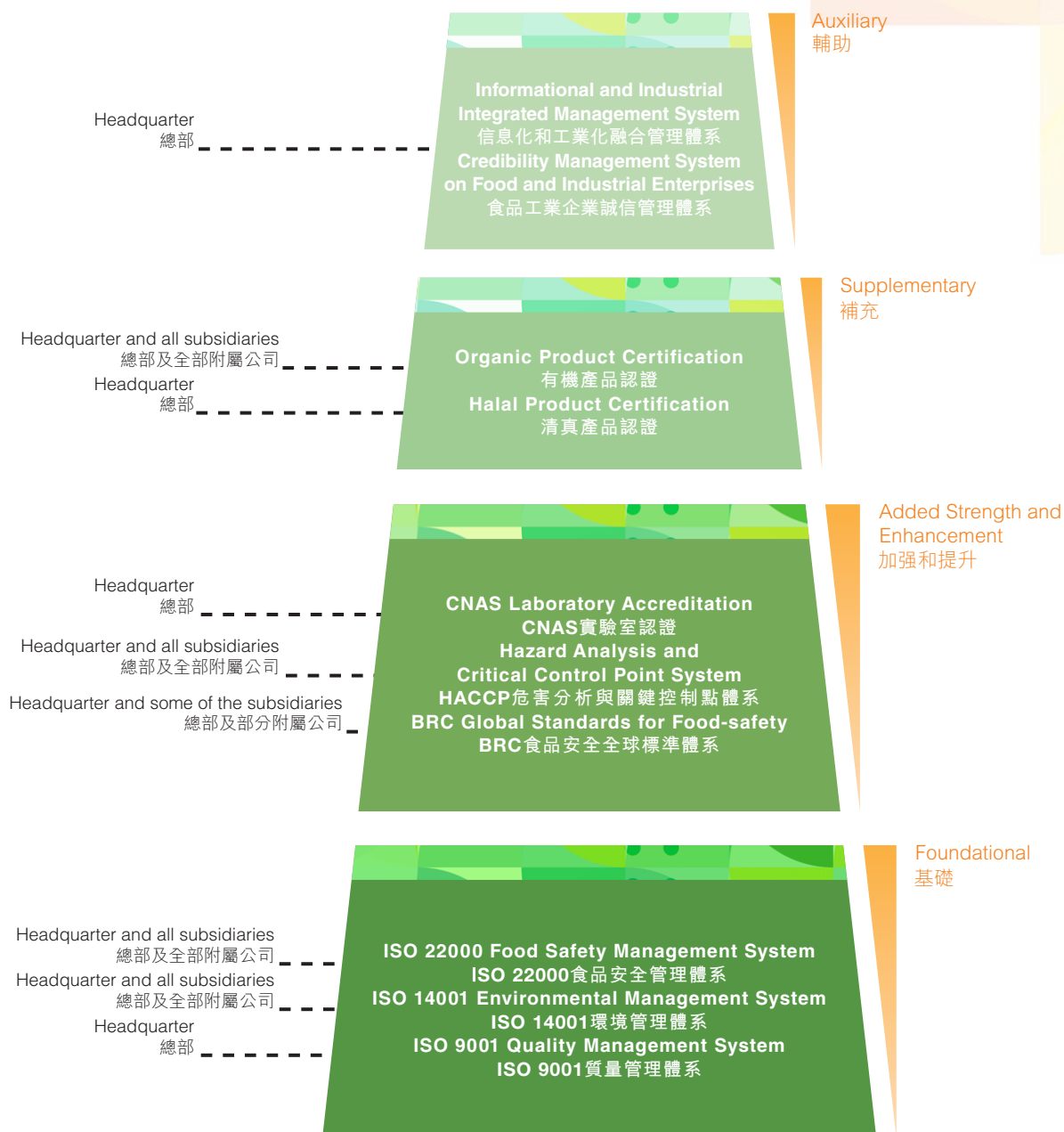
「民以食為天，食以安為先」。本集團始終以「品質至上」為經營的出發點和行動的落腳點，30年來不忘初心，堅持「用心創品質」的理念和務實進取的企業文化，在保障食品質量和安全的基礎上，堅持創新、開發更加健康和營養的產品，並致力於攜手合作夥伴，共同為顧客提供高品質的產品。

食品質量與安全

品控體系

本集團嚴格遵守《中華人民共和國食品安全法》《中華人民共和國產品質量法》《中華人民共和國食品安全法實施條例》等國家法律法規，建立了「意識先行、控制源頭，關注細節，注重過程，檢驗保障，確保安全」的品控方針和「一個標準、二級把關、三個不准、四不放過」的品質管理四項原則。報告期內，本集團進一步強化管理體系運行機制，14家附屬公司全部導入和運行危害分析與關鍵控制點(Hazard Analysis Critical Control Point, HACCP)體系。我們持續推進了英國零售商協會(British Retail Consortium, BRC)食品安全全球標準體系認證和誠信管理體系，完善了集團建立的以ISO 22000食品安全管理體系和ISO 9001質量管理體系、ISO 14001環境管理體系為基礎，HACCP體系為提升，BRC標準為加強，有機和清真產品認證為補充，信息化和工業化兩化融合管理體系及食品工業企業誠信管理體系為輔助的全方位一體化綜合管理體系。

All-round Integrated Management System
全方位一體化綜合管理體系



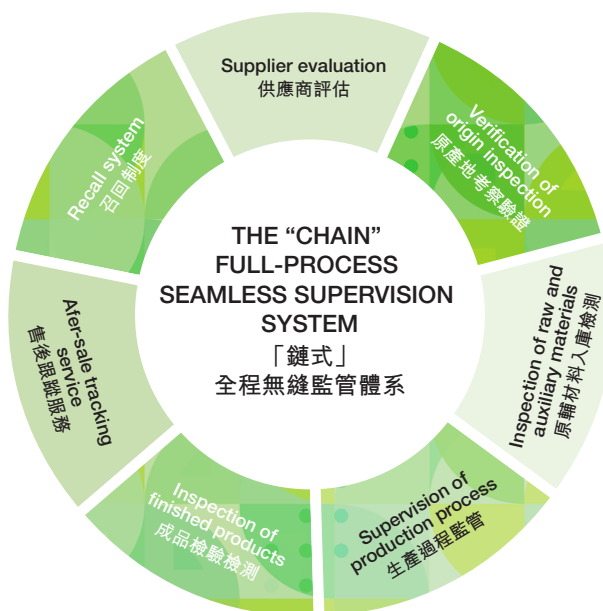
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

We have set up a triple-level integrated quality control team, which comprises the Group's quality control department, the subsidiaries' quality control testing center and workshop quality control officers, as well as established a monitoring process to ensure supervisions are carried through from top to bottom and staff are held to be responsible from bottom to top. Through these, a scientific, orderly and complete traceable quality control system and a unique "chain style" full supervision mechanism have been formed with the purpose to monitor the entire product life cycle from the source supplier to the consumer, effectively ensuring product quality and food safety. During the reporting period, we further optimised our product standards and food safety management systems. Internally, we have established food safety emergency teams within each subsidiary and developed a food safety risk monitoring mechanism. Externally, we actively participated in the formulation of national standards for biscuits, bread, food packaging machinery and other products with a view to accelerating the standardization process in the food industry.

我們構建了從集團品管部到附屬公司品管檢測中心、車間品控專員三級一體的強大品控團隊，並制定了自上而下層層監管、自下而上逐級負責的監控程序，形成了科學、有序、完整的可追溯品控體系和特有的「鏈式」全程監管機制，從源頭供應商端到消費者端實現產品全生命週期的監控，有效確保產品品質和食品安全。報告期內，我們對產品標準和食品安全管理制度進行進一步優化，對內由各附屬公司成立食品安全應急小組，建立食品安全風險監測機制。對外我們積極參與餅乾、麵包、食品包裝機械等產品的國家標準制定，加速推進食品行業標準化進程。

The "chain" full-process seamless supervision of Dali
達利「鏈式」全程無縫監管機制



Supplier management and assessment

The quality of raw materials directly affects the production process and the quality of the final product. During the reporting period, we have enhanced the supervision of the supply chain by building a supplier service system to carry out systematic, modular, standardized, and data-based big data management for all of the Group's qualified raw and auxiliary materials suppliers, so as to achieve an all-round and full supervision of the supply chain. At the same time, the Group strived to establish mutual beneficial relations with our suppliers. When assessing suppliers, in addition to the usual factors such as quality and price, we will also incorporate the supplier's efforts on environmental protection and labor rights protection into the assessment scope so as to encourage and promote suppliers to improve their awareness of quality management as well as their ability to fulfill social responsibilities, which in turn would reduce the risks brought to us by the supply chain and ensure the stability of our production and operation.

供應商管理與評估

原材料的質量直接影響生產過程和最終產品質量。報告期內，我們加大供應鏈監管力度，籌建供應商服務系統，對全集團的原輔料合格供應商進行系統化、模塊化、標準化、數據化的大數據管理，實現供應鏈全方面、全流程的監管。同時，本集團致力於與供應商合作共贏，在考核供應商時，除了品質、價格等常規因素外，還會將供應商的環保情況以及勞工權益保障情況納入到考核範圍中，以此來鼓勵和推動供應商提升質量管理意識以及社會責任履行能力，降低供應鏈帶給我們的風險，保障生產運營的穩定。

Supplier screening 供應商篩選與准入

- Adopting stricter entry standards for group suppliers and productive suppliers, respectively. Incorporated new criteria such as risk of the suppliers' equity structure, the establishment of a food safety system, and integrity considerations into the selection process
對集團性供應商及生產性供應商分別採取較為嚴格的准入標準。在篩選過程中新增供應商股權結構風險、食品安全體系建立以及誠信的考量
- Requiring all suppliers to sign relevant integrity statements
要求所有供應商簽署相關廉潔聲明
- Giving priority to local suppliers for key agricultural products to reduce the environmental impact of long-distance transportation of products
在重點農業產品方面傾向本地供應商，減少產品長距離運輸的環境影響
- Visiting the supplier's place of origin for inspection and verification, safeguarding the quality of raw materials from the very source
到供應商原產地進行考察驗證，從源頭把好第一關

Supplier rating and assessment 供應商評級與考核

- Improving supplier classification and management policy. All suppliers are assessed based on ISO and HACCP systems and are evaluated on multiple aspects such as quality, price, delivery, and service of suppliers
完善供應商分級管理政策，所有供應商的評估均基於ISO和HACCP體系，從供應商的交付質量、價格、交期、服務等多個維度進行考核
- Classifying raw materials into three categories (A, B, and C) according to level of risk for hierarchical control, and conducting on-site inspections of new suppliers, suppliers which experienced material changes or involved in material quality problems, and Class A high-risk suppliers in accordance with the "On-site Supplier Audit Rules"
將原料按風險高低分為A、B、C三類，並進行分級管控，並按照《供應商現場審核細則》，對新供應商、發生重大變化或質量問題的供應商以及A類高風險供應商進行現場審查

Supplier training and support 供應商培訓與幫扶

- Conducting technical exchanges and guidance during on-site inspections, working with suppliers to solve relevant problems
現場審查時進行技術交流與指導，和供應商共同解決問題
- Promoting mesona and honeysuckle suppliers to participate in provincial review, recommending peanut suppliers to increase the use of X-ray machines for debris screening, advising bean suppliers to use color sorting machines for impurities removal, and promoting soybean and corn suppliers for GMO testing;
推動仙草及金銀花供應商進行省級評審，建議花生類供應商增加使用X光機進行雜物篩選，建議豆類供應商增加色選機進行去雜，推動大豆玉米類供應商進行轉基因檢測
- Making potato as the focus of agricultural procurement in effort to provide targeted assistance to farmers
重點在馬鈴薯採購上開展訂單農業採購，定向幫扶農民

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

As of 31 December 2019, the Group had 943 suppliers, and we concentrated our raw materials and ingredients procurement to a total of 495 suppliers, their distribution is as follows:

截至2019年12月31日，本集團共有943家供應商，其中495家為集中採購原輔料供應商，其分佈情況如下所示：



Raw material inspection upon storage

The Group has established a three-level storage management system comprising the sampling inspection at the inspection center, the warehouse acceptance inspection, and the review before actual use in the workshops. Such system covers an extensive scope, ensuring that various aspects of the raw materials, including size, quantity and quality, have been fully inspected. We have also prepared a series of comprehensive inspection standards such as the “Acceptance Standards for Raw Materials and Auxiliary Materials”, “Sampling Rules for the Inspection of Major Raw Material Purchases”, and “Guidelines for Inspection Operations” to carry out adequate supervision and inspection, which in turn ensure effective inspection and control of raw materials. The Group’s quality management of raw materials is provided with accurate and strong data support and assurance through our advanced testing equipment, professional technicians, comprehensive testing capabilities, and accurate data analysis.

原材料入庫檢測

本集團建立了檢測中心抽樣檢測、倉庫入庫驗收、車間使用複核的三級入庫管理制度，實現了對所有原材料從點到面、從小到大、從少到多、從量到質的批批入庫檢測。我們編製了《原輔料的驗收標準》《主要原材料進貨檢驗抽樣規則》《檢驗作業指導書》等一系列全面的檢驗標準，做好監視和測量工作，確保了原輔料的有效檢測和控制。我們通過先進的檢測儀器、專業的技術人員、全面的檢測能力、精準的數據分析為本集團的原材料質量管理工作提供了準確而有力的數據支撐和保障。

Production process supervision

In order to assure that key control points are under control, the Group has fully introduced an advanced management system, under which monitoring systems have been set up for each key control point in the production process, thereby guaranteeing the safety and security of our production process. We comprehensively implements the 5S¹ on-site Management Approach and the lean production method. Each process and position in each workshop is managed in accordance with the lean management method, pursuant to which we have realized the five principles of management, which are standardized, streamlined, automated, refined, and visualized. Dashboard management is also implemented for each process and position with a view to facilitating swift operation of employees. Such approach has improved the accuracy and timeliness of the monitoring process, enabling us to carry out process control based on the principles of “segmented management, key point control, uninterrupted monitoring and consistent precision”

Finished product inspection

The testing center at the Group's headquarter obtained the laboratory accreditation certificate from China National Accreditation Service for Conformity Assessment (CNAS). All of our factories have established a testing laboratory, the current analysis capabilities of such laboratory cover products such as cakes, bread, biscuits, puffed foods, vegetable-base protein drinks, health foods, tea-base drinks, herbal teas, fruit and vegetable juices, and raw materials, with nearly 160 test indicators including microbes, plasticizers, heavy metals, pesticide residues, and melamine, which are of concern to the public. Thus, we are able to provide precise and solid support to and guarantee for our quality management. During the reporting period, we have further improved our laboratory testing capabilities by putting in place a Laboratory Information Management System (LIMS), which allows for a comprehensive resource management covering various aspects including laboratory personnel, equipment, materials, methods and environment. We have also established systems for comprehensive inspection management and product quality monitoring in order to implement strict management and control of laboratory analysis data, which in turn improved our capabilities in quality control and food safety testing.

生產過程監管

本集團全面導入先進管理體系，針對生產過程中每個關鍵控制點建立監視系統，以證實關鍵控制點處於受控狀態，確保生產過程全程安心、有保障。我們全面推行5S¹現場管理法和精益生產，各車間的各個工序和崗位按照精益化管理，實現標準化、流水化、自動化、精細化、目視化的五化管理。同時各工序和崗位實行看板管理，方便員工快速操作，提高過程監控的準確度和時效性，實現了「分段管理，重點把控、時時監控、次次精準」的過程控制。

成品檢驗檢測

本集團總部檢測中心擁有由中國合格評定國家認可委員會(CNAS)頒發的實驗室認可證書，各工廠也建立了檢測實驗室，目前已具備對糕點、麵包、餅乾、膨化食品、植物蛋白飲料、保健食品、茶飲料、涼茶、果蔬汁飲料等產品及使用原料的共近160項檢測指標的檢測能力，包括大眾關心的微生物、塑化劑、重金屬、農藥殘留、三聚氰胺等指標，為質量管理提供準確而有力的支撐和保障。報告期內，我們進一步提高實驗室檢測能力，籌建實驗室信息管理系統(LIMS)，實現了實驗室人(人員)、機(儀器)、料(樣品、材料)、法(方法、質量)、環(環境)全面資源管理，並建立檢驗綜合管理和產品質量監控體系，保證化驗分析數據的嚴格管理和控制，提高質量控制水平和食品安全檢測能力。

¹ “5S” refers to Seiri (整理), Seiton (整頓), Seiso (清掃), Seiketsu (清潔), Shitsuke (素養)。

¹ 「5S」指整理(Seiri)、整頓(Seiton)、清掃(Seiso)、清潔(Seiketsu)、素養(Shitsuke)。

Product Tracing and Recall

產品追溯與召回

Product Tracing 產品追溯

In order to achieve full traceability of products, the Group has established and implemented the “Product Identification and Traceability Control Procedures”, pursuant to which all products in the production process are identified and recorded individually. Regular simulation tracing drills are conducted annually to verify the suitability and effectiveness of the traceability system.

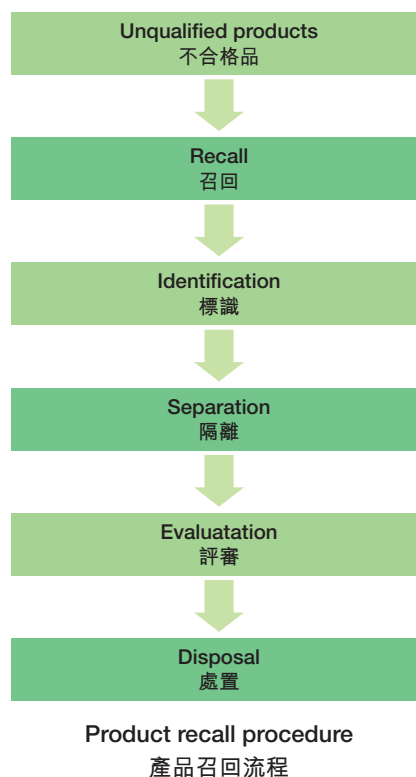
本集團建立並實施了《產品標識和可追溯性控制程序》，對生產過程中的產品進行唯一性標識和記錄，實現全程可追溯。每年定期開展模擬追溯演練，以驗證追溯系統的適宜性和有效性。



Product Recall 產品召回

The Group has established and implemented the “Product Withdrawal Control Procedures” and “Non-Conforming Product Control Procedures” to withdraw, evaluate and dispose of products in accordance with prescribed procedure. Each company’s food safety working group organizes a product withdrawal simulation drill annually to verify its suitability and effectiveness. During the reporting period, the Group did not have any product recall.

本集團建立並實施了《產品撤回控制程序》和《不合格品控制程序》，按照規定流程對產品進行撤回、評價和處理。各公司食品安全小組每年組織進行一次產品撤回模擬演練以驗證其適宜性和有效性。報告期內，本集團未發生產品召回事件。



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The implementation of mechanisms and systems requires the cooperation of employees. To this end, we have established and continuously enhanced our quality promotion system, under which we have incorporated the promotion and training of quality awareness in the quality control system. Not least we provided training to quality control staff in relevant laws and regulations, special requirements and new product projects through video conferences, we also actively participated in external training such as the ISO 17025 Laboratory Management Cooperation training and the sensory knowledge training, as well as the quality and Total Production Maintenance (TPM) knowledge training.co-organized with the Tetra Pak company. With a view to proactively training officers for the maintenance and management of BRC system as well as promoting the effective operation of food safety management system, from 20 to 22 April 2019, we arranged quality control supervisors from the Group's quality control department and its 7 subsidiaries in Fujian, Chengdu, Jinan, Hubei, Jilin, Guangdong, and Ma'an Shan to participate in the system internal auditor training course of the eighth edition of the "BRC Food Safety Global Standards" organized by a world leading quality and safety service institution. During the course, participants have learnt about hazards and control measures in food production and understood key audit points.

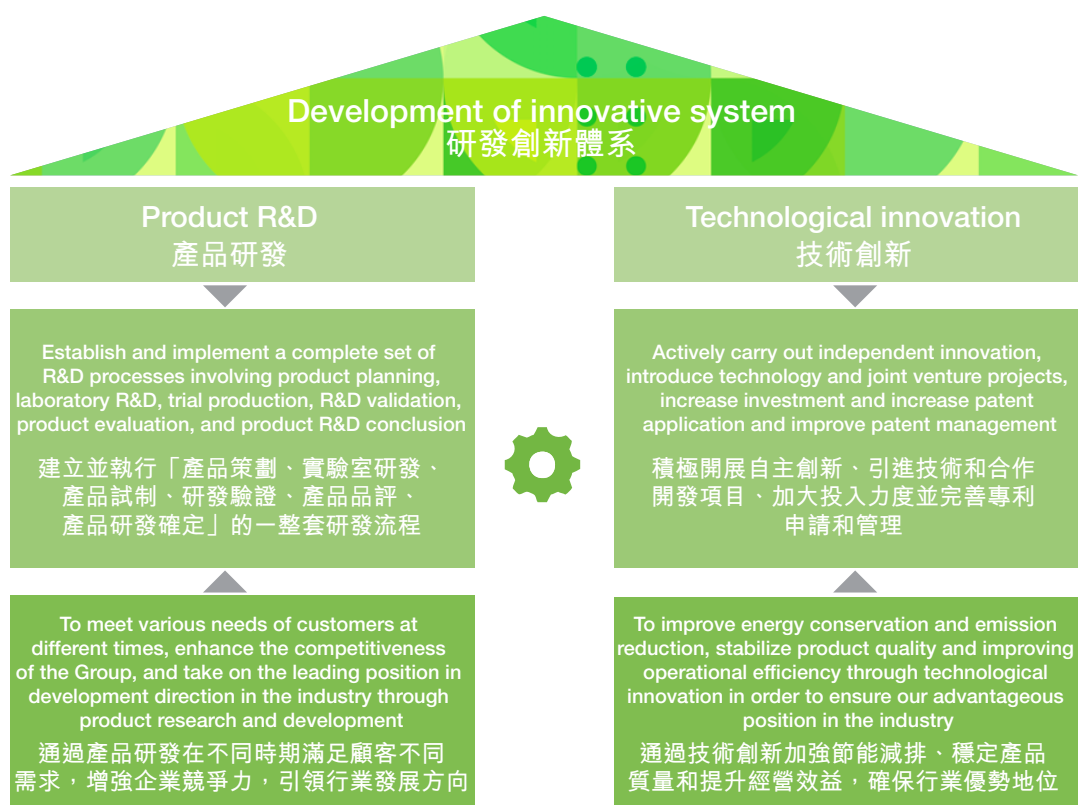
體系和制度的落實需要員工的配合。為此，我們建立並不斷完善質量宣培制度，把質量意識的宣傳和培訓工作列入品控體系。我們不僅通過視頻會議的形式，對每個工廠的品管人員進行相關法律法規、特殊要求以及新產品項目的培訓，還積極參與外部培訓，例如參與ISO 17025實驗室管理配合和感官知識培訓、與利樂公司合作開展質量與全員生產維護(TPM)知識培訓等。2019年4月20日至22日，我們組織集團品控部及福建、成都、濟南、湖北、吉林、廣東、馬鞍山等7家公司的品控主任參加了由全球領先的質量和安全服務機構組織的第八版《BRC 食品安全全球標準》體系內審員培訓班，學習食品生產中的危害與控制措施，瞭解審核要點，積極培養BRC體系維護與管理人員以推動企業食品安全管理體系能夠有效運行。

Research and Development for Innovation

The Group has established a scientific product development system and control process equipped with world-leading R&D equipment and an innovative R&D team. The Group's four major products, namely bakery products, potato chips and puffed foods, biscuit baked goods, and beverages, are gradually maturing. We have also enriched our product portfolio by continuous product development and upgrade as well as launching new flavours in accordance with consumers' demands, so as to accelerate the pace of product iteration and inject new growth momentum into the mature brands. During the reporting period, the Group established a "beverage product research and development center", with R&D innovation expenses for specific projects amounting to RMB62.03 million, representing an increase of 5.7% compared to 2018.

研發創新

本集團建立科學的產品研發體系和控制流程，配置世界先進的研發設備，擁有一支富有創造力的研發團隊。我們已逐步形成了糕點烘培食品、薯片休閒膨化食品、餅乾烘焙食品、飲料等四大系列產品，並根據消費者的需求，持續不斷地進行產品開發與升級、口味衍生，豐富產品組合，加快產品迭代的節奏，為成熟品牌注入新的增長動力。報告期內，本集團創建「飲料產品研發中心」，用於研發創新的專項費用達到6,203萬元，相較於2018年增加了5.7%。





At the same time, the Group attaches great importance to the innovation of production technology. Adhering to the principles of “increasing production capacity, improving quality, ensuring safety, conserving energy and reducing consumption”, we consistently increased our investment in the innovation of production technology every year. The Group possesses a number of advanced food and beverage production lines through independent innovation, introduction of technology, and cooperative development channels, maintaining an advantageous position in terms of production technology level in the industry.

同時，本集團重視生產工藝技術革新，堅持「提高產能，提升品質，確保安全，節能降耗」的宗旨，逐年不斷加大工藝技術革新的投入力度。本集團已通過自主創新、引進技術、合作開發的渠道，擁有眾多先進的食品和飲料生產線，生產工藝技術水平始終處於行業優勢地位。

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We highly value the transformation and application of innovation achievements as well as the protection of intellectual property rights. We have acquired 13 new authorized patents, 12 patents qualified for preliminary examination and in the process of formal examination, and 35 approved patents. We strictly abide by the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations regarding intellectual property rights, and improve our intellectual property protection and management system constantly. In an effort to safeguard market order and our brand image, as well as to avoid consumers' health problems caused by consuming counterfeit products, the Group has been relentless in its anti-counterfeiting activities and has put in place effective measures to safeguard our rights. During the reporting period, we reached two cases of administrative reconciliation regarding infringement and administrative punishment was imposed on the infringing company in one case.

我們高度重視創新成果轉化和應用以及知識產權的保護，我們新增授權專利13項，初審合格和實審階段12項，已受理35項。我們嚴格遵守《中華人民共和國專利法》《中華人民共和國商標法》《中華人民共和國著作權法》等知識產權相關法律法規，不斷完善知識產權保護和管理制度。為維護市場秩序和品牌形象，避免消費者因誤食假冒產品而引起健康問題，本集團從未停止打假活動並已建立了有效的維權保障。報告期內，我們就被侵權事宜達成行政和解2例，行政處罰侵權公司1例。



Nutrition and Health

As national income level and awareness of healthy food increase, the demand for nutritional health products from consumers is growing. Relying on the thorough understanding of market trends, the Group continued to strengthen product development in terms of freshness, nutrition and deliciousness and has continuously launched low-sugar, low-fat, low-sodium, and organic nutritional, health and innovative products, offering consumers with more combinations and choices to meet their diverse demands.

營養健康

隨著國民收入水平的提高和食品健康理念的深入，消費者對營養健康產品的需求日益增強。本集團深入洞悉市場趨勢，繼續加強產品新鮮、營養和美味方面的開發，不斷推出低糖、低脂、低鈉、有機的營養健康創新產品，給予消費者更多樣的搭配選擇，滿足消費者日益多樣化的需求。

Food Products 食品方面

- **Increase functional ingredients, nutritional and healthy ingredients in our products, such as spirulina, purple potatoes, brown sugar, vegetables, oats, walnuts, nuts, purple rice, matcha, pumpkin, dried raisins, mango and other ingredients, to enhance the nutritional value, which are well received by consumers.**
加強將功能性配料、營養健康配料加入到產品中，如螺旋藻、紫薯、黑糖、蔬菜、燕麥、核桃、堅果、紫米、抹茶、南瓜、葡萄乾、芒果等配料的應用，提升產品的營養價值，產品受到消費者的好評
- **Make appropriate adjustment on product portfolio by reducing the number of combination potato chips and developing fresh-cut potato chips with small-sized packaging**
對產品組合進行了適當調整，減少了複合薯片，開發小規格合裝的純切薯片

Beverage Products 飲料方面

- **Adopt new technologies and methods to reduce the use of additives; complete the research on zero-additive production process of whole-bean soy milk; facilitate the use of functional ingredients such as oats, black pine, pine nuts, black rice, chia seeds, millet, pumpkin in beverages and their industrialization.**
採用新技術手段，降低添加劑的使用，完成無添加劑全豆豆奶工藝的研究，加強功能性配料的引入如燕麥、黑松、松仁、黑米、奇亞籽、小米、南瓜等功能配料在飲料中的應用和產業化。

Customer Rights

The Group strictly abides by the *Consumer Rights Protection Law of the People's Republic of China* and continuously improves customer communication means and channels. In terms of online channels, we continue to conduct staff training and strengthen process management. While providing consumers services through our official Weibo account, WeChat public account and customer hotline, we also improved our ability to collect and handle customer feedback. As for offline channels, we have increased the number of market visits and conducted regular distributor meetings to obtain customers' opinions and feedback in a timely manner. At the same time, pursuant to the "Customer Complaint Handling Mechanism", we serve with respect and compassion and conduct meticulous and categorized management of customer complaints according to the severity of the complaints. Frontline staff promptly reports any customer complaints, after which specific personnel will be assigned to assess the situation and customer demands in a timely manner. Complaints are reported through the hierarchy and properly handled pursuant to the Company's complaint handling mechanism, ensuring that customers are satisfied with the response. During the reporting period, the overall customer satisfaction of the Group reached 98%, while all complaints were handled in a timely and effective manner.

We attach great importance to customer information security and privacy protection. We have established a set of corresponding customer privacy protection measures to strictly safeguard the personal information of each customer. We prohibit unwarranted sharing of screenshot and revealing of personal privacy. Specific personnel are also assigned to file and archive customer information while unauthorized access is prohibited.

In a responsible manner to consumers, we strictly abide by laws and regulations as well as national standards such as the *Advertising Law of the People's Republic of China*, the *General Standard for Labeling of Prepackaged Foods* and the *General Standard for Nutrition Labelling of Prepackaged Foods*, protecting consumers' right to know and choose. We have put in place an information audit system covering the research and development department, the procurement department, the quality assurance department, the legal department and the branding department, so as to ensure the legal compliance of our product labels and marketing practices.

顧客權益

本集團嚴格遵守《中華人民共和國消費者權益保護法》，持續強化了顧客溝通方式和渠道，在線上渠道方面，持續強化了顧客溝通方式和渠道，在線上渠道方面，持續強化了顧客溝通方式和渠道，通過官方微博、微信公眾號、客服熱線為消費者提供服務的同時，提升接收、處理顧客反饋信息的能力；在線下渠道方面，通過加大市場走訪力度和開展定期經銷商會議，及時獲得顧客的意見與反饋。此外，我們遵循《顧客投訴處理工作制度》，以尊重、理解顧客為前提，根據投訴事件的嚴重程度，對顧客投訴進行精細化分級管理，由市場前端第一時間反映客訴情況並及時安排專人瞭解情況和顧客訴求，依照公司客訴機制逐層上報並妥善處理，確保給予顧客滿意的答復。報告期內，本集團顧客整體滿意度高達98%，所有投訴均得到了及時有效的處理。

我們高度重視顧客的信息安全與隱私保護，建立了相應的顧客隱私保護辦法，嚴格保護每位顧客的個人信息，不隨意截圖轉發、隨意分享和洩露個人私隱，並安排專人對顧客信息建檔、存檔，未經申請不得隨意查閱。

本著對消費者負責的態度，我們嚴格遵守《中華人民共和國廣告法》《預包裝食品標籤通則》《預包裝食品營養標籤通則》等法律法規及國家標準，保障消費者的知情權和選擇權。我們建立了包括研發部、採購部、質檢部、法務部、品牌部等多部門在內的信息審核體系，保障我們的產品標籤以及營銷行為合法合規。

WORKING WITH EMPLOYEES TO CREATE A BLISSFUL LIVING

We believe that employees are the most important asset of an enterprise and the core driving force for its continuous development. We are committed to improving the employment system, attaching importance to the physical and mental health of employees, and striving to provide employees with comprehensive protection of their rights and interests. At the same time, we provide a comprehensive promotion mechanism as well as a professional educational and development platform to enable every employee to realize their potential and develop their capabilities.

Employment and Labour Rights

With a view to protecting the legitimate rights and interests of employees, the Group strictly complies with laws and regulations such as the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*, and based on relevant laws and regulations, we have formulated a series of practical normative documents. As we uphold the principles of openness, fairness and impartiality, we have formulated the "Human Resources Management Rules", which standardizes and regulates all aspects of management, including recruitment, promotion, compensation and benefits. We also advocate employee diversity and resolutely oppose discrimination, striving to eliminate any injustice to candidates and employees arising from factors such as gender, age, race, religious beliefs and gender orientations. In addition, we also strictly comply with the *Protection of the Minors Law of the People's Republic of China* and the *Provisions on the Prohibition of the Use of Child Labour* to prevent the employment of child labor, while strictly prohibiting the use of forced labor.

攜手員工，走向幸福生活

我們相信員工是企業最重要的財富，也是推動企業不斷發展的核心動力。我們致力於完善僱傭制度，重視員工身心健康，努力為員工提供全方位的權益保障，同時提供完善的晉升機制和專業的學習發展平台，讓每位員工都能發揮潛能、盡展所長。

僱傭與勞工權益

為保障員工的合法權益，本集團嚴格遵守《中華人民共和國勞動法》《中華人民共和國勞動合同法》等法律法規，並依據相關法律法規制定一系列符合實際情況的規範性文件。我們秉持公開、公平、公正的用人原則，在《人力資源管理制度》中對員工招聘、晉升、薪酬福利等管理的各個環節進行標準化和規範化，倡導員工多元化。我們堅決反對歧視，絕不因為員工或應聘者的性別、年齡、種族、宗教信仰、性別取向等因素導致不公平的情況發生。此外，我們亦嚴格遵守《中華人民共和國未成年人保護法》及《禁止使用童工規定》等規定，堅決杜絕僱傭童工。同時，我們亦杜絕強制勞工的使用。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

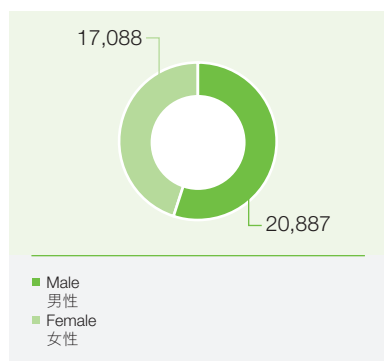
Our human resource management approach and procedure undergo continuous innovation. Through the use of OA (office automation) system, we synergistically integrated personnel file management, recruitment management, performance evaluation management and other work, so as to consistently promoting the informationization of human resource management, which in turn could refine and enhance our human resource management efforts. During the reporting period, we have enhanced the existing evaluation process through our newly launched OA system, consistently increasing our working efficiency as well as improving team collaboration.

As at 31 December 2019, the Group had a total of 37,975 employees. The charts below show the distribution of our employees by type:

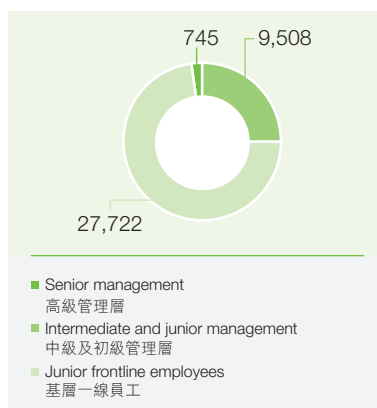
我們不斷創新人力資源管理模式和工作方式，通過借助OA（Office Automation，辦公自動化）系統，將人事檔案管理、招聘管理、績效考評管理等工作進行協同整合，持續推進人力資源管理的信息化建設，完善和提升人力資源管理的水平。報告期內，我們新上線OA系統，對原有的審批流程進行優化，不斷提升辦公效率以及增加團隊協作能力。

截至2019年12月31日，本集團共有員工37,975人，按各類型分佈情況如下所示：

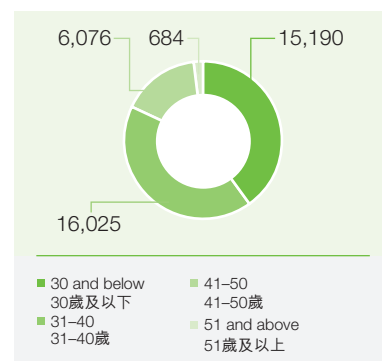
Total employees
by gender
按性別劃分的
員工總數



Total employees
by grade
按職級劃分的
員工總數



Total employees
by age
按年齡劃分的
員工總數



Remuneration and Benefits

We are committed to providing employees with competitive compensation and comprehensive welfare and protections. We stipulate in the “Human Resources Management Rules” that indicators such as role and responsibility, performance, attitude, and skills shall be taken into account in a comprehensive remuneration review so as to offer reward based on merit and contribution. In addition, building on the complete statutory benefit package enjoyed by our employees, we strive to offer additional benefits to employees in an effort to create better working experience for them, which in turn consistently improves their sense of well-being at workplace. We hope to improve the sense of belonging of our employees by providing competitive compensation and benefits, thereby retaining talents. As of 31 December 2019, our overall employee turnover rate was 6.5%.

薪酬與福利

我們致力於為員工提供有行業競爭力的薪酬和完善的福利保障。在《人力資源與管理制度》中，我們規定以員工崗位責任、勞動績效、勞動態度、勞動技能等指標綜合考核員工報酬，倡導憑藉價值貢獻獲取回報。此外，我們在全面落實員工法定福利的基礎上，努力為員工創造額外的福利待遇，讓員工獲得更舒適的工作體驗，從而不斷提升員工的職場幸福感。我們希望通過提供富有競爭力的薪酬與福利，提升員工的歸屬感，進而保留人才。截至2019年12月31日，我們員工整體流失率為6.5%。

Statutory Benefits 法定福利

- Five social insurances and the housing fund
五險一金
- Statutory leave
法定節假日
- Paid leave (annual leave, home leave, marriage leave, maternity leave and other vacations)
帶薪休假（年假、探親假、婚假、產假等）

Other Benefits 額外福利

- Free physical examination
免費體檢
- Department team-building activities
部門團建
- Sending gifts to the employees in major holidays
重大節假日為員工發放節日禮品
- Employee dormitories are provided with a gym, theater, KTV and other entertainment facilities
員工宿舍配置健身房、影院、KTV等娛樂設施
- Transportation allowances, meal allowances, night shift allowances, overtime allowances, etc.
交通津貼、伙食津貼、夜班津貼、加班補貼等
- Providing expatriates with assignment allowances and home leave
為外派人員提供外派補貼，探親假
- Other
其他

Employee Care and Communication

The Group strives to create a relaxed atmosphere to promote efficient communication and develop and consistently polish its communication system and channel. By carefully listening to each employee, we hope to understand their authentic demands and suggestions, striving to create a comfortable and warm working and living environment for them. During the reporting period, we continued to create a corporate atmosphere of caring for employees, primarily by organizing employee activities, renovating the living facilities of employees, constructing an employee service center, as well as conducting employee satisfaction surveys and handling their complaints, thereby supporting and encouraging them to pursue a better life with healthy means. We organized various employee communication and exchange activities, including employee birthday parties, interest group activities, festive activities, etc., with a view to consistently enriching our employee's leisure life. We always attach great importance to providing employees with warm and comfortable working and living conditions. We continued to boost employees' sense of belonging to the company, sense of identity and well-being through the renovation of living facilities and the construction of employee service center. We have incorporated public communication feedback mailboxes and corporate WeChat work platforms into our multi-channel communication platforms as an enhancement, so as to encourage employees to express their individual thoughts and opinions promptly and join hands to promote a sustainable and healthy development of the Group.

The Group highly values our employees' satisfaction. Specific personnel are assigned regularly by the headquarter and each subsidiary to conduct employee satisfaction surveys, fully understanding employees' opinions through interviews, questionnaire surveys and focus groups. During the reporting period, the overall satisfaction of our employees was relatively good. In response to the issues raised by employees in the satisfaction survey, we promptly conducted corresponding investigations and put forward suggested solutions.

關愛與交流

本集團努力創造輕鬆、高效的溝通氛圍，搭建並持續完善溝通體系和溝通渠道。我們希望用心感知每一位員工，瞭解他們真實的訴求和建議，並竭力為員工創造舒適溫馨的工作和生活環境。報告期內，我們主要從員工活動的舉辦、員工生活設施的改造、員工服務中心的建設以及員工滿意度調查與投訴處理等方面，不斷創造關懷員工的企業氛圍，支持和鼓勵員工以更加健康的方式追求美好生活。我們開展包括員工生日會、興趣小組活動、節日主題活動等在內的多種員工溝通和交流活動，不斷豐富員工的業餘生活；我們始終重視為員工提供溫暖舒適的工作和生活條件，通過對員工生活設施的改造和員工服務中心的建設，持續提升員工對企業的歸屬感、認同感和幸福感；我們持續完善多渠道溝通平台的建設，新增設公眾溝通反饋郵箱和企業微信工作平台，鼓勵員工及時表達個人的真實想法和心聲，共同推進企業持續、健康的發展。

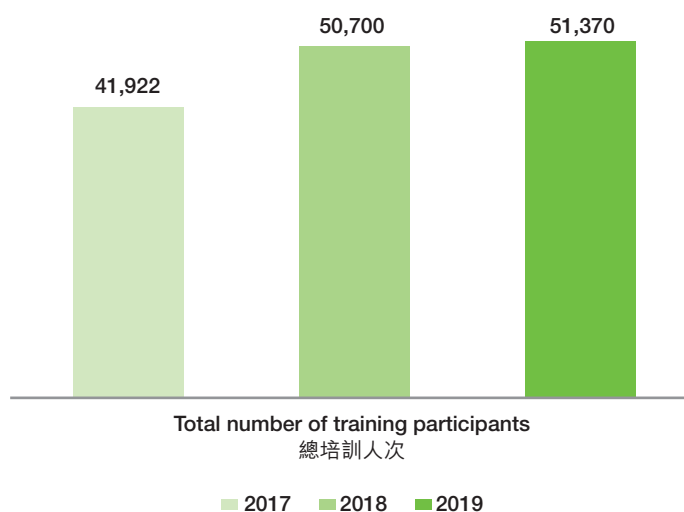
本集團高度重視員工的滿意度，總部和各附屬公司定期安排專人進行員工滿意度調查，通過訪談、問卷調查以及焦點小組等形式較為全面地瞭解員工的心聲。報告期內，我們員工整體滿意度較好，針對滿意度調查工作中員工所反映的問題，第一時間開展相應的調查並提出解決建議。

Training and Development

The Group is committed to providing employees with comprehensive training that caters for job requirements and career planning, which in turn provides a dynamic and innovative talent pool for the long-term development of the Company. We continued to enhance our comprehensive staff training and development system, where a combination of online and offline methods is adopted to help employees learn and grow in practice, supporting and encouraging them to pursue for self-improvement and life-long learning. We organize and initiate various training programs in accordance with the annual development plan and emphasize the collection of program feedback from employees in order to improve program quality and benefit more employees. During the reporting period, the Group recorded 51,370 training participants, 102,300 total training hours and training coverage rate of 91.5%.

培訓與發展

本集團致力於為員工提供符合工作崗位要求和職業目標規劃的全方位培訓，為企業的長遠發展提供富有活力和創造力的人才儲備。我們持續構建完善的員工培訓和發展體系，繼續採用線上線下相結合的方式，助力員工在實踐中學習與成長，支持和鼓勵員工的自我增值和終身學習。報告期內，我們按照年度培訓計劃組織和開展各項培訓活動，並注重收集員工對課程的反饋，不斷提升課程質量，以使更多的員工從中受益。報告期內，本集團培訓總人次達51,370人次，總培訓時數達102,300小時，受訓覆蓋率達91.5%。



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During the reporting period, the training we provided to our employees included:

報告期內，我們為員工提供的培訓包括：

Internal training 內部培訓	New employees 新員工	<ul style="list-style-type: none"> • Induction training 入職培訓 • One-on-one training with tutors 導師幫帶一對一培訓
	Themed training (on-site and online) 專題培訓(現場和網絡)	<ul style="list-style-type: none"> • Food safety training 食品安全培訓 • Production safety training 安全生產培訓 • Fire safety talks and drills 消防安全講解與模擬演練 • Risk knowledge training 風險知識培訓 • Business ability training 業務能力培訓 • Occupational quality training 職業素養培訓
External training 外部培訓	Project training 專項培訓	<ul style="list-style-type: none"> • Middle and senior management skill enhancement 中高層管理技能提升 • Occupational quality training 職業素養培訓

The Group continuously improves the promotion mechanism of employees to ensure equal promotion opportunities for each of them. We have put in place internal promotion, rotation and other mechanisms. The promotion management procedures are clearly stated in the "Human Resources Management Rules", stipulating the required conditions for promotion and re-designation of posts, as well as the division of related management responsibilities. We also make use of the results of various forms of assessments to form the basis for promotion and re-designation. We will regularly and consistently implement promotion plans, and employees who have made special contribution to the Group or have excellent performance may be promoted at any time, so as to give full play to the potential and value of employees.

本集團不斷完善員工的晉升機制，保障員工擁有平等的晉升機會。我們建立了內部晉升、輪崗等機制，並在《人力資源管理制度》中明確晉升管理程序，規定了晉升和調配崗位須具備的條件及相關管理職責的劃分，並以多種形式的考核結果作為晉升和調配崗位的依據。我們會定期統一實施晉升計劃，對本集團有特殊貢獻或表現優異的員工，可隨時予以升職，保障最大限度發揮員工的潛力和價值。

Occupational Health and Safety

The Group always cares the occupational health and safety of employees and takes the responsibility to create a safe and comfortable working environment. We strictly comply with the *Production Safety Law of the People's Republic of China*, the *Occupational Disease Prevention and Control Law of the People's Republic of China*, *Measures for the Administration of Contingency Plans for Work Safety Incidents*, *Regulation on Work-Related Injury Insurances* and other laws and regulations of the PRC. In addition, we have formulated a series of regulatory documentations in relation to production safety management, such as the "Emergency Preparation and Response Control Procedure", the "Control Procedures for Work Environment", the "Control Procedure for Identification and Evaluation of Environmental Factors", the "Control Procedure for Facilities and Equipment", the "Regulations for Electrical Protection" and the "Fire Control Management Rules". We always insist on the production safety principle of "safety first, prevention-oriented and comprehensive treatment" and implemented the responsibility for production safety and accountability, comprehensively carrying out the investigation and handling of hidden hazards in production safety. In the investigation of hidden hazards in production safety and identification of safety risks, we adopt the "5S" site management approach, set up risk map, as well as equip employees in related positions with the necessary labor protection supplies, and heat insulating and cooling items in the event of special weather like high temperature, so as to create and maintain a safe production environment.

During the reporting period, we strengthened the standardized management of safe operations in confined space and urged for the improvement of safety production management system on a department level. We continued to enhance and refine the long-term efficiency of the Group's safety production management mechanism, fully achieving the goal of "safety production is the responsibility of everyone". In addition, we strove to raise employees' safety awareness and improve their risk prevention capabilities on a continuous basis. To this end, we arrange pre-employment occupational health examinations for newly recruited employees annually, as well as conduct occupational health and safety related training on an irregular basis.

We attach great importance to the annual national work safety month, fully implementing various related tasks by organizing work safety month activities with different topics. At the same time, we continue to strengthen the implementation of safety monitoring for project activities, meticulously carrying out the Group's semi-annual inspection on environmental professionalism, as well as the monthly plant-wide safety inspections of each subsidiary, so as to provide strong guarantees for the Group's safe production.

職業健康與安全

本集團始終重視員工的職業健康與安全，並以營造安全舒適的工作環境為己任。我們嚴格遵守《中華人民共和國安全生產法》、《中華人民共和國職業病防治法》、《生產安全事故應急預案管理辦法》、《工傷保險條例》等法律法規，並制定了包括《應急準備和響應控制程序》、《工作環境控制程序》、《環境因素識別與評價控制程序》、《設施、設備控制程序》、《用電防護規定》和《消防管理制度》等在內的一系列安全生產管理規範性文件。我們始終貫徹「安全第一、預防為主、綜合治理」的安全生產方針，堅定落實安全生產責任制，全面開展安全生產隱患排查和治理工作。在安全生產隱患排查和安全風險辨識工作中，我們實行「5S」現場管理法，建立風險地圖，並對相關崗位的員工配備必要的勞保防護用品，在特殊天氣如高溫期間，為員工提供防暑降溫物品，不斷營造安全的生產環境。

報告期內，我們加強對有限空間安全作業的規範化管理，並要求以部門為單位完善安全生產管理制度，不斷健全和完善集團安全生產管理的長效機制，真正做到「安全生產，人人有責」。此外，我們努力提升員工的安全意識，並不斷提升員工的風險防範能力。我們每年都會為新入職的員工安排崗前職業健康體檢，並以不定期的形式開展職業健康與安全相關培訓。

我們高度重視每年的國家安全生產月，並通過不同主題的安全生產月活動的開展，將各項工作落到實處。同時，我們繼續加強安全監察專項活動的執行，堅持落實集團每半年一次環境專業性大檢查、各附屬公司每月一次全廠安全檢查等措施，為集團的安全生產提供強有力的安全保障。

PROTECTING THE ENVIRONMENT TO ENDORSE GREEN LIVE

The Group always adheres to the principle of “priority to environmental protection, pollution control, energy saving and consumption reducing and sustainable development” as its environmental guideline to offer maximum protection to the environment and resources and take the initiative to save energy and reduce consumption. We have deployed specific funds for the upgrade and improvement of production and environmental-friendly equipment, so as to promote ecological and cultural development in the PRC.

Environmental Management

The Group strictly complied with environmental protection laws and regulations in our production operation, including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* and the *Environmental Protection Tax Law of the People's Republic of China*. Both headquarter and all subsidiaries have implemented the requirements of the ISO 14001 Environmental Management System as well as strengthened internal and external environmental training. As of December 31, 2019, all our factories have attained ISO 14001 authentication on environmental management system.

呵護環境，助力綠色生活

本集團始終以「環保優先、控制污染、節能降耗、持續發展」作為環境指導方針，最大限度保護環境與資源，積極開展節能降耗，投入專項資金用於生產設備和環保設備的升級改造，助力國家生態文明建設。

環境管理

本集團在生產運營過程中嚴格遵守《中華人民共和國環境保護法》、《中華人民共和國大氣污染防治法》、《中華人民共和國水污染防治法》、《中華人民共和國固體廢物污染環境防治法》、《中華人民共和國環境噪聲污染防治法》及《中華人民共和國環境保護稅法》等環保法律法規，總部及全部附屬公司貫徹落實ISO 14001環境管理體系的要求，加強內外部環保培訓力度。截至2019年12月31日，我們全部工廠均獲得ISO 14001環境管理體系認證。

Energy Management

Strictly complying with the *Energy Conservation Law of the People's Republic of China*, the Group continues to optimise its energy management, set up an assessment system regarding the energy target, refine the collection and analysis of energy consumption data and strive to save energy and reduce emission. During the reporting period, we proactively followed the latest national policies on energy conservation and consumption reduction, optimised our energy consumption structure, as well as promoted and implemented multiple energy conservation and consumption reduction projects to reduce unnecessary energy wastage and boost energy efficiency. Ultimately, we reduced carbon emissions generated from production operation and fulfilled our responsibilities and obligations to mitigate global warming. During the reporting period, we took a number of energy saving and consumption reduction actions as follows:

能源管理

本集團嚴格遵守《中華人民共和國節約能源法》，不斷優化能源管理，制定能源目標考核機制，細化收集、分析能耗數據，著力推進節能減排工作。報告期內，我們積極關注國家節能降耗最新政策，優化能源使用結構，推動落實多個節能降耗項目，減少不必要的能源浪費，提升能源利用效率，進而減少生產運營中產生的碳排放，為減緩全球變暖承擔應盡的責任與義務。報告期內，我們開展了多個節能降耗項目，具體如下所示：

Energy Saving and Consumption Reduction Actions 節能降耗項目

- **Energy conversion aspect:** Increasing the loading rate of high pressure compressors to reach the target of 85%, increasing energy supply dashboards, matching consumption per ton, pressure and temperature with the demand of each product;
能源轉換方面：提升高低壓機的負載率，達到預定85%的目標；增加能源供應看板，根據生產品項實現噸耗用，壓力、溫度供需匹配；
- **Energy transmission aspect:** Regular inspection of thermal insulation and drainage systems, conducting maintenance in a timely manner;
能源輸送方面：定期檢查保溫、疏水系統、及時檢修；
- **Energy consumption aspect:** Improve production efficiency, running medium water pressure within the standard of 0.25-0.35MPa, regular cleaning of heat exchange system, modifying pipelines for better heat transfer efficiency;
能源使用方面：提高生產效率，介質水壓按照標準0.25-0.35MPa運行，定期清洗換熱系統，改造管道，提高換熱效率；
- **Equipment improvement aspect:** Substituting high-efficiency equipment for high energy-consuming equipment, including high pressure compressors, low pressure compressors and air blowers, increasing the use of variable-frequency high pressure compressors in the Jilin, Jinan, and Shenyang companies.
設備改造方面：高效能替換高耗能設備如高壓機、低壓機、鼓風機、吉林、濟南、沈陽公司增加了變頻高壓機的使用；
- **Steam power aspect:** utilizing centralized external supply to achieve safety and energy saving.
蒸氣方面：採用集中外供，達到安全節能的效果。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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Energy consumption

能源消耗

Category 類別	Unit 單位	2019	2018	Change (%) 變化(%)
Direct consumption 直接能耗	Tonnes of standard coal 噸標煤	102,783	98,640	4.2
Indirect consumption 間接能耗	Tonnes of standard coal 噸標煤	117,183	128,452	-8.8
Comprehensive consumption ² 綜合能耗 ²	Tonnes of standard coal 噸標煤	219,967	227,092	-3.1
Comprehensive energy consumption per RMB10,000 of revenue 萬元收益綜合能耗	Tonnes of standard coal/ RMB10,000 噸標煤／萬元	0.103	0.109	-5.5

Greenhouse gas emissions

溫室氣體排放

Category 類別	Unit 單位	2019	2018	Change (%) 變化(%)
Total greenhouse gas emissions (Scope 1 and Scope 2) ³ 溫室氣體排放總量 (範疇一及範疇二) ³	Tonnes of carbon dioxide equivalents 噸二氧化碳當量	637,977	719,114	-11.3
Greenhouse gas emissions per RMB10,000 revenue 萬元收益溫室氣體排放量	Tonnes of carbon dioxide equivalents/RMB10,000 噸二氧化碳當量／萬元	0.298	0.345	-13.6

Resource Management

We highly value the efficiency usage of water resources and packaging materials and constantly optimise our resource management system. We established a target assessment system as to resource usage and understand the conditions of resource usage in a timely manner, so as to explore opportunities to improve use efficiency. We also highly encourage innovation on resource saving and waste recycling by employees and has set up awards for contributions to technology advancement. In addition, we have implemented the 3R principle, namely reduction, reuse and recycle, on a consistent basis, so as to increase the recycling of recyclable resources such as plastic products, barrels for finished products, metals, waste bags and unsatisfactory materials (leftover bits and pieces), which in turn accelerates and promotes the development of the recycling economy.

資源管理

我們高度重視水資源及包裝材料的有效利用，不斷完善資源管理制度。我們建立了資源使用目標考核機制，及時掌握資源使用情況，挖掘提升使用效益的機會，並大力推動員工在節約資源、廢物利用上的創新工作，明確技術改造的獎勵措施。除此之外，我們持續貫徹資源利用「減量化、再利用和再循環(3R)」原則，加大對塑料製品、成品桶類、金屬、廢袋、次品(邊角料)等可回收資源的回收利用，加快促進循環經濟的建設。

² Comprehensive energy consumption includes processing and production of food products and beverage products.

³ Greenhouse gas emissions include processing and production of food products and beverage products. Scope 1 greenhouse gas is mainly derived from direct energy consumption — mainly natural gas; Scope 2 greenhouse gas is derived from indirect energy consumption — mainly include purchased electricity and purchased steam.

² 綜合能耗包含食品和飲料類產品加工生產

³ 溫室氣體排放包含食品和飲料類產品加工生產。範疇一溫室氣體主要來自直接能源消耗 — 主要為天然氣，範疇二溫室氣體來自間接能源消耗 — 主要包括外購電力和外購蒸汽

Water Resources Management

The Group strictly implements the provisions of the *Water Law of the People's Republic of China* and reasonably plans our water consumption. We constantly promote the efficiency of our water resources control department and enhance water saving targets assessment to use water resources scientifically and efficiently, as well as to promote water-saving and recycling techniques.

水資源管理

本集團嚴格執行《中華人民共和國水法》的規定，對自身用水量進行合理規劃，不斷發揮水資源監管部門效能，加強對用水部門的節水目標考核，科學高效地使用水資源並推進節水技術和循環利用技術。

Water Resources Saving Actions

節約水資源項目

- **Strict analysis on water consumption indicator for different products, carry out rectifying measure in case of any malfunction;**
嚴格分析各產品用水指標，若發生異常，及時採取糾偏措施；
- **Advertise water saving through notices and water saving labels;**
通過公告或節約用水標識加強節水的宣傳教育；
- **Replace existing water faucets with inductive faucets to save more water;**
沖洗水龍頭更換為感應式水龍頭，提升節水效果；
- **Enhance recycling of water resources, add new recycling flow meters for recycling of high-salinity water and steam condensed water to ensure maximum recycling;**
加強水資源循環利用，在濃水回收、蒸汽冷凝水再利用方面增設回收流量計，確保最大循環利用率；
- **Upgrade techniques such as original CIP cleaning process to increase production time and reduce water consumption for cleaning; improve cleaning and recycling system of sterilizing machines to reduce water consumption and chemicals and pharmaceuticals consumption; water will be filtered and recycled to the raw water put for reuse after it is used in the production and filling workshops and treated through reverse osmosis (RO) process.**
工藝升級改造，例如優化原位清洗(CIP)工藝流程，增加生產時間，減少清洗用水量；改造殺菌機清洗回收系統，降低水耗及化學藥品消耗；生產灌裝間使用後的經反滲透(RO)處理的水過濾回收至原水池綜合再利用。

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Packaging Material Management

From the standpoint of resource conservation and environmental protection, the Group has continuously strengthened the management of packaging materials. Also, the Group has actively commenced measures in respect of the reduction, lightening and greening of packaging. On the premise of ensuring quality, the Group has enriched and optimised the packaging structure and continued in-depth research on green packaging.

包裝材料管理

本集團從節約資源和環境保護的立場出發，不斷強化包裝材料的管理，並積極開展包裝減量化、輕量化、綠色化工作，在保證質量的前提下，豐富和優化包裝結構，持續深入綠色包裝研究。

Packaging Optimization Actions 包裝優化項目

- Carefully select packaging material suppliers and most packaging is made of recyclable materials;
優選包裝材料供應商，包裝大部分採用可回收材料使用；
- Reduce cost and promote efficiency of production, encourage subsidiaries to reduce packaging gram weight;
生產方面推行降本增效，鼓勵附屬公司降低包裝克重；
- Use "Tetra Pak" packaging for its "Doubendou" box packages. "Tetra Pak" packaging has been certified by Forest Stewardship Council (FSC);
豆本豆系列盒裝產品採用經過森林管理委員會(FSC)認證的低碳環保的利樂包裝；
- Replace existing ink coding with laser coding to reduce the pollution caused by ink;
原有油墨噴碼更改為激光噴碼，減少油墨帶來污染；
- Replace tape sealing with hot melt adhesive sealing to avoid pollution caused by tape.
膠帶封箱更改為熱熔膠封箱，規避膠帶造成的污染。

Resource Consumption

資源消耗

Category	Unit	Change(%)		
類別	單位	2019	2018	變化(%)
Water consumption	tonnes	10,170,400	10,008,800	1.6
用水量	噸			
Water consumption per RMB10,000 of revenue	tonnes/RMB10,000	4.76	4.80	-0.8
萬元收益用水量	噸／萬元			
Packaging material ⁴ consumption	tonnes	314,600	312,100	0.8
包裝材料 ⁴ 消耗	噸			
Packaging material consumption per RMB10,000 of revenue	tonnes/RMB10,000	0.147	0.150	-2.0
萬元收益包裝材料消耗	噸／萬元			

⁴ Packaging materials are mainly cartons and paper sheets

⁴ 包裝材料主要為紙箱和切片

Pollutant Control

During the reporting period, we adopted a series of pollutant emission control measures in accordance with the "Operation Control Procedure for the Environmental Management System", and assigned specific personnel to conduct comprehensive inspections and management of pollution sources at designated locations, to ensure that the discharge of waste water, exhaust gas and other emissions meet the standards, as well as to regulate the classification, collection, transfer, temporary storage, and disposal of various types of solid waste generated in our operating activities, which in turn reducing the environmental impact. During the reporting period, the pollutant emission control actions carried out by us are as follows:

污染物控制

報告期內，我們按照《環境管理體系的運行控制程序》採取了一系列污染物排放控制項目，安排專人對污染源進行全面排查和定點管理，保障廢水、廢氣等排放物達標排放，規範經營活動中所產生各類固體廢棄物的分類、收集、交接、暫存、和處置，降低企業對環境的影響。報告期內，我們開展的污染物排放控制措施如下所示：

Exhaust Gas Control Actions

廢氣排放控制項目

- Upgrade low-nitrogen combustion of gas boilers, subsidiaries in Chengdu, Jinan, Henan, Hebei, Jilin, Shenyang, etc. have lowered the nitrogen oxide emission intensity to below 30mg/m³;
燃氣鍋爐低氮燃燒改造，成都、濟南、河南、河北、吉林、沈陽等附屬公司已經實現氮氧化物排放濃度低於30mg/m³；
- Add exhaust gas recycling and treatment equipment at the waste water stations, the installation of such equipment has been completed at the subsidiaries in Jinan, Jilin, Gansu, Ma'anshan, Nanchang, etc.
污水站增加廢氣回處理裝置，濟南、吉林、甘肅、馬鞍山、南昌等附屬公司已安裝完成。

Waste Water Discharge Control Actions

廢水排放控制項目

- Increase centralized collection bucket for sewage sludge, prevent secondary pollution by automatic storage;
污泥增加集中收集斗，自動儲存防止二次污染；
- Increase automatic sprinklers for the secondary and final sedimentation in the waste water treatment process, so as to reduce labor intensity and improve treatment efficiency;
廢水處理工藝中的二沉、終沉池增加自動噴淋裝置，減少人工勞動強度，提高處理效率；

Solid Waste Discharge Control Actions

固廢排放控制項目

- Separate solid waste according to the classification of hazardous waste and non-hazardous waste, maximize the recycling of non-hazardous waste;
將固體廢棄物按照危險廢棄物和無害廢棄物分類管理，最大限度對無害廢棄物進行回收利用；
- Hazardous waste such as automobile waste oil and acid and alkaline solvent drums are properly collected in accordance with standard procedures, the temporary storage area will be locked-up and the ground is solidified to prevent contamination of under soil caused by leakage, after which such waste will be delivered to qualified companies for transportation and treatment.
危險廢棄物如廢機油、酸鹼溶劑桶等，按照標準流程妥善收集，並在暫存專區採用密閉上鎖管理，地面採用固化處理防止泄露後滲漏地下污染土壤；然後交由有資質的公司進行運輸和處置。

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Pollutant 污染物	Category 類別	Unit 單位	2019	2018	Change (%) 變化(%)
Waste water discharge 廢水排放量		tonnes 噸	5,383,238	5,152,162	4.5
Recycled non-hazardous waste 回收的無害廢物		tonnes 噸	46,788	46,231	1.2
Recycled non-hazardous waste per RMB10,000 of revenue 萬元收益回收無害廢物量		tonnes/RMB10,000 噸／萬元	0.022	0.022	0
Nitrogen oxide emission ⁵ 氮氧化物排放 ⁵		tonnes 噸	38.04	70.65	-46.2

Green Office

In addition to focusing on environmental friendly production process and endeavoring to construct green factories, we have also promoted green office and low-carbon living, guiding and driving all employees to establish a good habit of energy saving and consumption reduction, so as to implement sustainable operating style and reduce the impact of our offices on the environment.

綠色辦公

我們不僅注重生產製造過程中的環境保護、致力於綠色工廠的搭建，也倡導綠色辦公、低碳生活，引導並帶動全體員工形成節能降耗的良好習慣，以推行可持續的辦公方式、降低辦公場所對環境的影響。



Enhance employees' environmental awareness regarding water saving with notices and water conservation signages
通過公告和節水標識，強化員工節約用水的環境意識



Promote paper-less office, encourage shared-use of computers, use email to send information, use duplex printing whereas necessary
推廣無紙化辦公，鼓勵電腦共享、郵件發送信息資料，必要時進行雙面打印



Regular repair and maintenance on water pipes and office equipment and facilities
定期維護保養用水管道及辦公設備設施



Advocate to turn off the lights whereas appropriate and control the temperature setting of the air-conditioning in offices and dormitories
倡導隨手關燈，並對辦公和宿舍空調使用溫度進行控制

⁵ Nitrogen oxide is mainly emitted by boilers

⁵ 氮氧化物來自鍋爐煙氣

GIVING BACK TO THE COMMUNITY AND GATHERING LOVE AND CARE

The Group always considers “social responsibility” as a crucial part of its corporate development strategy and regards public welfare cause as a long-term undertaking similar to its corporate development. We actively responded to the country’s call for targeted poverty alleviation and vigorously supported public welfare undertakings, carrying out related activities with focuses on education, elderly and care for left-behind children, as an effort to repaying society with love and warmth.

Contribution to Education

The Group has always upheld the philanthropic spirit of Mr. Xu Shihui, Chairman of the Group, to “give priority to the development of education and promote virtues in traditional Chinese culture”, continuously paying emphasis on the growth of young people. We hope that our efforts will create a demonstration effect for more social organizations and individuals, mobilizing the whole society to concern the status quo of education, promoting fair education to benefit millions of families.

回報社會，彙聚點滴愛心

本集團始終把「社會責任」作為企業發展戰略的重要組成部分，並將公益事業作為一項與企業發展同樣長久的事業。我們積極響應國家精準扶貧號召，大力支持公益事業，開展重教興學、愛心敬老、關愛留守兒童等相關活動，用愛心和溫暖回饋社會。

重教興學

本集團始終秉承董事長許世輝「優先發展教育事業，弘揚傳統中華美德」的公益理念，持續關注青少年的成長，我們希望通過自身的努力，對更多的社會組織與個人形成示範效應，帶動全社會關注教育現狀，讓公平教育惠及千家萬戶。

Promoting Teaching and Learning: Scholarship and Education Assistance

興學助教 — 獎助學金

In August 2019, the 9th “Xu Shihui Educational Foundation of Dali Group” Scholarship and Education Assistance Award Ceremony was held in Huian Culture Center, where seven major awards, namely “Dali Talents Award” (primary schools, Senior High School Entrance Examination (Zhongkao) and National College Entrance Examination (Gaokao)), “Dali Skills Award”, “Dali Wisdom Award”, “Dali Excellence Award” and “Dali Inspirational Award” have been granted to 2,822 students. Through this kind of encouragement, we hope to inspire students to continuously enrich and improve themselves in their future studies, transforming themselves into the pillars of the society as soon as possible, so as to repay their homelands and society.

2019年8月，「達利集團許世輝教育基金」在惠安縣文化中心舉行了第九屆獎教助學頒獎儀式，本次共頒發了「達利英才獎（小學、中考、高考）」、「達利技能獎」、「達利智慧獎」、「達利卓越獎」和「達利勵志獎」等七個大類的獎項，共有2,822名學生獲得獎勵。我們希望通過這種鼓勵，激勵各位同學在未來的學習中，繼續豐富自己、完善自己，早日成為社會棟樑之才，回報家鄉與社會。

“Xu Shihui Educational Foundation of Dali Group” has been contributing to the education sector for 9 years, benefitting 20,000 teachers and students. In addition, we have successively established “Dali Group Xu Shihui Wuwei Education Fund”, “Dali Group Xu Shihui Dehui Education Fund” and “Dali Group Xu Shihui Hanchuan Education Fund”, we hope that, through these charitable acts, we could gather more social forces and motivate more organisations and individuals concern education development.

「達利集團許世輝教育基金」助教事業發展已有九年時間，惠及20,000名師生。此外，我們還相繼設立了「達利集團許世輝武威教育基金」、「達利集團許世輝德惠教育基金」、「達利集團許世輝漢川教育基金」，希望通過這些公益善舉，凝聚更多的社會力量，帶動更多的組織和個人關注教育事業的發展。



Promoting Teaching and Learning: School Constructions

興學助教 — 興建學校

In January 2019, the groundbreaking ceremony of Hui'an Liangliang Middle School in Quanzhou, which was funded by "Liangliang Education Trust Association" of Hui'an County, which was co-established by Mr. Xu Shihui, the chairman of the Group, and Hui'an Charity Federation was held. Such project is a milestone for our public welfare undertaking with regards to promoting teaching and learning.

2019年1月，由本集團董事長許世輝和惠安縣慈善總會共同發起設立的惠安縣「亮亮教育基金會」捐資興建的泉州市惠安亮亮中學舉行了開工奠基儀式，該項目對於我們的興學助教公益事業是一個里程碑式的意義。

Liangliang Middle School will fully reflect the three elements of "landscape, ecology and culture" to create a beautiful education and teaching environment with a careful planning and layout from the perspective of modernization, standardization and internationalization. The school's education and teaching facilities are configured according to "usefulness, level of advancement and completeness" to reach first-rate standards. The school, with a planned area of 320 mu, will provide a total of 90 high school classes and 60 junior high school classes. With a capacity of more than 6,000 students, the school will become a comprehensive, all-rounded, high-quality, modern and first-rate middle school with an international perspective. We hope that, through the construction of a modern and first-rate middle school with an international perspective, the overall quality of education and level of school sponsorship of general high schools will be enhanced. At the same time, we also hope that Liangliang Middle School can provide high schools with more outstanding students, providing more high-quality talents for the society.

亮亮中學整體將以現代化、標準化、國際化的視野進行精心策劃佈局，充分體現「景觀、生態、文化」三大元素，創造優美的教育教學環境；教育教學設施依據「實用性、先進性、完整性」進行配置，達到一流水準。學校規劃佔地320畝，共開辦90個高中班，60個初中班。這所可容納6,000多個學生的中學，將是一所具有國際視野的綜合型、全方位、高教育質量、現代化一流的中學。我們希望通過建設具備國際視野的現代化一流中學，拉動普通中學教育質量和辦學水平的整體提高。同時，我們也希望亮亮中學能夠為高校輸送更多的優秀學生，為社會輸送更多的高質量人才。



Caring for Elderly

With growing ageing population in the country, caring for the elderly is no longer the sole responsibility of their family members and children, instead the whole society needs to focus on this issue. We have joined the public welfare undertakings on respecting and helping the elderly through practical actions. Through our charitable undertakings in caring for the elderly, we have further promoted the traditional Chinese virtue of “respecting and helping the elderly”, striving to bring a harmonious, happy and healthy life to more elderly people.

愛心敬老

隨着我國人口老齡化程度的提高，關注和關愛老年人，不僅僅是家庭和孩子的責任，更是全社會需要關注的問題。我們通過實際行動，加入到尊老、敬老、助老的行列。通過愛心敬老公益事業，讓「尊老、敬老、助老」的傳統中華美德得到更好的傳承，致力於為更多老年人提供和諧、幸福、健康的晚年生活。

Caring for Elderly and Sharing Love

愛心敬老，情暖人心

In January 2019, the 10th “Old-age Subsidy Presentation Ceremony” was held in Dali Century Hotel, Huian. Old-age subsidy was granted to nearly 9,000 elders aged 60 or above in Huian County in the event, covering 14 communities (villages) in Loa Citadel Town of Huian County, Linkou Village of Zishan Town, Shima Village and Jiedai Village of Hungtang Town. As of 2019, our undertakings on caring for the elderly has entered the tenth year. In the past ten years, our donations in the charity field of caring for the elderly benefit about 80,000 elders.

2019年1月，「第十屆愛心敬老金」發放儀式在惠安達利世紀酒店舉行，此次活動為惠安縣近9,000名60歲以上老年人發放愛心敬老金，覆蓋惠安縣螺城鎮全鎮14個社區（村），紫山鎮林口村、石碼村和黃塘鎮接待村。截至2019年，我們的愛心敬老事業已走過第十個年頭，這十年來，我們在愛心敬老公益事業領域的捐贈惠及當地老人約8萬人次。



Contribution to Public Welfare

The Group always practices corporate public welfare culture and spreads the idea of voluntary service. We actively conducted various public welfare activities throughout the country, continue to give back to the society with actual actions, creating a beautiful society with a bright future through concerted efforts.

熱心公益

本集團始終踐行企業公益文化，傳播志願服務理念，我們在全國各地積極開展各類社區公益活動，不斷以實際行動回饋社會，共同創造可以期待的美好社會。

Caring for left-behind children and assisting for family reunion

關愛留守兒童，助力團圓時刻

During the reporting period, we joined hands with Southeast Television to launch a series of activities, namely “Caring for left-behind children and bringing love home — Dali’s public welfare activities for reunion 2019”. We organised various charitable activities, including giving away transportation tickets and reunion gift packages, visiting left-behind families, and reunion dinner. More than a thousand left-behind families were reunited to give left-behind children a happy new year with their parents.

報告期內，我們攜手東南衛視開啟的「暖心童行，讓愛回家 — 2019年達利團圓公益」系列活動。我們通過贈送愛心車票、贈送團圓禮盒、探訪留守家庭、舉辦團圓晚宴等公益行動的開展，助力千個留守家庭團圓，圓留守兒童幸福團圓年。

During the activity period, we organized a special movie viewing activity with an aim of forming a closer bond between children and parents through a movie about growth and love, as well as bravery and adventure. The reunion hot-pot dinner party, themed “celebrating new year with family at the table”, was a touching event full of the happiness of reunion. In addition, our volunteers visited the left-behind families to understand their difficulties, so as to and provide specific help within our means. Through these actual actions, we hope to inspire more people in the society to pay attention to the living conditions of left-behind children, generating love and goodwill and spreading positive energy among the society.

活動期間，我們特別策劃組織觀影活動，通過一部講述成長與關愛，勇敢與冒險的電影，讓孩子們與爸媽彼此貼得更近；「一家一桌過小年」的團圓火鍋晚宴更是給了充滿了濃濃的幸福團圓的感動。此外，我們的志願者通過實地探訪留守家庭，切實地瞭解到他們的困難，並有針對性的給予力所能及的幫助。我們希望通過實際行動呼籲社會更多人關注留守兒童的生活狀況，彙聚更多的愛心力量，傳播社會正能量。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Join forces to fight against the epidemic

聚力抗擊疫情，攜手溫暖同行

The novel coronavirus pneumonia epidemic has tugged the heartstring of every person in the country. While the whole country is working together to fight the epidemic, the Group is also concerned about the front line, making every effort to assure the daily needs of frontline staff in the epidemic area and contributing to the prevention and control of the epidemic.

新型冠狀肺炎疫情牽動著每一個國人的心，在全國人民同心協力抗擊疫情的同時，本集團亦心繫疫情一線，盡全力保障疫區一線工作人員的生活需求，為疫情防控工作貢獻自己的一份力量。

Upon the outbreak, the Group's subsidiaries and partners across the country have successively sent supplies to the front line. According to a dietary guideline for novel coronavirus pneumonia issued by the National Health Commission, patients and medical staff are recommended to intake more high-quality protein such as soybeans to ensure a balanced nutritional diet. After it comes to our knowledge, we have immediately announced the donation of Doubendou's soy bean milk products as an effort to provide nutritional support for frontline medical staff. We hope that the nutritious soy milk rich in high-quality protein may better prepare frontline medical staff for the fight against the epidemic and continue to send our warm regards to the people in the affected areas through the donations.

疫情發生後，本集團全國各地附屬公司及合作夥伴陸續將物資送到了疫情一線。在國家衛健委出台的一份新冠肺炎膳食指導中，我們得知患者、醫護等需多補充大豆等優質蛋白質，來保證營養膳食的均衡，隨即宣佈再次捐贈豆本豆豆奶產品，為一線醫護人員提供營養支持，希望含有優質蛋白的營養豆奶，可以幫助一線醫護人員更好的投入到戰疫中，為疫區人民持續送去溫暖。



Appendixes

附錄

I. Appendix — The list of significant laws and regulations that apply to the Group

I. 附錄 — 適用的主要法律法規清單

No. 序號	Significant laws and regulations that the Group should comply	主要遵守的法律法規
1	Company Law of the People's Republic of China	《中華人民共和國公司法》
2	Anti-Unfair Competition Law of the People's Republic of China	《中華人民共和國反不正當競爭法》
3	Advertising Law of the People's Republic of China	《中華人民共和國廣告法》
4	General Standard for the Labeling of Prepackaged Foods	《預包裝食品標籤通則》
5	Standard on Nutrition Labelling of Prepackaged Foods	《預包裝食品營養標籤通則》
6	Basic Standards for Corporate Internal Control	《企業內部控制基本規範》
7	Interim Provisions on Banning Commercial Bribery	《關於禁止商業賄賂行為的暫行規定》
8	Food Safety Law of the People's Republic of China	《中華人民共和國食品安全法》
9	Product Quality Law of the People's Republic of China	《中華人民共和國產品質量法》
10	Regulation on the Implementation of the Food Safety Law of the People's Republic of China	《中華人民共和國食品安全法實施條例》
11	Patent Law of the People's Republic of China	《中華人民共和國專利法》
12	Trademark Law of the People's Republic of China	《中華人民共和國商標法》
13	Copyright Law of the People's Republic of China	《中華人民共和國著作權法》
14	Law of the People's Republic of China on the Protection of Consumer Rights and Interests	《中華人民共和國消費者權益保護法》
15	Labor Law of the People's Republic of China	《中華人民共和國勞動法》
16	Labor Contract Law of the People's Republic of China	《中華人民共和國勞動合同法》
17	Special Rules on the Labor Protection of Female Employees	《女職工勞動保護特別規定》
18	Law of the People's Republic of China on the Protection of Minors	《中華人民共和國未成年人保護法》
19	Provisions on the Prohibition of Using Child Labor	《禁止使用童工規定》
20	Work Safety Law of the People's Republic of China	《中華人民共和國安全生產法》
21	Regulations on the Safety Management of Hazardous Chemicals	《危險化學品安全管理條例》
22	Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	《中華人民共和國職業病防治法》
23	Measures for the Administration of Contingency Plans for Work Safety Accidents	《生產安全事故應急預案管理辦法》
24	Regulation on Work-Related Injury Insurance	《工傷保險條例》
25	Fire Protection Law of the People's Republic of China	《中華人民共和國消防法》
26	Special Equipment Safety Law of the People's Republic of China	《中華人民共和國特種設備安全法》
27	Measures for the Administration of Contingency Plans for Work Safety Accidents	《生產安全事故應急預案管理辦法》
28	Environmental Protection Law of the People's Republic of China	《中華人民共和國環境保護法》
29	Environmental Protection Tax Law of the People's Republic of China	《中華人民共和國環境保護稅法》
30	Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution	《中華人民共和國大氣污染防治法》
31	Water Pollution Prevention and Control Law of the People's Republic of China	《中華人民共和國水污染防治法》
32	Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes	《中華人民共和國固體廢物污染環境防治法》
33	Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise	《中華人民共和國環境噪聲污染防治法》
34	Energy Conservation Law of the People's Republic of China	《中華人民共和國節約能源法》
35	Water Law of the People's Republic of China	《中華人民共和國水法》

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

II. INDICES FOR CONTENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE BY HONG KONG STOCK EXCHANGE

II. 附錄一 香港聯交所ESG報告指引內容索引

General Disclosure and KPI 一般披露及關鍵績效指標

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR 2019 2019年環境、社會及管治報告

A. Environment

A. 環境

Aspect A1 Emissions

層面A1 排放物

A1	General Disclosure 一般披露	Environmental Management, Energy Management, Pollutant Control 環境管理、能源管理、污染物控制
A1.1	The types of emissions and respective emissions data. 排放物種類及相關排放數據。	Pollutant Control 污染物控制
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 溫室氣體總排放量(以噸計算)及(如適用)密度(如以每產量單位、每項設施計算)。	Energy Management 能源管理
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 所產生有害廢棄物總量(以噸計算)及(如適用)密度(如以每產量單位、每項設施計算)。	With a relatively low amount of hazardous waste produced by the Group and the absence of concern from stakeholders, disclosure is not available for the time being. 本集團產生的有害廢棄物量較少，並且權益人未表達過關注，因此暫未披露。
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 所產生無害廢棄物總量(以噸計算)及(如適用)密度(如以每產量單位、每項設施計算)。	Pollutant Control 污染物控制
A1.5	Description of measures to mitigate emissions and results achieved. 描述減低排放量的措施及所得成果。	Pollutant Control 污染物控制
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. 描述處理有害及無害廢棄物的方法、減低產生量的措施及所得成果。	Pollutant Control 污染物控制

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Aspect A2 層面 A2	Use of Resources 資源使用	
A2	General Disclosure 一般披露	Energy Management, Resource Management 能源管理、資源管理
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility) 按類型劃分的直接及／或間接能源(如電、氣或油)總耗量(以千個千瓦時計算)及密度(如以每產量單位、每項設施計算)。	Energy Management 能源管理
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility). 總耗水量及密度(如以每產量單位、每項設施計算)。	Resource Management 資源管理
A2.3	Description of energy use efficiency initiatives and results achieved. 描述能源使用效益計劃及所得成果。	Resource Management 能源管理
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. 描述求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果。	Resource Management The Group did not have any problems with water sourcing. 資源管理 本集團在求取適用水源上無問題
A2.5	Total packaging material used for finished products (in tonnes) and, where applicable, with reference to per unit produced. 製成品所用包裝材料的總量(以噸計算)及(如適用)每生產單位佔量。	Resource Management 資源管理
Aspect A3 層面 A3	The Environment and Natural Resources 環境及天然資源	
A3	General Disclosure 一般披露	Resource Management 資源管理
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. 描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動。	Resource Management 資源管理

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B. Society

B. 社會

Employment and Labour Practices

僱傭及勞工常規

Aspect B1 Employment

層面 B1 僱傭

B1	General Disclosure 一般披露	Employment and Labour Rights, Remuneration and Benefits 僱傭與勞工權益、薪酬與福利
B1.1	Total workforce by gender, employment type, age group and geographical region. 按性別、僱傭類型、年齡組別及地區劃分的僱員總數。	Employment and Labour Rights 僱傭與勞工權益
B1.2	Employee turnover rate by gender, age group and geographical region. 按性別、年齡組別及地區劃分的僱員流失比率。	The Group disclosed the overall employee turnover rate, and it intends to disclose the turnover rate based on gender, age groups and geographical locations in the future. 已披露僱員整體流失率，按性別、年齡組別及地區劃分的僱員流失率計劃未來披露

Aspect B2 Health and Safety

層面 B2 健康與安全

B2	General Disclosure 一般披露	Occupational Health and Safety 職業健康與安全
B2.1	Number and rate of work-related fatalities. 因工作關係而死亡的人數及比率。	The Group intends to disclose the data in the future 本集團計劃在未來披露
B2.2	Lost days due to work injury. 因工傷損失工作日數。	The Group intends to disclose the data in the future 本集團計劃在未來披露
B2.3	Occupational health and safety measures adopted, how they are implemented and monitored. 描述所採納的職業健康與安全措施，以及相關執行及監察方法。	Occupational Health and Safety 職業健康與安全

Aspect B3 Development and Training

層面 B3 發展及培訓

B3	General Disclosure 一般披露	Training and Development 培訓與發展
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management). 按性別及僱員類別（如高級管理層、中級管理層等）劃分的受訓僱員百分比。	The Group intends to disclose this data in the future. 本集團計劃在未來披露
B3.2	The average training hours completed per employee by gender and employee category. 按性別及僱員類別劃分，每名僱員完成受訓的平均時數。	The Group intends to disclose this data in the future. 本集團計劃在未來披露

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Aspect B4 Labour Standards 層面 B4 勞工準則

B4	General Disclosure 一般披露	Employment and Labour Rights 僱傭與勞工權益
B4.1	Description of measures to review employment practices to avoid child and forced labour. 描述檢討招聘慣例的措施以避免童工及強制勞工。	Employment and Labour Rights 僱傭與勞工權益
B4.2	Description of steps taken to eliminate such practices when discovered. 描述在發現違規情況時消除有關情況所採取的步驟。	No violation has occurred during the reporting period. 報告期內未發生違規情況

Operating Practices 營運慣例

Aspect B5 Supply Chain Management 層面 B5 供應鏈管理

B5	General Disclosure 一般披露	Food Quality and Safety 食品質量與安全
B5.1	Number of suppliers by geographical region. 按地區劃分的供應商數目。	Food Quality and Safety 食品質量與安全
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. 描述有關聘用供應商的慣例，向其執行有關慣例的供應商數目，以及有關慣例的執行及監察方法。	Food Quality and Safety 食品質量與安全

Aspect B6 Product Responsibility 層面 B6 產品責任

B6	General Disclosure 一般披露	Food Quality and Safety, Research and Development for Innovation, Customer Rights 食品質量與安全、研發創新、顧客權益
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons. 已售或已運送產品總數中因安全與健康理由而須回收的百分比。	Food Quality and Safety 食品質量與安全
B6.2	Number of products and services related complaints received and how they are dealt with. 接獲關於產品及服務的投訴數目以及應對方法。	Customer Rights 顧客權益
B6.3	Description of practices relating to observing and protecting intellectual property rights. 描述與維護及保障知識產權有關的慣例。	Research and Development for Innovation 研發創新
B6.4	Description of quality assurance process and recall procedures. 描述質量檢定過程及產品回收程序。	Food Quality and Safety 食品質量與安全
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored. 描述消費者數據保障及私隱政策，以及相關執行及監察方法。	Customer Rights 顧客權益

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Aspect B7 Anti-corruption

層面 B7 反貪污

B7	General Disclosure 一般披露	Integrity and Compliance 廉潔合規
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. 於彙報期內對發行人或其僱員提出並已審結的貪污訴訟案件的數目及訴訟結果。	Integrity and Compliance 廉潔合規
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. 描述防範措施及舉報程序，以及相關執行及監察方法。	Integrity and Compliance 廉潔合規

Community 社區

Aspect B8 Community Investment

層面 B8 社區投資

B8	General Disclosure 一般披露	GIVING BACK TO THE COMMUNITY AND GATHERING LOVE AND CARE 回報社會，彙聚點滴愛心
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). 專注貢獻範疇(如教育、環境事宜、勞工需求、健康、文化、體育)。	GIVING BACK TO THE COMMUNITY AND GATHERING LOVE AND CARE 回報社會，彙聚點滴愛心
B8.2	Resources contributed (e.g. money or time) to the focus area. 在專注範疇所動用資源(如金錢或時間)。	GIVING BACK TO THE COMMUNITY AND GATHERING LOVE AND CARE 回報社會，彙聚點滴愛心

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Dali Foods Group Company Limited

(Incorporated in the Cayman Islands as an exempted company with limited liability)

致達利食品集團有限公司股東

(於開曼群島註冊成立的獲豁免有限公司)

OPINION

We have audited the consolidated financial statements of Dali Foods Group Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 140 to 236, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 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 Hong Kong Companies Ordinance.

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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

吾等已審核第140頁至第236頁所載達利食品集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的合併財務報表，包括於二零一九年十二月三十一日的合併財務狀況表、截至該日止年度的合併損益表、合併綜合收益表、合併權益變動表及合併現金流量表，以及合併財務報表附註(包括重大會計政策概要)。

吾等認為，合併財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於二零一九年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港公司條例妥為編製。

意見的基礎

吾等根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核。吾等於該等準則下的責任在吾等的報告內核數師就審核合併財務報表須承擔的責任一節進一步闡述。根據香港會計師公會的香港職業會計師道德守則(「守則」)，吾等獨立於貴集團，並已遵循守則履行其他道德責任。吾等相信，吾等所取得的審核憑證能充足及適當地為吾等的意見提供基礎。

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KEY AUDIT MATTERS

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

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

Key audit matter

關鍵審核事項

Valuation of inventories 存貨估值

Valuation of inventories was important to our audit as the following situation mentioned requires management to make estimates and exercise judgement, and the balance of inventories was RMB1,262,355,000 as at December 31, 2019, which accounted for approximately 9.1% of the current assets of the Group.

存貨計價對吾等的審核至關重要，因為下述情形需要管理層作出估計及行使判斷，且於二零一九年十二月三十一日的存貨結餘為人民幣1,262,355,000元，佔貴集團流動資產約9.1%。

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. When the Group launches new products, key parameters in the valuation of such inventories require the Group's estimation and judgement.

存貨按成本與可變現淨值二者中的較低者列賬。成本按加權平均法釐定，而在製品及製成品包括直接材料、直接勞工及按適當比例計算的間接費用。當貴集團推出新產品時，有關存貨估值中的關鍵參數需要貴集團的估計及判斷。

Please refer to note 18 to the financial statements for related disclosures.
相關披露詳情請參閱財務報表附註18。

關鍵審核事項

根據吾等的專業判斷，關鍵審核事項為吾等審核於本期間的合併財務報表中最重要的事項。吾等在審核合併財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。就下文各事項而言，有關吾等審核時處理此等事項的描述僅適用於此等情況。

吾等已履行本報告核數師就審核合併財務報表須承擔的責任一節所述的責任，包括與此等事項相關之責任。據此，吾等的審計範圍包括旨在回應吾等對合併財務報表進行重大失實陳述風險評估的程序的表現。審核程序（包括為處理下列事項而進行的程序）的結果為吾等就隨附合併財務報表發表審核意見提供了基礎。

How our audit addressed the key audit matter

吾等進行審核時如何處理關鍵審核事項

Our procedures performed included a mix of control testing and substantive testing performed for all the subsidiaries, which are based on the nature and amounts of recorded inventories. The valuation of inventories was tested by performing detailed testing on the accuracy of the cost calculations. We also performed detailed substantive testing on a sample of items to assess the cost of individual inventories and net realisable value of inventories.

吾等所執行的程序包括對所有附屬公司根據已錄得存貨的性質及金額執行的控制測試及實質性測試。存貨計價測試通過對成本計算的準確性進行詳細測試而進行。吾等亦對評估個別存貨成本及存貨可變現淨值通過一定的樣本進行詳細的實質性測試。



KEY AUDIT MATTERS (continued)

Key audit matter

關鍵審核事項

Impairment of trade and bills receivables

貿易應收款項及應收票據減值

Under HKFRS 9, the Group accounts for the impairment of trade and bills receivables using a forward-looking expected credit loss ("ECL") approach.

根據香港財務報告準則第9號，貴集團利用前瞻預期信貸虧損（「預期信貸虧損」）法，將貿易應收款項及應收票據減值入賬。

The measurement of ECL requires the application of significant judgement and increased the complexity which include the assumptions used in the ECL models, such as the expected future cash flows and forward-looking macroeconomic factors. As at December 31, 2019, the balance of trade and bills receivables was RMB736,874,000, which accounted for approximately 5.3% of the current assets of the Group.

計量預期信貸虧損需要行使重大判斷及提高了複雜程度，包括預期信貸虧損模式使用的假設，例如預期未來現金流及前瞻宏觀經濟因素。於二零一九年十二月三十一日，貿易應收款項及應收票據結餘為人民幣736,874,000元，佔貴集團流動資產約5.3%。

Please refer to note 19 to the financial statements for related disclosures.
相關披露詳情請參閱財務報表附註19。

關鍵審核事項（續）

How our audit addressed the key audit matter

吾等進行審核時如何處理關鍵審核事項

We evaluated the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimate of expected credit losses. We obtained and re-tested the ageing analysis prepared by management.

吾等評估主要內部監控的設計、執行及運作效力，其監管信貸控制、收債及預期信貸虧損估計。吾等已取得及重新測試管理層所編製的賬齡分析。

In order to evaluate the appropriateness of these judgements, we challenged whether historical experience was representative of current circumstances, tested the model parameters including the underlying historical and external data used, examined the actual losses recorded during the current financial year and assessed whether there was an indication of management bias when recognising loss allowances and the computation.

為評估該等判斷是否適當，吾等質詢了歷史經驗是否代表當前情況；測試模型參數，包括所用相關過往及外部數據；審視於當前財政年度錄得的實際虧損及評估其是否顯示管理層確認虧損撥備及計算時有所偏頗。

We inspected cash receipts from customers after the financial year end relating to trade receivable balances as at December 31, 2019, on a sample basis.

吾等就於二零一九年十二月三十一日的貿易應收款項結餘抽樣檢查了財政年度後來自客戶的現金收款。

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OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

載入年報的其他資料

董事須對其他資料承擔責任。其他資料包括年報內所載的所有資料，不包括合併財務報表及吾等的核數師報告。

吾等對合併財務報表作出的意見並無涵蓋其他資料，且吾等不會對其他資料發表任何形式的核證結論。

就吾等審核合併財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與合併財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大失實陳述，吾等須報告有關事實。就此，吾等並無報告事項。

董事就合併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佈的香港財務報告準則及香港公司條例，編製真實而公平地反映情況的合併財務報表，及董事釐定對編製合併財務報表屬必要的有關內部監控，以使該等合併財務報表不會存在由於欺詐或錯誤而導致的重大失實陳述。

在編製合併財務報表時，貴公司董事須負責評估貴集團持續經營的能力、披露與持續經營有關的事項（如適用）並採用以持續經營為基礎的會計法，除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法。

貴公司董事由審核委員會協助履行彼等監督貴集團財務報告程序的責任。



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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.

核數師就審核合併財務報表須承擔的責任

吾等的目標為合理確定此等合併財務報表整體而言不會存在由於欺詐或錯誤而導致的重大失實陳述，並發出載有吾等意見的核數師報告。本報告的製作，僅根據香港公司條例第405條向全體股東報告，除此以外不可作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大失實陳述。失實陳述可因欺詐或錯誤而產生，倘個別或整體在合理預期情況下可影響使用者根據合併財務報表作出的經濟決定時，則被視為屬重大的失實陳述。

在根據香港審計準則進行審計的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致合併財務報表存在重大失實陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大失實陳述的風險高於未能發現因錯誤而導致的重大失實陳述的風險。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估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。



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

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

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

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.

核數師就審核合併財務報表須承擔 的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並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。倘吾等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合併財務報表中的相關披露。倘有關披露不足，則修訂吾等意見。吾等結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團無法持續經營。
- 評估合併財務報表的整體呈報方式、結構及內容，包括披露資料，以及合併財務報表是否中肯反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足及適當的審計憑證，以便對合併財務報表發表意見。吾等負責集團審計的方向、監督和執行。吾等為審核意見承擔全部責任。

吾等與審核委員會就(其中包括)審計的計劃範圍、時間安排及重大審計發現進行溝通，該等發現包括吾等在審計過程中識別的內部監控的任何重大缺失。

吾等亦向審核委員會作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。



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

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

The engagement partner on the audit resulting in this independent auditor's report is LEUNG WAI LAP, PHILIP.

Ernst & Young
Certified Public Accountants
Hong Kong

March 29, 2020

核數師就審核合併財務報表須承擔 的責任(續)

從與審核委員會溝通的事項中，吾等釐定對本期間合併財務報表的審計至關重要的事項，因而構成關鍵審核事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中傳達該事項。

出具本獨立核數師報告的審計項目合夥人為梁偉立。

安永會計師事務所
執業會計師
香港

二零二零年三月二十九日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

合併損益及其他綜合收益表

Year ended December 31, 2019 截至二零一九年十二月三十一日止年度

		Notes	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
		附註		
REVENUE	收益	5(a)	21,375,248	20,863,557
Cost of sales	銷售成本	6(a)	(12,883,785)	(12,812,816)
Gross profit	毛利		8,491,463	8,050,741
Other income and gains	其他收入及收益	5(b)	886,733	649,339
Selling and distribution expenses	銷售及經銷開支		(3,677,450)	(3,376,667)
Administrative expenses	行政開支		(553,032)	(572,583)
Finance costs	融資成本	7	(1,413)	—
PROFIT BEFORE TAX	除稅前溢利	6	5,146,301	4,750,830
Income tax expense	所得稅開支	10	(1,305,730)	(1,033,469)
PROFIT FOR THE YEAR	年內溢利		3,840,571	3,717,361
Attributable to:	以下人士應佔：			
Owners of the parent	母公司擁有人		3,840,571	3,717,361
PROFIT FOR THE YEAR	年內溢利		3,840,571	3,717,361
OTHER COMPREHENSIVE INCOME	其他綜合收益			
Exchange differences:	匯兌差額：			
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額		5,889	62,165
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	於後續期間可能重新分類至損益的其他綜合收益淨額		5,889	62,165
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	年內其他綜合收益 (除稅淨額)		5,889	62,165
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內綜合收益總額		3,846,460	3,779,526
Attributable to:	以下人士應佔：			
Owners of the parent	母公司擁有人		3,840,571	3,717,361
Total comprehensive income attributable to:	以下人士應佔綜合收益總額：			
Owners of the parent	母公司擁有人		3,846,460	3,779,526
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通股權益持有人應佔每股盈利	12		
Basic and diluted	基本及攤薄		RMB 人民幣	RMB 人民幣
— For profit for the year	— 年內溢利		0.28 元	0.27 元

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

合併財務狀況表

December 31, 2019 於二零一九年十二月三十一日

			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Notes 附註			
NON-CURRENT ASSETS		非流動資產		
Property, plant and equipment	13	物業、廠房及設備	5,141,506	4,911,315
Investment property	14	投資物業	233,762	42,392
Right-of-use assets	15(b)	使用權資產	608,746	–
Prepaid land lease payments	15(a)	預付土地租賃款項	–	557,422
Intangible assets	16	無形資產	1,994	2,875
Prepayments	17	預付款項	96,045	244,864
Deferred tax assets	24	遞延稅項資產	64,218	53,659
Total non-current assets		非流動資產總值	6,146,271	5,812,527
CURRENT ASSETS		流動資產		
Inventories	18	存貨	1,262,355	1,137,799
Trade and bills receivables	19	貿易應收款項及應收票據	736,874	714,704
Prepayments and other receivables	20	預付款項及其他應收款項	709,703	489,159
Pledged deposits	21	質押存款	141	12,734
Cash and bank balances	21	現金及銀行結餘	11,092,268	10,078,566
Total current assets		流動資產總值	13,801,341	12,432,962
CURRENT LIABILITIES		流動負債		
Trade and bills payables	22	貿易應付款項及應付票據	1,347,768	941,834
Other payables and accruals	23	其他應付款項及應計費用	1,572,753	1,320,167
Lease liabilities	15(c)	租賃負債	19,289	–
Tax payable		應付稅項	236,984	198,600
Total current liabilities		流動負債總額	3,176,794	2,460,601
NET CURRENT ASSETS		流動資產淨額	10,624,547	9,972,361
TOTAL ASSETS LESS CURRENT LIABILITIES		資產總值減流動負債	16,770,818	15,784,888
NON-CURRENT LIABILITIES		非流動負債		
Lease liabilities	15(c)	租賃負債	474	–
Deferred revenue	25	遞延收入	370,925	370,218
Deferred tax liabilities	24	遞延稅項負債	122,793	–
Total non-current liabilities		非流動負債總額	494,192	370,218
NET ASSETS		資產淨值	16,276,626	15,414,670
EQUITY		權益		
Equity attributable to owners of the parent		母公司擁有人應佔權益		
Share capital	26	股本	112,712	112,712
Reserves	27	儲備	16,163,914	15,301,958
Total equity		總權益	16,276,626	15,414,670

Xu Shihui
許世輝
Director
董事

Zhuang Weiqiang
莊偉強
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

合併權益變動表

Year ended December 31, 2019 截至二零一九年十二月三十一日止年度

		Share capital 股本 RMB'000 (note 26) (附註 26)	Share premium 股份溢價 RMB'000* (note 27) (附註 27)	Merger reserve 合併儲備 RMB'000* (note 27) (附註 27)	Statutory reserve 法定儲備 RMB'000* (note 27) (附註 27)	Exchange fluctuation reserve 匯兌波動儲備 RMB'000* 人民幣千元*	Retained profits 保留溢利 RMB'000* 人民幣千元*	Total 總計 RMB'000 人民幣千元
At January 1, 2018	於二零一八年一月一日	112,712	3,411,230	(23,165)	1,641,554	229,042	8,414,812	13,786,185
Profit for the year	年內溢利	-	-	-	-	-	3,717,361	3,717,361
Other comprehensive income for the year:	年內其他綜合收益：							
Exchange differences related to foreign operations	有關海外業務的匯兌差額	-	-	-	-	62,165	-	62,165
Total comprehensive income for the year	年內綜合收益總額	-	-	-	-	62,165	3,717,361	3,779,526
Final 2017 dividend declared	已宣派二零一七年末期股息	-	(1,126,779)	-	-	-	-	(1,126,779)
Interim 2018 dividend	二零一八年中中期股息	-	(1,024,262)	-	-	-	-	(1,024,262)
Transfer from retained profits	轉撥自保留溢利	-	-	-	65,249	-	(65,249)	-
At December 31, 2018	於二零一八年十二月三十一日	112,712	1,260,189	(23,165)	1,706,803	291,207	12,066,924	15,414,670

		Share capital 股本 RMB'000 (note 26) (附註 26)	Share premium 股份溢價 RMB'000* (note 27) (附註 27)	Merger reserve 合併儲備 RMB'000* (note 27) (附註 27)	Statutory reserve 法定儲備 RMB'000* (note 27) (附註 27)	Exchange fluctuation reserve 匯兌波動儲備 RMB'000* 人民幣千元*	Retained profits 保留溢利 RMB'000* 人民幣千元*	Total 總計 RMB'000 人民幣千元
At December 31, 2018	於二零一八年十二月三十一日	112,712	1,260,189	(23,165)	1,706,803	291,207	12,066,924	15,414,670
Effect of adoption of HKFRS 16	採納香港財務報告準則第16號的影響	-	-	-	-	-	(1,963)	(1,963)
At January 1, 2019 (restated)	於二零一九年一月一日 (經重列)	112,712	1,260,189	(23,165)	1,706,803	291,207	12,064,961	15,412,707
Profit for the year	年內溢利	-	-	-	-	-	3,840,571	3,840,571
Other comprehensive income for the year:	年內其他綜合收益：							
Exchange differences related to foreign operations	有關海外業務的匯兌差額	-	-	-	-	5,889	-	5,889
Total comprehensive income for the year	年內綜合收益總額	-	-	-	-	5,889	3,840,571	3,846,460
Final 2018 dividend declared	已宣派二零一八年末期股息	-	(906,308)	-	-	-	-	(906,308)
Interim 2019 dividend	二零一九年中中期股息	-	(353,881)	-	-	(439,722)	(1,282,630)	(2,076,233)
Transfer from retained profits	轉撥自保留溢利	-	-	-	55,400	-	(55,400)	-
At December 31, 2019	於二零一九年十二月三十一日	112,712	-	(23,165)	1,762,203	(142,626)	14,567,502	16,276,626

* These reserve accounts comprise the consolidated reserves of RMB16,163,914,000 (2018: RMB15,301,958,000) in the consolidated statement of financial position.

該等儲備賬目分別包括合併財務狀況表內的合併儲備人民幣16,163,914,000元(二零一八年：人民幣15,301,958,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

Year ended December 31, 2019 截至二零一九年十二月三十一日止年度

			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Notes 附註			
CASH FLOWS FROM OPERATING ACTIVITIES		經營活動所得現金流量		
Profit before tax		除稅前溢利	5,146,301	4,750,830
Adjustments for:		就以下各項作出調整：		
Interest income — bank deposits		利息收入 — 銀行存款	(5,283)	(36,944)
Fair value gains, net:		公平值收益淨額：		
Financial assets at fair value through profit or loss		按公平值計入損益的金融資產	5(b),6(c)	—
Loss on disposal of items of property, plant and equipment, net		出售物業、廠房及設備項目的虧損淨額	6(c)	2,449
Depreciation of property, plant and equipment		物業、廠房及設備折舊	6(c)	699,786
Depreciation of investment properties		投資物業折舊	6(c)	9,719
Depreciation of right-of-use assets/recognition of prepaid land lease payments		使用權資產折舊／確認預付土地租賃款項	6(c)	31,244
Amortisation of intangible assets		攤銷無形資產	6(c)	1,146
Impairment loss on trade and bills receivables		貿易應收款項及應收票據減值虧損	6(c)	1,434
Impairment/(reversal of impairment) of inventories		存貨減值／(減值撥回)	6(c)	1,268
Finance costs		融資成本	7	1,413
Government grants recognised in profit or loss		於損益內確認的政府補貼	25	(28,556)
			5,860,921	5,315,408
Decrease in pledged bank deposits		質押銀行存款減少	11,265	12,753
(Increase)/decrease in trade and bills receivables		貿易應收款項及應收票據(增加)／減少	(23,604)	366,290
Increase in prepayments and other receivables		預付款項及其他應收款項增加	(215,261)	(46,766)
(Increase)/decrease in inventories		存貨(增加)／減少	(125,824)	195,998
Increase in trade and bills payables		貿易應付款項及應付票據增加	405,934	52,555
Increase in other payables and accruals		其他應付款項及應計費用增加	258,498	125,147
Cash generated from operations		經營所得現金	6,171,929	6,021,385
Interest element of operating lease rental payments		經營租賃租金付款的利息部分	(1,413)	—
Tax paid		已付稅項	(1,155,112)	(1,019,872)
NET CASH FLOWS FROM OPERATING ACTIVITIES		經營活動所得現金流量淨額	5,015,404	5,001,513

CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

Year ended December 31, 2019 截至二零一九年十二月三十一日止年度

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	投資活動(所用)/所得現金流量		
Purchases of items of property, plant and equipment and investment properties	購買物業、廠房及設備項目及投資物業	(1,000,519)	(1,249,208)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目的所得款項	3,708	1,236
Additions to right-of-use assets (2018: prepaid land lease payments)	使用權資產添置 (二零一八年： 預付土地租賃款項)	(40,269)	(85,882)
Additions to intangible assets	無形資產添置	(265)	(328)
Receipt of government grants for property, plant and equipment and prepaid land lease payments	收取物業、廠房及設備及預付土地租賃款項政府補貼	29,263	71,742
Proceeds from financial assets at fair value through profit or loss	按公平值計入損益的金融資產的所得款項	—	256,507
Interest received from bank deposits	自銀行存款收取利息	—	51,812
Decrease in pledged bank deposits	質押銀行存款減少	1,328	24,402
Net (increase)/decrease in bank deposits	銀行存款(增加)/減少淨額	(130,000)	1,331,873
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	投資活動(所用)/所得現金流量淨額	(1,136,754)	402,154
CASH FLOWS USED IN FINANCING ACTIVITIES	融資活動所用現金流量		
Dividends paid	已付股息	(2,982,541)	(2,151,041)
Principal portion of lease payments	租賃付款的本金部分	(18,296)	—
NET CASH FLOWS USED IN FINANCING ACTIVITIES	融資活動所用現金流量淨額	(3,000,837)	(2,151,041)
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	877,813	3,252,626
Cash and cash equivalents at beginning of year	年初現金及現金等價物	10,078,566	6,763,775
Effect of foreign exchange rate changes, net	匯率變動的影響淨額	5,889	62,165
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	10,962,268	10,078,566

CONSOLIDATED STATEMENT OF CASH FLOWS

合併現金流量表

Year ended December 31, 2019 截至二零一九年十二月三十一日止年度

			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Note 附註			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		現金及現金等價物結餘 分析		
Cash at banks and on hand	21	銀行及庫存現金	10,669,710	9,289,495
Bank deposits with original maturity of less than three months		初始到期日少於三個月的 銀行存款	292,558	789,071
Bank deposits with original maturity of over three months		初始到期日超過三個月的 銀行存款	130,000	—
Cash and bank balances as stated in the statement of financial position		財務狀況表所列現金 及銀行結餘	11,092,268	10,078,566
Less: Bank deposits with original maturity of over three months		減：初始到期日超過 三個月的銀行存款	(130,000)	—
Cash and cash equivalents as stated in the statement of cash flows		現金流量表所列現金及 現金等價物	10,962,268	10,078,566

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

December 31, 2019 二零一九年十二月三十一日

1. CORPORATE AND GROUP INFORMATION

Dali Foods Group Company Limited (the “Company”) is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered address of the Company is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture and sale of food and beverage in Mainland China.

In the opinion of the Company’s directors (the “Directors”), the holding company of the Company is Divine Foods Limited (the “Parent”), a company established in the British Virgin Islands (“BVI”). The controlling shareholders of the Company are Mr. Xu Shihui, Ms. Chen Liling, Ms. Xu Yangyang, Divine Foods Limited, Divine Foods-1 Limited, Divine Foods-2 Limited, Divine Foods-3 Limited, Hi-Tiger Limited and Xu’s Family Trust (together known as the “Controlling Shareholders”).

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name of company	Place of incorporation/ registration, type of legal entity, and date of incorporation/registration 註冊成立／登記地點、 法定實體類別及註冊成立／ 登記日期	Place of operations 營業地點	Nominal value of issued ordinary/ registered share capital 已發行普通／ 註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益 百分比	Principal activities 主要業務
				Direct 直接	Indirect 間接
Dali Foods Holdings Limited	BVI Limited liability company November 4, 2014	BVI	USD100	100%	– Investment holding
Dali Foods Holdings Limited	英屬處女群島有限責任公司 二零一四年十一月四日	英屬處女群島	100美元		投資控股
Dali Foods Group (Hong Kong) Company Limited	Hong Kong S.A.R. Limited liability company November 11, 2014	Hong Kong	HKD100	–	100% Investment holding
達利食品集團(香港)有限公司	香港特別行政區有限責任公司 二零一四年十一月十一日	香港	100港元		投資控股

1. 公司及集團資料

達利食品集團有限公司(「本公司」)根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司。本公司的註冊辦事處為Maples Corporate Services Limited，地址為P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands。

本公司為一家投資控股公司。本公司及其附屬公司(統稱為「本集團」)主要在中國內地從事食品及飲料生產及銷售。

本公司董事(「董事」)認為，本公司的控股公司為Divine Foods Limited(「母公司」)，為一家在英屬維京群島(「英屬維京群島」)成立的公司。本公司的控股股東為許世輝先生、陳麗玲女士、許陽陽女士、Divine Foods Limited、Divine Foods-1 Limited、Divine Foods-2 Limited、Divine Foods-3 Limited、Hi-Tiger Limited及許氏家族信託(統稱為「控股股東」)。

有關附屬公司的資料

本公司主要附屬公司的詳情如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
合併財務報表附註

December 31, 2019 二零一九年十二月三十一日

1. CORPORATE AND GROUP INFORMATION
(continued)

Information about subsidiaries (continued)

Name of company	Place of incorporation/ registration, type of legal entity, and date of incorporation/registration 註冊成立／登記地點、 法定實體類別及註冊成立／ 登記日期	Place of operations 營業地點	Nominal value of issued ordinary/ registered share capital 已發行普通／ 註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益 百分比	Principal activities 主要業務
				Direct 直接	Indirect 間接
Dali Foods Group Co., Ltd. (達利食品集團有限公司)*	The PRC Wholly-owned foreign enterprise February 10, 1993	Mainland China	RMB1,450,000,000	—	100% II
達利食品集團有限公司	中國外商獨資企業 一九九三年二月十日	中國內地	人民幣 1,450,000,000元		
Quanzhou Dali Foods Co., Ltd. (泉州達利食品有限公司)*	The PRC Limited liability company January 12, 1993	Mainland China	RMB90,939,305	—	100% III
泉州達利食品有限公司	中國有限責任公司 一九九三年一月十二日	中國內地	人民幣 90,939,305元		
Hubei Dali Foods Co., Ltd. (湖北達利食品有限公司)*	The PRC Limited liability company June 16, 2005	Mainland China	RMB209,000,000	—	100% I
湖北達利食品有限公司	中國有限責任公司 二零零五年六月十六日	中國內地	人民幣 209,000,000元		
Jilin Dali Foods Co., Ltd. (吉林達利食品有限公司)*	The PRC Limited liability company June 17, 2005	Mainland China	RMB100,000,000	—	100% I
吉林達利食品有限公司	中國有限責任公司 二零零五年六月十七日	中國內地	人民幣 100,000,000元		
Gansu Dali Foods Co., Ltd. (甘肅達利食品有限公司)*	The PRC Limited liability company August 31, 2005	Mainland China	RMB209,000,000	—	100% I
甘肅達利食品有限公司	中國有限責任公司 二零零五年八月三十一日	中國內地	人民幣 209,000,000元		
Jinan Dali Foods Co., Ltd. (濟南達利食品有限公司)*	The PRC Limited liability company June 18, 2005	Mainland China	RMB190,000,000	—	100% I
濟南達利食品有限公司	中國有限責任公司 二零零五年六月十八日	中國內地	人民幣 190,000,000元		

1. 公司及集團資料(續)

有關附屬公司的資料(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

December 31, 2019 二零一九年十二月三十一日

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name of company	Place of incorporation/ registration, type of legal entity, and date of incorporation/registration 註冊成立／登記地點、 法定實體類別及註冊成立／ 登記日期	Place of operations 營業地點	Nominal value of issued ordinary/ registered share capital 已發行普通／ 註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益 百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Chengdu Dali Foods Co., Ltd. (成都達利食品有限公司)*	The PRC Limited liability company June 28, 2005	Mainland China	RMB105,000,000	—	100%	I
成都達利食品有限公司	中國有限責任公司 二零零五年六月二十八日	中國內地	人民幣 105,000,000元			
Ma'anshan Dali Foods Co., Ltd. (馬鞍山達利食品有限公司)*	The PRC Limited liability company October 9, 2007	Mainland China	RMB160,000,000	—	100%	I
馬鞍山達利食品有限公司	中國有限責任公司 二零零七年十月九日	中國內地	人民幣 160,000,000元			
Shanxi Dali Foods Co., Ltd. (山西達利食品有限公司)*	The PRC Limited liability company November 15, 2007	Mainland China	RMB105,000,000	—	100%	I
山西達利食品有限公司	中國有限責任公司 二零零七年十一月十五日	中國內地	人民幣 105,000,000元			
Yunnan Dali Foods Co., Ltd. (雲南達利食品有限公司)*	The PRC Limited liability company March 25, 2008	Mainland China	RMB110,000,000	—	100%	I
雲南達利食品有限公司	中國有限責任公司 二零零八年三月二十五日	中國內地	人民幣 110,000,000元			
Xiamen Dali Trading Co., Ltd. (廈門達利商貿有限公司)*	The PRC Limited liability company April 2, 2010	Mainland China	RMB330,000,000	—	100%	Leasing
廈門達利商貿有限公司	中國有限責任公司 二零一零年四月二日	中國內地	人民幣 330,000,000元			租賃
Henan Dali Foods Co., Ltd. (河南達利食品有限公司)*	The PRC Limited liability company July 21, 2010	Mainland China	RMB150,000,000	—	100%	I
河南達利食品有限公司	中國有限責任公司 二零一零年七月二十一日	中國內地	人民幣 150,000,000元			

1. 公司及集團資料(續)

有關附屬公司的資料(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
合併財務報表附註

December 31, 2019 二零一九年十二月三十一日

1. CORPORATE AND GROUP INFORMATION
(continued)

Information about subsidiaries (continued)

Name of company	Place of incorporation/ registration, type of legal entity, and date of incorporation/registration 註冊成立／登記地點、 法定實體類別及註冊成立／ 登記日期	Place of operations 營業地點	Nominal value of issued ordinary/ registered share capital 已發行普通／ 註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益 百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Guangdong Dali Foods Co., Ltd. (廣東達利食品有限公司)*	The PRC Limited liability company August 5, 2010	Mainland China	RMB200,000,000	—	100%	I
廣東達利食品有限公司	中國有限責任公司 二零一零年八月五日	中國內地	人民幣 200,000,000元			
Nanchang Dali Foods Co., Ltd. (南昌達利食品有限公司)*	The PRC Limited liability company August 2, 2010	Mainland China	RMB140,000,000	—	100%	III
南昌達利食品有限公司	中國有限責任公司 二零一零年八月二日	中國內地	人民幣 140,000,000元			
Jiangsu Dali Foods Co., Ltd. (江蘇達利食品有限公司)*	The PRC Limited liability company August 23, 2010	Mainland China	RMB250,000,000	—	100%	I
江蘇達利食品有限公司	中國有限責任公司 二零一零年八月二十三日	中國內地	人民幣 250,000,000元			
Hebei Dali Foods Co., Ltd. (河北達利食品有限公司)*	The PRC Limited liability company April 22, 2011	Mainland China	RMB100,000,000	—	100%	I
河北達利食品有限公司	中國有限責任公司 二零一一年四月二十二日	中國內地	人民幣 100,000,000元			
Shaanxi Dali Foods Co., Ltd. (陝西達利食品有限公司)*	The PRC Limited liability company June 28, 2011	Mainland China	RMB80,000,000	—	100%	I
陝西達利食品有限公司	中國有限責任公司 二零一一年六月二十八日	中國內地	人民幣 80,000,000元			
Shenyang Dali Foods Co., Ltd. (瀋陽達利食品有限公司)*	The PRC Limited liability company May 21, 2012	Mainland China	RMB200,000,000	—	100%	I
瀋陽達利食品有限公司	中國有限責任公司 二零一二年五月二十一日	中國內地	人民幣 200,000,000元			

1. 公司及集團資料(續)

有關附屬公司的資料(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

December 31, 2019 二零一九年十二月三十一日

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name of company	Place of incorporation/ registration, type of legal entity, and date of incorporation/registration 註冊成立／登記地點、 法定實體類別及註冊成立／ 登記日期	Place of operations 營業地點	Nominal value of issued ordinary/ registered share capital 已發行普通／ 註冊股本面值	Percentage of equity attributable to the Company 本公司應佔權益 百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Fujian Dali Development Co., Ltd. (福建達利發展有限公司)*	The PRC Limited liability company August 26, 2016	Mainland China	RMB50,000,000	—	100%	Trading
福建達利發展有限公司	中國有限責任公司 二零一六年八月二十六日	中國內地	人民幣 50,000,000 元			貿易
Fujian Dali Foods Technology Co., Ltd. (福建達利食品科技有限公司)*	The PRC Limited liability company June 19, 2017	Mainland China	RMB50,000,000	—	100%	Research and development
福建達利食品科技有限公司	中國有限責任公司 二零一七年六月十九日	中國內地	人民幣 50,000,000 元			研發
Guangxi Dali Foods Co., Ltd. (廣西達利食品有限公司)*	The PRC Limited liability company April 15, 2018	Mainland China	RMB200,000,000	—	100%	I
廣西達利食品有限公司	中國有限責任公司 二零一八年四月十五日	中國內地	人民幣 200,000,000 元			
Guizhou Dali Foods Co., Ltd. (貴州達利食品有限公司)*	The PRC Limited liability company March 6, 2018	Mainland China	RMB200,000,000	—	100%	I
貴州達利食品有限公司	中國有限責任公司 二零一八年三月六日	中國內地	人民幣 200,000,000 元			

Notes:

- I: Manufacture and sale of food and beverage
- II: Manufacture and sale of food, beverage and related packaging
- III: Manufacture and sale of beverage

* English translations of names for identification purposes only

1. 公司及集團資料(續)

有關附屬公司的資料(續)

				Percentage of equity attributable to the Company 本公司應佔權益 百分比		Principal activities 主要業務
				Direct 直接	Indirect 間接	
Fujian Dali Development Co., Ltd. (福建達利發展有限公司)*	The PRC Limited liability company August 26, 2016	Mainland China	RMB50,000,000	—	100%	Trading
福建達利發展有限公司	中國有限責任公司 二零一六年八月二十六日	中國內地	人民幣 50,000,000 元			貿易
Fujian Dali Foods Technology Co., Ltd. (福建達利食品科技有限公司)*	The PRC Limited liability company June 19, 2017	Mainland China	RMB50,000,000	—	100%	Research and development
福建達利食品科技有限公司	中國有限責任公司 二零一七年六月十九日	中國內地	人民幣 50,000,000 元			研發
Guangxi Dali Foods Co., Ltd. (廣西達利食品有限公司)*	The PRC Limited liability company April 15, 2018	Mainland China	RMB200,000,000	—	100%	I
廣西達利食品有限公司	中國有限責任公司 二零一八年四月十五日	中國內地	人民幣 200,000,000 元			
Guizhou Dali Foods Co., Ltd. (貴州達利食品有限公司)*	The PRC Limited liability company March 6, 2018	Mainland China	RMB200,000,000	—	100%	I
貴州達利食品有限公司	中國有限責任公司 二零一八年三月六日	中國內地	人民幣 200,000,000 元			

附註：

- I: 生產及銷售食品及飲料
- II: 生產及銷售食品、飲料及有關包裝
- III: 生產及銷售飲料

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

合併財務報表附註

December 31, 2019 二零一九年十二月三十一日

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended December 31, 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

2.1 編製基準

該等財務報表已根據香港會計師公會(「香港會計師公會」)所頒佈的香港財務報告準則(「香港財務報告準則」,包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例的披露規定編製。該等財務報表乃根據歷史成本常規法編製,惟股權投資例外。除另有說明者外,該等財務報表以人民幣(「人民幣」)呈列,所有價值均已湊整至最接近千位。

合併基準

合併財務報表包括本公司及其附屬公司截至二零一九年十二月三十一日止年度的財務報表。附屬公司指本公司對其有直接或間接控制權的實體(包括結構性實體)。當本集團能通過其參與承擔或享有投資對象可變回報的風險或權利,並能夠向投資對象使用其權力影響該等回報(即現有權利可使本集團能於當時指揮投資對象的相關活動),即代表本集團擁有投資對象的控制權。

當本公司直接或間接擁有少於投資對象過半數投票權或類似權利時,本集團於評估其是否對投資對象擁有權力時會考慮所有相關事實及情況,包括:

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

附屬公司財務報表的報告期間與本公司相同,並採納連貫一致的會計政策編製。附屬公司的業績自本集團取得控制權當日起合併入賬,並繼續合併入賬直至該控制權終止當日止。

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2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.1 編製基準(續)

合併基準(續)

損益及其他綜合收益各組成部分歸屬於本集團母公司擁有人及非控股權益，即使會引致非控股權益產生虧絀結餘。所有集團內公司間資產及負債、股權、收入、開支及所有與本集團成員公司間交易有關的現金流均於合併賬目時悉數抵銷。

倘事實及情況反映上文所述三項控制權因素其中一項或多項有變，則本集團會重估其是否仍然控制投資對象。附屬公司擁有權權益的變動(並無失去控制權)，列作權益交易入賬。

倘本集團失去一間附屬公司的控制權，則會終止確認(i)該附屬公司的資產(包括商譽)及負債；(ii)任何非控股權益的賬面值；及(iii)計入權益的累計匯兌差額；並確認(i)已收代價的公平值；(ii)任何獲保留投資的公平值；及(iii)損益內所產生的任何盈餘或虧損。先前於其他綜合收益確認的本集團應佔組成部分會視乎情況按倘本集團直接出售相關資產或負債所要求的相同基準重新分類至損益或保留溢利。

2.2 會計政策變動及披露

本集團已就本年度財務報表首次採納下列新訂及經修訂香港財務報告準則。

香港財務報告準則第9號的修訂	具有負補償的提早還款特性
香港財務報告準則第16號	租賃
香港會計準則第19號的修訂	計劃修訂、縮減或結算
香港會計準則第28號的修訂	於聯營公司及合營企業的長期權益
香港(國際財務報告詮釋委員會)詮釋第23號	所得稅處理的不確定
二零一五年至二零一七年的年度改進	香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號的修訂

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015–2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of January 1, 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at January 1, 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

2.2 會計政策變動及披露(續)

除香港財務報告準則第9號及香港會計準則第19號的修訂及二零一五年至二零一七年週期的年度改進(與編製本集團財務報表無關)外,新訂及經修訂香港財務報告準則的性質及影響於下文說明:

- (a) 香港財務報告準則第16號取代香港會計準則第17號租賃、香港(國際財務報告詮釋委員會)–詮釋第4號釐定安排是否包括租賃、香港(常務詮釋委員會)–詮釋第15號經營租賃 – 優惠及香港(常務詮釋委員會)–詮釋第27號評估涉及租賃法律形式的交易內容。該準則載列確認、計量、呈列及披露租賃的原則,要求承租人按單一資產負債表內模型將所有租賃入賬,以確認及計量使用權資產及租賃負債,若干確認豁免除外。香港財務報告準則第16號大致維持香港會計準則第17號的出租人會計處理方式。出租人繼續使用與香港會計準則第17號相類似的原則將租賃分類為經營租賃或融資租賃。

本集團已透過經修訂的追溯法採納香港財務報告準則第16號,並於二零一九年一月一日首次應用。根據該方法,本集團已追溯應用該準則,並以首次採納的累計影響確認為對於二零一九年一月一日之保留溢利年初餘額的調整,且本集團不會重列二零一八年的比較資料,而是繼續根據香港會計準則第17號及相關詮釋報告。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

New definition of a lease

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

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of plant, property and land. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from January 1, 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

2.2 會計政策變動及披露(續)

(a) (續)

租賃的新定義

根據香港財務報告準則第16號，倘一份合約在一段時間內為換取代價而讓渡一項可識別資產使用的控制權，則該合約為一項租賃或包含一項租賃。倘客戶有權從可識別資產的使用中獲取幾乎全部的經濟收益及有權主導可識別資產的使用，則控制權屬已讓渡。本集團選擇過渡時使用可行權宜方法，允許於首次應用日期僅將準則應用於之前根據香港會計準則第17號及香港(國際財務報告詮釋委員會)一詮釋第4號識別為租賃的合約。根據香港會計準則第17號及香港(國際財務報告詮釋委員會)一詮釋第4號沒有識別為租賃的合約並無進行重新評估。因此，香港財務報告準則第16號的租賃定義僅應用於二零一九年一月一日或之後簽訂或修改的合約。

作為承租人 — 先前分類為經營租賃的租賃

採納香港財務報告準則第16號的影響性質

本集團擁有多個物業、廠房及土地項目的租賃合約。作為承租人，本集團先前根據有關租賃是否已將其資產所有權的絕大部分回報及風險轉予本集團的評估將租賃分類為融資租賃或經營租賃。根據香港財務報告準則第16號，本集團就所有租賃應用單一的方法確認及計量使用權資產及租賃負債，惟就低價值資產租賃(按個別租賃基準選擇)和租期為12個月或以下的租賃(「短期租賃」)(按相關資產類別選擇)的兩項選擇性豁免除外。自二零一九年一月一日起，本集團不會於租期內按直線基準確認經營租賃項下租賃開支，而是確認使用權資產折舊(及減值(如有))及未償還租賃負債的應計利息(為融資成本)。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

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

Impacts on transition

Lease liabilities at January 1, 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at January 1, 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before January 1, 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at cost, the Group has continued to include them as investment properties at January 1, 2019. They continue to be measured at cost applying HKAS 40.

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

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

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at January 1, 2019 were the carrying amounts of the recognised assets and liabilities measured under HKAS 17.

2.2 會計政策變動及披露(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡影響

於二零一九年一月一日之租賃負債按剩餘租賃付款的現值予以確認，使用二零一九年一月一日的增量借款利率貼現。使用權資產按租賃負債金額計量，並就於緊接二零一九年一月一日前於財務狀況表中確認的租賃有關的任何預付或應計租賃付款金額進行調整。

所有該等資產於當日均根據香港會計準則第36號就任何減值作出評估。本集團選擇於財務狀況表中單獨呈列使用權資產。

就先前計入投資物業及按成本計量的租賃土地及樓宇(持有以賺取租金收入及／或用作資本升值)而言，本集團於二零一九年一月一日繼續將其列作投資物業入賬。該等物業繼續應用香港會計準則第40號按成本計量。

於二零一九年一月一日應用香港財務報告準則第16號時，本集團使用以下選擇性可行權宜方法：

- 對租賃期於首次應用日期起計十二個月內結束的租賃應用短期租賃豁免
- 倘合約包含延長／終止租賃的選擇權，則於事後釐定租賃期

本集團並無就先前分類為融資租賃的租賃改變已確認資產及負債於初始應用日期的初始賬面值。據此，於二零一九年一月一日的使用權資產及租賃負債賬面值為根據香港會計準則第17號計量的已確認資產及負債賬面值。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

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

Impacts on transition (continued)

Financial impact at January 1, 2019

The impact arising from the adoption of HKFRS 16 at January 1, 2019 was as follows:

2.2 會計政策變動及披露(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡影響(續)

於二零一九年一月一日的財務影響

於二零一九年一月一日採納香港財務報告準則第16號的影響如下：

		Increase/ (decrease) 增加/(減少) RMB'000 人民幣千元
Assets	資產	
Increase in right-of-use assets	使用權資產增加	593,444
Decrease in prepaid land lease payments	預付土地租賃款項減少	(557,422)
Increase in total assets	資產總值增加	36,022
Liabilities	負債	
Increase in lease liabilities	租賃負債增加	37,985
Increase in total liabilities	負債總額增加	37,985
Decrease in retained profits	保留溢利減少	(1,963)

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

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

Impacts on transition (continued)

Financial impact at January 1, 2019 (continued)

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

2.2 會計政策變動及披露(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡影響(續)

於二零一九年一月一日的財務影響(續)

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

		Increase/ (decrease) 增加/(減少) RMB'000 人民幣千元
Operating lease commitments as at December 31, 2018	於二零一八年十二月三十一日的經營租賃承擔	39,901
The impact of value added tax ("VAT")	增值稅的影響	(3,315)
Operating lease commitments as at December 31, 2018 without VAT	於二零一八年十二月三十一日的經營租賃承擔(不含增值稅)	36,586
Weighted average incremental borrowing rate as at January 1, 2019	於二零一九年一月一日的加權平均增量借款利率	4.75%
Discounted operating lease commitments as at January 1, 2019	於二零一九年一月一日的貼現經營租賃承擔	37,985
Lease liabilities as at January 1, 2019	於二零一九年一月一日的租賃負債	37,985

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The amendments did not have any impact on the financial position or performance of the Group.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group’s tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

2.2 會計政策變動及披露(續)

(b) 香港會計準則第28號的修訂澄清香港財務報告準則第9號的範圍豁免僅包括於聯營公司或合營企業之權益(可應用權益法)，並不包括實質上構成於聯營公司或合營企業淨投資一部分之長期權益(不應用權益法)。因此，實體將該等長期權益入賬時採用香港財務報告準則第9號而非香港會計準則第28號，包括香港財務報告準則第9號的減值規定。香港會計準則第28號應用於淨投資，包括長期權益，惟僅在確認聯營公司或合營企業虧損及於聯營公司或合營企業的淨投資減值的情況下方可應用。該等修訂並無對本集團的財務狀況或表現造成任何影響。

(c) 香港(國際財務報告詮釋委員會)－詮釋第23號處理當稅務處理涉及影響應用香港會計準則第12號之不確定性(一般稱為「不確定稅務狀況」)時，對所得稅(即期及遞延)之會計處理方式。該詮釋並不適用於香港會計準則第12號範疇外之稅項或徵稅，亦具體不包括與不確定稅務處理相關之利息及處罰之規定。該詮釋具體處理(i)實體是否分開考慮不確定稅務處理；(ii)實體就稅務機關評核稅務處理作出之假設；(iii)實體如何釐定應課稅溢利或稅務虧損、稅基、未動用稅務虧損、未動用稅務抵免及稅率；及(iv)實體如何考慮事實及情況之變動。採納詮釋後，本集團考慮其有無任何不確定稅務狀況產生自集團內銷售的轉移定價。根據本集團的稅務合規及轉移定價研究，本集團認為其轉移定價政策將有機會獲稅務當局接納。因此，該詮釋並無對本集團的財務狀況或表現造成任何影響。

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	<i>Definition of a Business</i> ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
HKFRS 17	<i>Insurance Contracts</i> ²
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ¹

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

² Effective for annual periods beginning on or after January 1, 2021

³ No mandatory effective date yet determined but available for adoption

2.3 已頒佈但尚未生效的香港財務報告準則

本集團尚未於該等財務報表內應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

香港財務報告準則第3號的修訂	業務的定義 ¹
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號的修訂	利率基準改革 ¹
香港財務報告準則第10號及香港會計準則第28號（二零一一年）的修訂	投資者與其聯營公司或合營企業間的資產出售或注資 ³
香港財務報告準則第17號	保險合約 ²
香港會計準則第1號及香港會計準則第8號的修訂	重要的定義 ¹

¹ 於二零二零年一月一日或之後開始的年度期間生效

² 於二零二一年一月一日或之後開始的年度期間生效

³ 強制生效日期尚待釐定，但可採納

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from January 1, 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after January 1, 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但尚未生效的香港財務報告準則(續)

有關預期可供本集團採納的該等香港財務報告準則的進一步資料於下文說明。

香港財務報告準則第3號的修訂對業務的定義作出釐清及提供額外指引。該等修訂闡明一套綜合性業務活動與資產會被視作一項業務。其必須至少包括一個投入與一個實質過程，共同對產生產出的能力有所貢獻。業務在不包括全部產生產出所需的投入及過程的情況下仍可存在。該等修訂除去對市場參與者是否有能力收購業務及繼續產生產出的評估。反之，其焦點在於所收購的投入及所收購的實質過程是否共同對產生產出的能力有所貢獻。該等修訂亦收窄產出的定義，將焦點放在向客戶提供的貨物或服務、投資收入或其他一般業務活動所得收入。此外，該等修訂對評估所收購的過程是否屬於實質提供指引，並引入非強制的公平值集中測試，以允許進行對所收購的業務活動與資產是否並非業務的簡化評估。本集團預期自二零二零年一月一日起採納該等修訂。由於該等修訂預期適用於首次應用日期或之後發生之交易或其他事件，故本集團於過渡日期將不受該等修訂影響。

香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂旨在解決銀行同業拆息改革對財務申報之影響。該等修訂提供可在替換現有利率基準前之不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂規定公司須向投資者提供有關直接受該等不確定因素影響之對沖關係之額外資料。該等修訂於二零二零年一月一日或之後開始的年度期間生效及准許提早應用。預期該等修訂將不會對本集團財務報表造成任何重大影響。

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from January 1, 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但尚未生效的香港財務報告準則(續)

香港財務報告準則第10號及香港會計準則第28號(二零一一年)的修訂針對香港財務報告準則第10號及香港會計準則第28號(二零一一年)的規定於處理投資者與其聯營公司或合營企業之間的資產出售或注資時的不一致性。該等修訂規定投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，須全數確認盈虧。至於涉及不構成業務的資產的交易，交易產生的盈虧於投資者的損益確認，惟僅以非關連投資者於該聯營公司或合營企業的權益為限。該等修訂將於日後應用。香港會計師公會已於二零一六年一月撤銷香港財務報告準則第10號及香港會計準則第28號(二零一一年)的修訂的先前強制性生效日期，而新強制性生效日期將於完成對聯營公司及合營企業的更多會計審閱後釐定。然而，該等修訂現時可供採納。

香港會計準則第1號及香港會計準則第8號的修訂提供重要的全新定義。倘一般用途財務報表的主要使用者根據該等財務報表作出決策，而因遺漏、錯誤陳述或掩蔽資料，可以合理地預期會影響該等決策，新定義指出該等資料屬重大。該等修訂闡明重大程度將取決於資料的性質或重要性。倘將資料錯誤陳述而可合理預期會影響主要用家所作決定，有關行為則屬重大。本集團預期自二零二零年一月一日起採納該等修訂。該等修訂預期不會對本集團的財務報表造成任何重大影響。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 重大會計政策概要

公平值計量

公平值為於計量日期市場參與者間進行的有序交易中，就出售資產所收取或轉讓負債支付的價格。公平值計量乃基於假設出售資產或轉讓負債的交易於資產或負債的主要市場進行，或在未有主要市場的情況下，則於資產或負債的最有利市場進行。主要或最有利市場必須為本集團可進入的市場。資產或負債的公平值乃基於市場參與者為資產或負債定價時所採用的假設計量，並假設市場參與者乃依照其最佳經濟利益行事。

非金融資產的公平值計量會考慮市場參與者通過以最大限度使用該資產達致最佳用途，或通過將資產售予將以最大限度使用該資產達致最佳用途的另一名市場參與者而產生經濟利益的能力。

本集團使用適用於不同情況且具備足夠可用數據以計量公平值的估值方法，以盡量使用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

於財務報表計量或披露公平值的所有資產及負債，均根據對公平值計量整體而言屬重大的最低層輸入數據按下述公平值層級進行分類：

- 第一級 – 基於可識別資產或負債在活躍市場的報價(未經調整)
- 第二級 – 基於可直接或間接觀察對公平值計量而言屬重大的最低層輸入數據的估值方法
- 第三級 – 基於無法觀察對公平值計量而言屬重大的最低層輸入數據的估值方法

就經常於財務報表確認的資產及負債而言，本集團於各報告期末根據與整體公平值計量而言屬重大的最低層輸入數據重新評估分類，釐定是否存在不同層級間轉移。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

2.4 重大會計政策概要(續)

非金融資產減值

倘出現減值跡象，或需要對資產進行年度減值測試(存貨、遞延稅項資產、金融資產及投資物業除外)，則評估資產的可收回金額。資產的可收回金額乃資產或現金產生單位的使用價值與其公平值扣除出售成本兩者中較高者，並就個別資產釐定，除非該資產並無產生大致上獨立於其他資產或資產組別的現金流量，在此情況下，則就資產所屬的現金產生單位釐定可收回數額。

減值虧損僅於資產賬面值超過其可收回數額時確認。在評估使用價值時，估計日後現金流量乃按除稅前貼現率計算其現值，該貼現率反映目前市場對貨幣時間值的評估及該資產的特定風險。減值虧損乃在其產生期間自損益中扣除，並計入與減值資產的功能一致的有關費用類別內。

於各報告期末會評估有否任何跡象顯示以前所確認的減值虧損可能已不存在或可能減少。倘出現此跡象，則會估計可收回數額。當用以釐定資產可收回數額的估計有變動時，方會撥回該資產先前確認的減值虧損(不包括商譽)，惟撥回的該等數額不可超過於過往年度倘並無就該項資產確認減值虧損而應有的賬面值(扣除任何折舊／攤銷)。撥回的減值虧損乃於產生期間計入損益表，除非資產按重估值列賬，於該情況下，撥回的減值虧損按該重估資產相關會計政策入賬。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

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

or

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

2.4 重大會計政策概要(續)

關聯方

任何人士倘符合以下情況即屬本集團的關聯方：

- (a) 有關人士為下述人士或身為下述人士的直系親屬：
 - (i) 對本集團擁有控制權或共同控制權；
 - (ii) 對本集團擁有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理人員的其中一名成員；

或

- (b) 有關人士為適用任何以下條件的實體：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 該實體為另一實體（或另一實體的母公司、附屬公司或同系附屬公司）的聯營或合營公司；
 - (iii) 該實體與本集團為同一第三方的合營公司；
 - (iv) 該實體為某第三方實體的合營公司，而另一實體為同一第三方實體的聯營公司；
 - (v) 該實體為本集團或屬本集團關聯方的實體的僱員離職後福利計劃；
 - (vi) 該實體為(a)所述人士控制或共同控制；
 - (vii) 於(a)(i)所述人士對該實體有重大影響或屬該實體（或該實體母公司）主要管理人員的其中一名成員；及
 - (viii) 該實體或該實體所屬集團的任何成員公司為本集團或本集團的母公司提供主要管理人員服務。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

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

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

Buildings	4.75%
Motor vehicles	19.00%–23.75%
Plant and machinery	9.50%–19.00%
Other equipment	9.50%–31.67%

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

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

2.4 重大會計政策概要(續)

物業、廠房及設備以及折舊

除在建工程以外，物業、廠房及設備乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目成本包括其購買價及任何令該項資產達致運作狀況及將之運至擬定用途地點的直接應計成本。

物業、廠房及設備項目投入使用後所產生如維修及保養等開支一般在其產生期內於損益表列支。倘能符合確認條件，重大檢查的開支可於資產賬面值撥充資本以作代替。倘物業、廠房及設備的主要部分需分期替換，本集團會確認該等部分為有特定可使用年期及折舊的個別資產。

折舊乃按各項物業、廠房及設備項目的估計可使用年期以直線法計算，以撇銷成本至其剩餘價值。就此而言，我們所使用的主要年率如下：

樓宇	4.75%
汽車	19.00%–23.75%
廠房及機器	9.50%–19.00%
其他設備	9.50%–31.67%

倘物業、廠房及設備項目各部分的可使用年期有所不同，則有關項目的成本會被合理分配於各部分之間，並會分開折舊各部分。剩餘價值、可使用年期及折舊法至少於各財政年度末審閱及調整(如適用)。

我們將於出售有關項目時或我們預期使用或出售有關項目不會取得未來經濟利益時終止確認物業、廠房及設備項目，包括我們初步確認的任何重大部分。於終止確認資產當年於損益表內確認出售或棄置的任何收益或虧損相等於出售所得款項淨額與有關資產賬面值的差額。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Construction in progress represents a building or plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment property

Investment property is interests in land and buildings (including the leasehold property held as a right-of-use asset (2018: leasehold property under an operating lease) which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group chooses the cost model to measure all of its investment property.

The Group shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

Up to the date when an owner-occupied property becomes an investment property, the Group depreciates the property and recognises any impairment losses that have occurred.

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

Investment properties	2.00%–4.75%
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Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2.4 重大會計政策概要(續)

物業、廠房及設備以及折舊(續)

在建工程指在建樓宇或廠房及機器，乃按成本減任何減值虧損列賬而不會折舊該項目。成本包括建築期間的直接建築成本及有關借貸資金的資本化借貸成本。於工程完成並準備投入使用时，在建工程會被重新分類至適當類別的物業、廠房及設備。

投資物業

投資物業為持有以賺取租金收入及／或資本增值而非用於生產或商品或服務供應或作管理目的；或在一般業務過程中出售的土地及樓宇權益（包括有關在其他情況下符合投資物業定義的持作使用權資產的租賃物業（二零一八年：經營租賃下的租賃物業））。該等物業初步按成本（包括交易成本）計量。於初步計量後，本集團選擇以成本模式計算其所有投資物業。

當且僅當出現用途變動時，本集團會將物業轉至或轉出投資物業。當物業符合或不再符合投資物業定義及存在用途變動證據時，視作發生用途變動。管理層擬改變物業用途的意向單獨而言不構成用途變動的證據。

直至擁有人佔用的物業成為投資物業之日止，本集團對物業進行折舊及確認已產生的減值虧損。

折舊按直線法計量，以將投資物業的各項目成本撇銷至其估計可使用年期的剩餘價值。就此所用的本金額年利率如下：

投資物業	2.00%–4.75%
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就已廢置或出售投資物業產生的任何收益或虧損乃於廢置或出售年度的損益表內確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of five years.

Pipeline rights

Purchased pipeline rights represent the payments made for the use right of natural gas and water pipelines, which are stated at cost less any impairment losses and amortised on the straight-line basis over their estimated useful lives of five years.

Research and development costs

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

Leases (applicable from January 1, 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 重大會計政策概要(續)

無形資產(商譽除外)

無形資產於取得時按成本初步確認進行計量。於業務合併時取得的無形資產成本為收購日期的公平值。無形資產被評定為有限或無限使用年期。有限使用年期的無形資產隨後在預計經濟可使用年期內攤銷並對有跡象顯示存有減值的無形資產進行減值評估。有限使用年期的無形資產的攤銷年限及攤銷方法至少需於每個財政年度末進行審閱。

軟件

所購入軟件按成本減任何減值虧損列賬，並按直線基準於其五年之估計可使用年期內攤銷。

管道權利

所購入管道權利指為天然氣及自來水管道的使用權而支付的款項，天然氣及自來水管按成本減任何減值虧損列賬，並按直線基準於其5年之估計可使用年期內攤銷。

研發成本

所有的研究成本於產生時計入損益中。

租賃(自二零一九年一月一日起適用)

本集團於合約初始評估合約是否屬於或包含租賃。倘合約包含控制一段時間內已識別資產用途的權利(以交換代價)，則屬於或包含租賃。

本集團作為承租人

本集團就所有租賃使用單一確認及計量方法，惟短期租賃及低價值資產租賃除外。本集團就支付租賃付款及使用權資產(即使用相關資產的權利)確認租賃負債。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from January 1, 2019) (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Plant and property	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

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

2.4 重大會計政策概要(續)

租賃(自二零一九年一月一日起適用)(續)

本集團作為承租人(續)

(a) 使用權資產

使用權資產於租賃開始日期(即相關資產可供使用的日期)確認。使用權資產按成本減去任何累計折舊及任何減值虧損計量並就租賃負債的任何重新計算作出調整。使用權資產的成本包括已確認租賃負債金額、已產生初步直接成本及於開始日期或之前已支付的租賃付款減去任何已收租賃優惠。使用權資產按直線法於租期及資產估計可使用年期的較短者按以下方式折舊：

租賃土地	50年
廠房及物業	3年

倘租賃資產所有權於租期結束時轉移至本集團或成本反映了行使購買權，則使用資產的估計可使用年期計算折舊。

(b) 租賃負債

於租賃開始日期按租賃期內將作出的租賃付款現值確認租賃負債。租賃付款包括定額付款(含實質定額款項)減任何租賃獎勵應收款項、取決於指數或利率的可變租賃款項以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及在租期反映本集團行使終止租賃選擇權時，有關終止租賃的罰款。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from January 1, 2019) (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.4 重大會計政策概要(續)

租賃(自二零一九年一月一日起適用) (續)

本集團作為承租人(續)

(b) 租賃負債(續)

於計算租賃付款的現值時，倘租賃內含利率無法確定，則本集團應用租賃開始日期的增量借款利率計算。於開始日期後，租賃負債金額的增加反映了利息的增長，其減少則關乎所作出的租賃付款。此外，倘存在租期的修改、租期變動、租賃付款變動(例如由指數或利率變動引起的未來租賃付款變動)或購買相關資產購買權的評估變動，則重新計量租賃負債的賬面值。

(c) 短期租賃及低價值資產租賃

本集團對其短期租賃(即自開始日期起租期為12個月或以下且不包含購買選擇權的租賃)使用短期租賃確認豁免，亦對視為低價值的租賃使用低價值資產租賃確認豁免。

本集團作為出租人

本集團作為出租人行事時，其於租賃開始時(或修改租賃時)將其各項租賃分類為經營租賃或融資租賃。

不會轉讓資產所有權的絕大部分風險及回報的本集團租賃分類為經營租賃。倘合約包含租賃及非租賃部分，本集團根據相對獨立售價基準將合約的代價分配至各個組成部分。由於屬經營性質，租賃收入按直線法於租期內列賬及計入損益表的收益內。磋商及安排經營租賃產生的初步直接成本計入租賃資產的賬面值及按與租賃收入相同的基準於租期內確認。釐然租金於賺取租金期間確認為收入。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from January 1, 2019) (continued)

Group as a lessor (continued)

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

Leases (applicable before January 1, 2019)

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

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

2.4 重大會計政策概要(續)

租賃(自二零一九年一月一日起適用)(續)

本集團作為出租人(續)

將相關資產所有權的絕大多數風險及回報轉讓予承租人的租賃作為融資租賃列賬。

租賃(二零一九年一月一日前適用)

如果一項租賃出租人實質上保留與資產所有權相關的幾乎全部回報及風險，則應按經營租賃進行會計處理。倘若本集團為出租人，由本集團按經營租賃租出的資產包括在非流動資產內，而根據經營租賃應收租金於租賃期內按直線法計入損益表。倘若本集團為承租人，根據經營租賃應付租金於扣除出租人給予的優惠後在租賃期內按直線法計入損益表中。

經營租賃項下預付土地租賃款項初步按成本列賬，其後於租賃期內按直線基準確認。

投資及其他金融資產

初步確認及計量

金融資產於初步確認時分類為其後按攤銷成本計量、按公平值計入其他綜合收益，及按公平值計入損益。

於初步確認時金融資產之分類取決於金融資產的合約現金流特點及本集團管理該等金融資產的業務模式。除了不包含重大融資部分的貿易應收款項或本集團使用實際權宜法不就重大融資部分的影響作出調整的貿易應收款項外，本集團初始按公平值加(倘為並非按公平值計入損益的金融資產)交易成本計量金融資產。不包含重大融資部分的貿易應收款項或本集團使用實際權宜法的貿易應收款項則根據下文「收益確認」所載政策按香港財務報告準則第15號下釐定的交易價格計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

2.4 重大會計政策概要(續)

投資及其他金融資產(續)

初步確認及計量(續)

僅當金融資產會產生純粹為本金及尚未償還本金的利息付款(「純粹為本金及利息付款」)時,金融資產分類為按攤銷成本計量或按公平值計入其他綜合收益。現金流量並非純粹為本金及利息付款的金融資產按公平值計入損益分類及計量,不論業務模式如何。

本集團管理金融資產的業務模式指其為產生現金流管理金融資產的方式。業務模式釐定現金流是否來自收取合約現金流、出售金融資產,或兩者兼有。按攤銷成本分類及計量的金融資產乃於持有金融資產的目的在於收取合約現金流量的業務模式中持有,而按公平值計入其他綜合收益分類及計量的金融資產則於持有目的在於同時收取合約現金流量及出售的業務模式中持有。並非於上述業務模式中持有的金融資產乃按公平值計入損益分類及計量。

所有常規方式買賣金融資產概於交易日(即本集團承諾購買或出售該資產的日子)確認。常規方式買賣乃指通常遵循法規或市場慣例在約定期間內交付資產之金融資產買賣。

其後計量

金融資產的其後計量取決於其分類,詳情如下:

按攤銷成本計量之金融資產(債務工具)

按攤銷成本計量之金融資產其後使用實際利息法計量及可能面臨減值。當資產取消確認、修改或減值時,收益及虧損於損益表內確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 重大會計政策概要(續)

投資及其他金融資產(續)

按公平值計入其他綜合收益之金融資產(債務工具)

就按公平值計入其他綜合收益之債務投資，利息收入、外匯重估及減值虧損或撥回乃於損益表內確認及按與按攤銷成本計量之金融資產相同的方式計算。餘下的公平值變動於其他綜合收益確認。取消確認時，於其他綜合收益確認的累計公平值變動撥回損益表。

指定為按公平值計入其他綜合收益之金融資產(股本投資)

初步確認時，倘符合香港會計準則第32號金融工具：呈列下有關股本之定義且並非持作買賣，則本集團可選擇不可撤回地將其股本投資分類為指定為按公平值計入其他綜合收益之股本投資。該分類按不同工具個別釐定。

該等金融資產之收益及虧損決不會撥回損益表。當確立付款權利，與股息相關的經濟利益可能流入本集團，且股息金額能可靠計量時，股息於損益表確認為其他收入，惟倘本集團乃以收回金融資產部分成本的方式自該所得款項獲益，則在此情況下有關收益於其他綜合收益列賬。指定為按公平值計入其他綜合收益之股本投資不須進行減值評估。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 重大會計政策概要(續)

投資及其他金融資產(續)

按公平值計入損益之金融資產

按公平值計入損益之金融資產於財務狀況表內按公平值列賬，而公平值變動淨額於損益表內確認。

該類別包括本集團不可撤回地選擇分類為按公平值計入其他綜合收益之衍生工具及股本投資。倘已確立付款權利，與股息相關的經濟利益可能流入本集團，且股息金額能可靠計量時，分類為按公平值計入損益之金融資產的股本投資亦於損益表內確認為其他收入。

倘包含金融負債或非金融主體的混合合約的內嵌衍生工具的經濟特點和風險與主體並無密切關聯，則與主體區分開及作為獨立的衍生工具列賬；與內嵌衍生工具具有相同條款的獨立工具符合衍生工具的定義；而混合合約不會按公平值計入損益。內嵌衍生工具按公平值計量，及公平值變動於損益表內確認。

僅當合約條款變動導致須對現金流大幅作出重大修訂或將金融資產重新分類，不再分為按公平值計入損益類別，方進行重新評估。

包含資產主體的混合合約內嵌衍生工具不會單獨列賬。金融資產主體連同內嵌衍生工具須作為整體分類為按公平值計入損益之金融資產。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

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

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

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

2.4 重大會計政策概要(續)

金融資產的終止確認

出現以下情形時，金融資產(或(倘適用)部分金融資產或一組同類金融資產的一部分)會終止確認(即從本集團合併財務狀況表中刪除)：

- 從資產收取現金流量的權利已到期；或
- 本集團已根據「轉手」安排轉讓從資產收取現金流量的權利，或已承擔向第三方無重大延誤全額支付所收現金流量的責任；及(a)本集團已轉讓資產的絕大部分風險及回報，或(b)本集團雖未轉讓或保留資產的絕大部分風險及回報，但已轉讓資產的控制權。

倘本集團已轉讓從資產收取現金流量的權利或訂立轉手安排，則會評估有否保留資產所有權的風險及回報及保留的程度。倘本集團並無轉讓或保留資產的絕大部分風險及回報，亦無轉讓資產控制權，則本集團繼續確認已轉讓資產，惟以本集團持續參與為限。在該情況下，本集團亦確認相關負債。已轉讓資產及相關負債按反映本集團所保留權利及責任的基準計量。

以擔保形式對已轉讓資產的持續參與，按資產原賬面值與本集團可能須償還最高代價兩者之較低者計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

General approach

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

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

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4 重大會計政策概要(續)

金融資產減值

本集團就並非按公平值計入損益持有的所有債務工具確認預期信貸虧損(「預期信貸虧損」)撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取並按原始實際利率的概若利率折現的所有現金流量之間的差額釐定。預期現金流量將包括出售所持抵押品或合約條款所包含的其他信貸升級措施所得的現金流量。

一般法

預期信貸虧損分兩個階段確認。就首次確認以來信貸風險並無大幅增加的信貸敞口而言，會為未來12個月(12個月預期信貸虧損)可能發生的違約事件所產生的信貸虧損計提預期信貸虧損撥備。就首次確認以來信貸風險大幅增加的信貸敞口而言，須就預期於敞口的餘下年期產生的信貸虧損計提減值撥備，不論違約的時間(整個可使用年期預期信貸虧損)。

於各報告日期，本集團評估金融工具的信貸風險是否自初步確認後大幅增加。評估時，本集團比較金融工具於報告日期的違約風險與金融工具於初步確認日期的違約風險，並考慮合理及具有憑證且無需耗費高昂成本或精力可取得的資料，包括過往及前瞻性資料。

就按公平值計入其他綜合收益之債務投資，本集團使用低信貸風險簡化法。於各報告日期，本集團使用所有合理及具有憑證且無需耗費高昂成本或精力可取得的資料，評估債務投資是否被視為具有低信貸風險。在作出該評估時，本集團重新評估債務投資的外部信貸評級。此外，本集團認為，當合約付款逾期超過30日，則信貸風險已大幅增加。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

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

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

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

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

2.4 重大會計政策概要(續)

金融資產減值(續)

一般法(續)

當合約付款逾期超過90日時，本集團會將金融資產視為違約。然而，在若干情況，在計及本集團所持的任何信貸增強時前，當內部或外部資料指出本集團不大可能悉數收回尚未償還合約金額，則本集團亦可能將金融資產視為違約。金融資產在合理預期不可收回收約現金流量時予以撇銷。

按攤銷成本列賬的按公平值計入其他綜合收益的債務投資根據一般方法進行減值，且分類於下列預期信貸虧損計量階段，惟貿易應收款項及合約資產應用簡化法除外，詳情如下。

第一階段 — 自初始確認以來信貸風險未有顯著上升的金融工具及該等按相當於12個月預期信貸虧損之金額計量虧損減值的金融工具

第二階段 — 自初始確認以來信貸風險顯著上升惟不屬於未作信貸減值的金融資產之金融工具及該等按相等於整個可使用年期預期信貸虧損之金額計量虧損減值的金融工具

第三階段 — 於報告日期已作信貸減值的金融資產(惟不是已購買或源頭信貸減值)及該等按相等於整個可使用年期預期信貸虧損之金額計量虧損減值的金融資產

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 重大會計政策概要(續)

金融資產減值(續)

簡化法

就並無重大融資成分或本集團應用可行權宜方法未調整重大融資成分影響的貿易應收款項及應收票據及合約資產而言，本集團於計算預期信貸虧損時應用簡化法。根據簡化法，本集團並無追溯信貸風險變動，而是根據各報告日期的整個可使用年期預期信貸虧損確認虧損撥備。本集團已設立根據其過往信貸虧損經驗計算的撥備矩陣，並按債務人特定的前瞻性因素及經濟環境作出調整。

金融負債

初步確認及計量

金融負債於初步確認時分類為貸款及借貸，或應付款項。

所有金融負債初步按公平值確認，而倘為貸款及借貸以及應付款項，則應減去直接應佔交易成本。

本集團之金融負債包括貿易應付款項及應付票據、其他應付款項及應計費用，以及計息銀行及其他借款。

其後計量

金融負債的其後計量取決於其分類，載列如下：

按攤銷成本列賬的金融負債(貸款及借貸)

於初步確認後，計息貸款及借貸隨後以實際利率法按攤銷成本計量，除非貼現影響並不重大，在該情況下則按成本列賬。當負債終止確認以及按實際利率法進行攤銷程序時，其收益及虧損在損益表內確認。

攤銷成本於計及收購事項任何折讓或溢價及屬實際利率組成部分的費用或成本後計算。實際利率攤銷計入損益表中的融資成本內。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 重大會計政策概要(續)

金融負債的終止確認

金融負債於負債項下的責任解除或取消或屆滿時終止確認。

倘現有金融負債被同一債務人以幾乎完全不同的條款提供的另一項負債交換，或現有負債的條款作出重大修訂，則上述交換或修訂視為終止確認原有負債及確認新負債處理，而各自賬面值的差額於損益表內確認。

抵銷金融工具

倘有現行可予執行之法律權利以抵銷確認金額及有意按淨額基準償付，或變現資產與清償負債同時進行，則抵銷金融資產與金融負債並於財務狀況表內呈報淨額。

存貨

存貨按成本與可變現淨值二者中的較低者列賬。成本按加權平均法釐定，而在製品及製成品包括直接材料、直接勞工及按適當比例計算的間接費用。可變現淨值基於估計售價減估計完工及出售時產生的任何成本計算。

現金及現金等價物

就合併現金流量表而言，現金及現金等價物包括庫存現金及活期存款，以及可即時兌換為已知金額現金、所涉價值變動風險不高且一般自取得起計三個月內到期的短期高流動性投資，扣除須按要求償還且構成本集團現金管理組成部分的銀行透支。

就合併財務狀況表而言，現金及現金等價物包括庫存現金及銀行存款(包括定期存款)以及用途不受限制且性質與現金類似的資產。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 重大會計政策概要(續)

撥備

倘因過往事件須承擔現時責任(法定或推定)，而承擔該責任可能導致日後資源外流，且能夠可靠地估計責任金額，則確認撥備。

倘若貼現影響重大，則所確認之撥備數額為預計履行責任所需之未來開支於每個報告期末之現值。隨時間流逝使貼現現值增加之款項計入損益表的融資成本。

所得稅

所得稅包括即期及遞延稅項。於損益賬外確認的項目相關的所得稅於損益外確認，即於其他綜合收益或直接於權益確認。

即期稅項資產及負債乃按預期可收回的數額或支付予稅務機關的數額計算，其根據於報告期末已頒佈或實質上已頒佈的稅率(及稅法)計算，並考慮到本集團經營所在國家的現行詮釋及慣例。

我們就於資產及負債的稅項基準及其於財務報告中的賬面值的全部暫時性差額以負債法對遞延稅項作出撥備。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 重大會計政策概要(續)

所得稅(續)

所有應課稅暫時性差額均被確認為遞延稅項負債，惟：

- 倘遞延稅項負債來自在一宗屬非業務合併的交易中初步確認商譽或資產或負債，而且在交易時對會計溢利或應課稅溢利或虧損均無影響，則屬例外；及
- 就於附屬公司、聯營公司及合營企業的投資的相關應課稅暫時性差額而言，倘撥回暫時性差額的時間可控及暫時性差額有可能不會在可見將來撥回，方會確認遞延稅項資產。

遞延所得稅資產乃就所有可扣稅暫時差額、未動用稅項抵免及任何未動用稅項虧損的結轉而確認。遞延所得稅資產以將有應課稅利潤以動用可扣稅暫時差額、未動用稅項抵免及未動用稅項虧損的結轉以作對銷為限確認，惟下列情況除外：

- 與可扣稅暫時差額有關的遞延所得稅資產乃因在一項並非業務合併的交易中首次確認資產或負債而產生，且於交易時並不影響會計溢利或應課稅溢利或虧損；及
- 就與於附屬公司、聯營公司及合營公司的投資有關的可扣稅暫時差額而言，遞延稅項資產僅於暫時差額於可見將來有可能撥回以及將有應課稅溢利以動用暫時差額以作對銷的情況下，方予確認。

遞延稅項資產的賬面值在各報告期末審閱。若不再可能有足夠應課稅溢利用以抵扣全部或部分遞延稅項資產，則扣減遞延稅項資產賬面值。未確認的遞延稅項資產於每個報告期末重新評估，並於可能有足夠應課稅溢利用以收回全部或部分遞延稅項資產時確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2.4 重大會計政策概要(續)

所得稅(續)

遞延稅項資產及負債乃按預期應用於該期間(當資產被變現或負債被清償時)的稅率計量,根據於報告期末已頒佈或實質上已頒佈的稅率(及稅法)計算。

倘及僅當本集團具有合法可行使權力將即期稅項資產與即期稅項負債對銷,且遞延稅項資產及遞延稅項負債與同一稅務機關對以下任何一項所徵收的所得稅相關:同一應課稅實體,或計劃於預期清償或收回大額遞延稅項負債或資產的各未來期間以淨額基準清償即期稅項負債及資產,或同時變現資產及清償負債的不同應課稅實體,則遞延稅項資產可與遞延稅項負債相抵銷。

政府補貼

政府補貼於可合理確定可收取有關補貼且本公司已符合所有附帶條件時,按公平值確認。該項補貼如與開支項目有關,則按該項補貼擬補貼成本予以支出的期間內有系統地確認為收入。

該項補貼如與資產有關,則我們將其公平值計入遞延收入賬項,再於有關資產的預期可使用年內按等額每年分期計入損益表或按照扣除的折舊費用從該資產的賬面值扣除並計入損益表。

收益確認

來自客戶合約收益

來自客戶合約的收益乃於商品或服務的控制權轉讓予客戶時確認,該金額能反映本集團預期就交換該等商品或服務有權獲得的代價。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of goods provide customers with rights of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

2.4 重大會計政策概要(續)

收益確認(續)

來自客戶合約收益(續)

當合約中的代價包含可變金額時，代價金額於本集團向客戶轉讓商品或服務而有權獲得交換時估計。可變代價於合約開始時估計並受到約束，直至與可變代價相關的不確定因素得到解決時，確認的累積收益金額極有可能不會發生重大收益回撥。

當合約中包含融資成分，該融資成分為客戶提供超過一年的商品或服務轉讓融資的重大利益時，收益按應收款項的現值計量，使用貼現率折現，該貼現率將反映在本集團與客戶在合同開始時的單獨融資交易中。當合約中包含融資部分，該融資部分為在本集團提供了一年以上的重大財務利益時，合約項下確認的收益包括按實際利息法在合約負債上加算的利息。就客戶付款至轉讓承諾商品或者服務的期限為一年或者更短的合約而言，交易價格採用香港財務報告準則第15號中實際權宜之計，不會對重大融資部分的影響作出調整。

銷售商品

銷售商品的收益於該資產控制權轉移予客戶時確認，通常為交付商品時。

部分銷售商品合約提供客戶退貨權及銷售獎勵回贈。退貨權及銷售獎勵回贈產生可變動代價。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

Sale of goods (continued)

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

2.4 重大會計政策概要(續)

收益確認(續)

來自客戶合約收益(續)

銷售商品(續)

(i) 退貨權

倘合約向客戶提供可於特定期間的退貨權，預期價值法用以估計不會被退貨的商品，因為此方法最能預測本集團有權收取的可變動代價金額。本集團應用香港財務報告準則第15號，限制可變動代價的估計，以釐定可包含於交易價格的可變動代價金額。就預期會退貨的商品而言，則確認退款負債，而非收益。本集團亦就向客戶收回產品確認退貨權資產（及銷售成本相應調整）。

(ii) 銷售獎勵回贈

當期內採購的產品數量超出合約訂明的限度，可向若干客戶提供追溯性銷售獎勵回贈。回贈抵銷客戶應付金額。為估計預期未來回贈的可變動代價，所定數量合約應用「最可能的金額方法」，而批量合約則應用預期價值方法。最能預測可變動代價金額的選定方法主要受合約所載數量限制影響。本集團應用限制可變動代價的估計規定，並就預期未來回贈確認退款負債。

其他來源收益

租金收入於租期內按時間比例基準確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

2.4 重大會計政策概要(續)

收益確認(續)

其他收入

利息收入按應計基準以實際利率法，透過採用將金融工具在預期年期或較短期間(如適用)的估計未來現金收入準確貼現至金融資產賬面淨值的比率予以確認。

合約資產

合約資產乃就換取已向客戶轉讓的貨品或服務而收取代價的權利。倘本集團於客戶支付代價或付款到期前將貨品或服務轉讓予客戶，則就附帶條件的已賺取代價確認合約資產。合約資產須進行減值評估，詳情載於金融資產減值的會計政策。

合約負債

合約負債乃在本集團轉移相關貨品或服務前，在向客戶收取款項或到期收取款項(以較早者為準)時確認。合約負債在本集團履行合約(即將相關貨品或服務的控制權轉移至客戶)時確認為收益。

合約成本

除資本化作存貨、物業、廠房及設備及無形資產的成本外，為履行與客戶的合約而招致的成本在符合下列條件時資本化作資產：

- (a) 有關成本與實體可明確識別之合約或預期合約有直接關係。
- (b) 有關成本令實體將用於履行(或持續履行)日後履約責任之資源得以產生或有所增加。
- (c) 有關成本預期可收回。

資本化合約成本予以攤銷及有系統地於損益表中扣除，方式與資產相關收益的確認模式一致。其他合約成本在產生時支銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 重大會計政策概要(續)

退貨權資產

退貨權資產乃就收回預期將由客戶退回的貨品的權利確認。該資產按退回貨品的前賬面值，減收回貨品的任何預期成本及退回貨品價值的任何潛在跌幅計量。本集團就預期退貨水平的任何修訂及退回貨品價值的任何額外跌幅更新資產的計量。

退款負債

退款負債乃就退回已收(或應收)客戶的若干或全部代價的責任確認，並按本集團最終預期需退回予客戶的金額計量。本集團於各報告期末更新其退款負債估計(及交易價格的相應變動)。

僱員福利

養老金計劃

本集團於中國內地經營之附屬公司的僱員須參與地方市政府運作之中央養老金計劃。該等附屬公司須按薪金成本的某個百分比向中央養老金計劃供款。供款將根據中央養老金計劃規則於應付時從損益表中扣除。

借貸成本

倘借貸成本直接屬於收購、興建或生產合資格資產(即須經一段時間作準備方可投放作擬定用途或銷售的資產)，則撥充資本作為該等資產成本的一部分。而當有關資產大致可投放作擬定用途或銷售時，即終止將該等借貸成本撥充資本。將待用於合資格資產的指定借貸進行臨時投資所賺取的投資收入，從資本化借貸成本中扣除。所有其他借貸成本均於其產生期間支銷。借貸成本包括利息及實體因借取資金而產生的其他成本。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2.4 重大會計政策概要(續)

股息

末期股息於獲股東於股東大會上批准時確認為負債。建議末期股息披露於財務報表附註。

同時建議及宣派中期股息，是因為本公司的組織章程大綱及細則授予董事權力可宣派中期股息。因此，中期股息於建議及宣派時立即確認為負債。

外幣

此等財務報表均以人民幣呈列。本集團旗下各實體自行確定功能貨幣，且各實體財務報表中的項目均使用該功能貨幣計量。本集團旗下實體錄得之外幣交易初步按交易日期通行的相關功能貨幣匯率列賬。以外幣計值的貨幣資產與負債按於報告期末通用的功能貨幣匯率換算。結算或換算貨幣項目產生之差額於損益表內確認。

因結算或換算貨幣項目產生的差額於損益表確認，惟指定作為對沖本集團海外業務投資淨額一部分的貨幣項目則除外，該等貨幣項目於其他綜合收益確認，直至投資淨額已出售，此時累計金額乃重新分類至損益表。該等貨幣項目匯兌差額應佔的稅項支出及抵免亦計入其他綜合收益內。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change at fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas established subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.4 重大會計政策概要(續)

外幣(續)

按歷史成本列賬、以外幣計量的非貨幣項目，採用初始交易日期的匯率換算。按公平值列賬、以外幣計量的非貨幣項目，採用計量公平值日期的匯率換算。換算按公平值計量的非貨幣項目產生的收益或虧損按與確認項目公平值變動的收益或虧損一致的方式處理(即公平值收益或虧損於其他綜合收益或損益內確認的項目的換算差額亦分別於其他綜合收益或損益內確認)。

為了確定涉及預付代價及終止非貨幣資產或非貨幣負債的相關資產、開支或收入於初始確認時的匯率，初始交易日期為本集團初始確認因支付或收到預付代價而產生的非貨幣性資產或負債的日期。倘於確認相關項目之前有多個付款或收據，則應以這種方式確定每筆預付代價付款或收據的交易日期。

本公司及若干境外附屬公司的功能貨幣為人民幣以外的貨幣。於報告期末，該等實體的資產與負債按報告期末的匯率換算為人民幣，其損益表則按年內的加權平均匯率換算為人民幣。

因此而產生的匯兌差額於其他綜合收益內確認，並累計為匯兌波動儲備。出售海外業務時，與該項特定海外業務有關的其他綜合收益的部分於損益表確認。

收購海外業務產生的任何商譽及對收購產生的資產及負債賬面金額作出的任何公平值調整作海外業務的資產及負債處理，並按收市匯率換算。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purpose of the consolidated statement of cash flows, the cash flows of overseas established subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas established subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

2.4 重大會計政策概要(續)

外幣(續)

就合併現金流量表而言，境外附屬公司的現金流量按現金流量日期的匯率換算為人民幣。境外附屬公司於年內經常產生的現金流量則按該年度的加權平均匯率換算為人民幣。

3. 重大會計判斷及估計

本集團財務報表的編製需要管理層作出會影響所呈報收益、開支、資產及負債的金額及其隨附披露以及或然負債披露的判斷、估計及假設。由於有關該等假設及估計的不明朗因素，可能導致須就日後受影響的資產或負債的賬面金額作出重大調整。

判斷

於應用本集團的會計政策過程中，除作出涉及估計的判斷外，管理層已作出對財務報表內已確認金額構成最大影響的以下判斷：

股息分派產生的預扣稅

本集團於釐定是否根據司法權區頒佈的有關稅務條例計算若干附屬公司分派股息產生的預扣稅時，須對股息分派計劃作出判斷。

估計的不確定因素

下文所討論者為於報告期末有關未來的主要假設及估計不確定因素的其他主要來源，其涉及導致下個財政年度對資產及負債賬面值作出重大調整的重大風險。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. 重大會計判斷及估計(續)

估計的不確定因素(續)

貿易應收款項預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項的預期信貸虧損。撥備率乃基於具有類似虧損模式的不同客戶分部組合逾期日數釐定。

撥備矩陣初步基於本集團過往觀察所得違約率而釐定。本集團將調整矩陣，藉以按前瞻性資料調整過往信貸虧損經驗。舉例而言，倘預測經濟環境（即本地生產總值）預期將於未來一年惡化，導致製造分部違約事件增加，則會調整過往違約率。於各報告日期，過往觀察所得違約率將予更新，並會分析前瞻性估計變動。

對過往觀察所得違約率、預測經濟環境及預期信貸虧損之間的關連性進行的評估屬重大估計。預期信貸虧損金額對情況變化及預測經濟環境相當敏感。本集團過往信貸虧損經驗及預測經濟環境亦未必能代表客戶日後的實際違約情況。有關本集團貿易應收款項預期信貸虧損的資料已於財務報表附註19披露。

租賃 — 估算增量借款利率

本集團無法輕易釐定租賃內所隱含的利率，因此，使用增量借款利率（「增量借款利率」）計量租賃負債。增量借款利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產，而以類似抵押品與類似期間借入所需資金應支付之利率。因此，增量借款利率反映了本集團「應支付」的利率，當無可觀察的利率時（如就並無訂立融資交易之附屬公司而言）或當須對利率進行調整以反映租賃之條款及條件時（如當租賃並非以附屬公司之功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據可用時，本集團使用可觀察輸入數據（如市場利率）估算增量借款利率並須作出若干實體特定的估計（例如附屬公司的單獨信貸評級）。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for slow-moving inventories and net realisable value of inventories

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes a provision for slow-moving inventory items. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. Write-down of inventories to net realisable value is made based on the estimated net realisable value of inventories. The assessment of the write-down amount requires management's estimates and judgement. Where the actual outcome or expectation in the future is different from the original estimate, such differences will impact the carrying value of inventories and write-down/write-back of inventories in the period in which such estimate has been changed.

Deferred tax assets

Deferred tax assets relating to certain temporary differences are recognised as management considers that it is probable that future taxable profits will be available against which the temporary tax differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed. The carrying amount of deferred tax assets carried in the consolidated statement of financial position as at December 31, 2019 was RMB64,218,000 (2018: RMB53,659,000), details of which are set out in note 24 to the financial statements.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

3. 重大會計判斷及估計(續)

估計的不確定因素(續)

滯銷存貨撥備及存貨的可變現淨值

管理層於各報告期末審閱本集團存貨的賬齡分析，並就滯銷存貨項目計提撥備。管理層主要依據最近期的發票價格及現行市況，估計該等存貨的可變現淨值。管理層將存貨撇減至可變現淨值乃按存貨的估計可變現淨值作出。對撇減金額的評估需要管理層作出估計及判斷。倘實際結果或未來預計結果有別於原先估計，則該等差額將影響改變有關估計期間的存貨賬面值及存貨的撇減／撥回。

遞延稅項資產

當管理層認為未來應課稅溢利很可能用來抵銷能動用的暫時稅項差額或稅項虧損時，方會確認與若干暫時差額有關的遞延稅項資產。當預期有別於原始估計時，該等差額將於估計改變期間影響遞延稅項資產及遞延稅項的確認。於合併財務狀況表列賬的遞延稅項資產於二零一九年十二月三十一日的賬面值為人民幣64,218,000元(二零一八年：人民幣53,659,000元)，相關詳情載於財務報表附註24。

物業、廠房及設備的可使用年期

本集團管理層負責釐定本集團物業、廠房及設備的估計可使用年期及相關折舊開支。管理層根據性質及功能類似的物業、廠房及設備實際可使用年期的過往經驗作出估算。倘可使用年期少於先前估計，管理層會增加折舊開支或撇銷或撇減已棄用或出售在技術上過時或屬非策略性的資產。實際經濟年期可能有別於估計可使用年期。定期審閱可能導致應計折舊年限變動，因而折舊開支於未來期間有所變動。

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4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

- (a) Manufacture and sale of household consumption;
- (b) Manufacture and sale of snack food;
- (c) Manufacture and sale of ready-to-drink beverage; and
- (d) Others.

The “Others” segment comprises the sale of packing materials in relation to the production of food and beverage, and rental income from the investment property’s prime office space.

Starting from later 2018, the Group commenced to develop the household consumption business, which will be complementary and create synergy with the existing food and beverage business.

Management monitors the gross profit of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. During the year, as management changed the structure of the Group’s internal organisation to match its business development strategy in a manner that caused change to the Group’s composition of its reportable segments, segments were re-structured to reflect such change. No analysis of the Group’s assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

4. 經營分部資料

為便於管理，本集團按其產品劃分業務單元，分為四個可呈報經營分部，詳情如下：

- (a) 生產及銷售家庭消費；
- (b) 生產及銷售休閒食品；
- (c) 生產及銷售即飲飲料；及
- (d) 其他。

「其他」分部包括銷售與食品及飲料生產有關的包裝物料，以及來自投資物業的優質辦公室空間的租金收入。

自二零一八年底，本集團開始發展家庭消費業務，其將與現有食品及飲料業務相輔相成及產生協同效應。

管理層監察本集團經營分部的毛利，旨在作出有關資源分配及業績評估的決策。年內，管理層改變本集團的內部組織架構以配合其業務發展策略，其方式導致本集團的可呈報分部組成有變，因此，分部已重組以反映有關變動。概無披露本集團經營分部資產及負債的分析，此乃由於有關分析並無定期提交予最高營運決策者審閱。

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4. OPERATING SEGMENT INFORMATION (continued)

4. 經營分部資料(續)

Year ended December 31, 2019	截至二零一九年 十二月三十一日止年度	Household consumption 家庭消費 RMB'000 人民幣千元	Snack food 休閒食品 RMB'000 人民幣千元	Ready- to-drink beverage 即飲飲料 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue (note 5(a))	分部收益(附註5(a))					
Sales to external customers	銷售予外部客戶	2,656,546	10,153,891	7,141,644	1,412,118	21,364,199
Other revenue	其他收益	-	-	-	11,049	11,049
						21,375,248
Segment gross profit	分部毛利	1,315,810	3,794,956	3,335,513	45,184	8,491,463
<i>Reconciliation:</i>	<i>對賬:</i>					
Other income and gains	其他收入及收益					886,733
Selling and distribution expenses	銷售及經銷開支					(3,677,450)
Administrative expenses	行政開支					(553,032)
Finance costs	融資成本					(1,413)
Profit before tax	除稅前溢利					5,146,301
Other segment information	其他分部資料					
Depreciation and amortisation	折舊及攤銷	118,011	167,011	365,047	9,719	659,788
Capital expenditure *	資本開支 *					
Allocated	已分配	588,257	172,793	231,620	2,688	995,358
Unallocated	未分配					45,695
						1,041,053

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4. OPERATING SEGMENT INFORMATION (continued)

4. 經營分部資料(續)

Year ended	截至二零一八年	Household consumption	Snack food	Ready-to-drink beverage	Others	Total
December 31, 2018	十二月三十一日止年度	家庭消費	休閒食品	即飲飲料	其他	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Segment revenue (note 5(a))	分部收益(附註5(a))					
Sales to external customers	銷售予外部客戶	1,875,585	10,407,473	7,294,400	1,284,163	20,861,621
Other revenue	其他收益	–	–	–	1,936	1,936
						20,863,557
Segment gross profit	分部毛利	970,045	3,752,137	3,287,435	41,124	8,050,741
<i>Reconciliation:</i>	<i>對賬:</i>					
Other income and gains	其他收入及收益					649,339
Selling and distribution expenses	銷售及經銷開支					(3,376,667)
Administrative expenses	行政開支					(572,583)
Profit before tax	除稅前溢利					4,750,830
Other segment information	其他分部資料					
Depreciation and amortisation	折舊及攤銷	64,008	147,372	337,333	795	549,508
Capital expenditure *	資本開支 *					
Allocated	已分配	732,885	181,245	367,694	–	1,281,824
Unallocated	未分配					53,594
						1,335,418

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

* 資本開支包括添置物業、廠房及設備、投資物業以及無形資產。

Geographical information

Since over 90% of the Group's revenue and operating profit were generated from the sale of food and beverage in Mainland China and over 90% of the Group's non-current assets were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about a major customer

Since no revenue from sales to a single customer of the Group amounted to 10% or more of the Group's total revenue, no major customer information is presented in accordance with HKFRS 8 *Operating Segments*.

地理資料

由於本集團的90%以上收益及經營溢利來自在中國內地銷售食品及飲料，且本集團逾90%的非流動資產位於中國內地，故並無根據香港財務報告準則第8號經營分部呈列地理資料。

有關一名主要客戶的資料

由於概無本集團向單一客戶的銷售佔本集團總收益的10%或以上，故並無根據香港財務報告準則第8號經營分部呈列主要客戶資料。

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

(a) Revenue:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue from contracts with customers	來自客戶合約的收益	21,364,199	20,861,621
Revenue from other sources	來自其他來源的收益		
Gross rental income from investment property operating leases	投資物業經營租賃的租金收入總額	11,049	1,936
		21,375,248	20,863,557

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended December 31, 2019

來自客戶合約的收益

(i) 分項收益資料

截至二零一九年十二月三十一日止年度

Segments	分部	Household consumption 家庭消費 RMB'000 人民幣千元	Snack food 休閒食品 RMB'000 人民幣千元	Ready-to-drink beverage 即飲飲料 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Type of goods or services	貨物或服務種類					
Sale of goods	銷售貨物	2,656,546	10,153,891	7,141,644	1,412,118	21,364,199
Timing of revenue recognition	收益確認時間					
Goods transferred at a point in time	於某一時間點轉讓貨物	2,656,546	10,153,891	7,141,644	1,412,118	21,364,199

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5. REVENUE, OTHER INCOME AND GAINS
(continued)

(a) Revenue (continued):

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended December 31, 2018

Segments	分部	Household consumption 家庭消費 RMB'000 人民幣千元	Snack food 休閒食品 RMB'000 人民幣千元	Ready- to-drink beverage 即飲飲料 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Type of goods or services	貨物或服務種類					
Sale of goods	銷售貨物	1,875,585	10,407,473	7,294,400	1,284,163	20,861,621
Timing of revenue recognition	收益確認時間					
Goods transferred at a point in time	於某一時間點 轉讓貨物	1,875,585	10,407,473	7,294,400	1,284,163	20,861,621

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the food and beverage and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

5. 收入、其他收入及收益(續)

(a) 收入(續):

來自客戶合約的收益(續)

(i) 分項收益資料(續)

截至二零一八年十二月三十一日止年度

(ii) 履約責任

有關本集團履約責任的資料概述如下:

銷售貨物

履約責任於交付食品及飲料後即告完成，而付款一般會於交付後30至90天內到期，惟我們一般會要求新客戶提前付款。部分合約規定客戶在若干條件的限制下有權退貨及獲提供銷售獎勵回贈(此情況會引致可變代價)。

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5. REVENUE, OTHER INCOME AND GAINS
(continued)

(b) Other income and gains

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Bank interest income (note 6(c))	銀行利息收入(附註6(c))	457,750	346,533
Other interest income from financial assets at fair value through profit or loss (note 6(c))	來自按公平值計入損益的金融資產 的其他利息收入(附註6(c))	—	6,267
Government grants*	政府補貼*	342,604	214,369
Income from sales of scrap, net	銷售邊角料的收入淨額	69,055	62,696
Gain on disposal of items of property, plant and equipment	出售物業、廠房及 設備項目的收益	371	133
Foreign exchange differences, net	匯兌差額淨額	16,709	19,210
Others	其他	244	131
		886,733	649,339

* Government grants include various subsidies received by the Company's subsidiaries from relevant government bodies in connection with enterprise expansion and efficiency enhancement. There are no unfulfilled conditions or contingencies related to these grants.

5. 收入、其他收入及收益(續)

(b) 其他收入及收益

* 政府補貼包括本公司的附屬公司自相關政府機關收到的與企業擴張及效率提高有關的各類補貼。該等補貼並無未達成條件或者或然事項。

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6. PROFIT BEFORE TAX

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

6. 除稅前溢利

本集團持續經營業務的除稅前溢利乃經扣除／(計入)以下各項後達致：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
(a) Cost of sales:	(a) 銷售成本：		
Cost of inventories sold	存貨銷售成本	10,905,556	10,964,311
(b) Employee benefit expenses (including directors' and chief executive's remuneration (note 8)):	(b) 僱員福利開支(包括董事及行政總裁薪酬(附註8))：		
Wages and salaries	工資及薪金	1,997,316	1,937,970
Pension scheme contributions, social welfare and other welfare	退休金計劃供款、社會福利及其他福利	236,275	232,157
		2,233,591	2,170,127
(c) Other items:	(c) 其他項目：		
Depreciation of property, plant and equipment (note 13)	物業、廠房及設備折舊(附註13)	699,786	611,869
Depreciation of investment properties (note 14)	投資物業折舊(附註14)	9,719	795
Depreciation of right-of-use assets (2018: amortisation of prepaid land lease payments (notes 15(a), 15(b)))	使用權資產折舊(二零一八年：預付土地租賃付款攤銷(附註15(a)、15(b)))	31,244	13,239
Amortisation of intangible assets (note 16)	無形資產攤銷(附註16)	1,146	1,029
Promotion and advertising expenses	推廣及廣告開支	2,122,478	1,939,981
Logistics expenses	物流開支	628,034	548,383
Auditor's remuneration	核數師酬金	4,500	4,500
Research and development costs	研發成本	62,030	58,656
Minimum lease payments under operating leases:	經營租賃的最低租賃付款：		
Land and buildings	土地及樓宇	—	19,255
Foreign exchange differences, net	匯兌差額淨額	(16,709)	(19,210)
Other interest income from financial assets at fair value through profit or loss (note 5(b))	來自按公平值計入損益的金融資產的其他利息收入(附註5(b))	—	(6,267)
Bank interest income (note 5(b))	銀行利息收入(附註5(b))	(457,750)	(346,533)
Net loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的虧損淨額	2,449	3,252
Government grants	政府補貼	(342,604)	(214,369)
Impairment of trade and bills receivables	貿易應收款項及應收票據減值	1,434	3,908
Impairment/(reversal of impairment) of inventories	存貨減值／(減值撥回)	1,268	(593)

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6. PROFIT BEFORE TAX (continued)

The depreciation of property, plant and equipment, investment properties and right-of-use assets, and amortisation of prepaid land lease payments and intangible assets are included in “administrative expenses”, “selling and distribution expenses” and “cost of sales” in the consolidated statement of profit or loss and other comprehensive income.

Research and development costs are included in “administrative expenses” and “cost of sales” in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

6. 除稅前溢利(續)

物業、廠房及設備、投資物業及使用權資產折舊以及預付土地租賃款項及無形資產攤銷計入合併損益及其他綜合收益表的「行政開支」、「銷售及分銷開支」及「銷售成本」。

研發成本計入合併損益及其他綜合收益表的「行政開支」及「銷售成本」。

7. 融資成本

持續經營業務的融資成本分析列載如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest on lease liabilities	租賃負債利息	1,413	—

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Fees	袍金	564	550
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	8,846	8,864
Pension scheme contributions and social welfare	退休計劃供款及社會福利	16	18
		8,862	8,882

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mr. Cheng Hanchuan	程漢川先生	141	136
Mr. Liu Xiaobin	劉小斌先生	141	136
Dr. Lin Zhijun	林志軍博士	282	278
		564	550

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

8. 董事及最高行政人員薪酬

根據上市規則、香港公司條例383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部披露董事及最高行政人員薪酬如下：

(a) 獨立非執行董事

年內已付獨立非執行董事的袍金如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mr. Cheng Hanchuan	程漢川先生	141	136
Mr. Liu Xiaobin	劉小斌先生	141	136
Dr. Lin Zhijun	林志軍博士	282	278
		564	550

年內並無其他應付獨立非執行董事酬金(二零一八年：零)。

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and non-executive directors

		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total
		袍金	薪金、津貼及實物福利	退休金計劃供款及社會福利	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
2019	二零一九年				
Executive directors:	執行董事：				
Mr. Xu Shihui (Chief executive)	許世輝先生 (最高行政人員)	—	2,150	—	2,150
Ms. Xu Yangyang	許陽陽女士	—	2,430	8	2,438
Mr. Zhuang Weiqiang	莊偉強先生	—	4,266	8	4,274
		—	8,846	16	8,862
Non-executive directors:	非執行董事：				
Ms. Xu Biying	許碧英女士	—	—	—	—
Ms. Hu Xiaoling	胡曉玲女士	—	—	—	—
		—	—	—	—
2018	二零一八年				
Executive directors:	執行董事：				
Mr. Xu Shihui (Chief executive)	許世輝先生 (最高行政人員)	—	2,103	—	2,103
Ms. Xu Yangyang	許陽陽女士	—	2,411	9	2,420
Mr. Zhuang Weiqiang	莊偉強先生	—	4,350	9	4,359
		—	8,864	18	8,882
Non-executive directors:	非執行董事：				
Ms. Xu Biying	許碧英女士	—	—	—	—
Ms. Hu Xiaoling	胡曉玲女士	—	—	—	—
		—	—	—	—

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. 董事及最高行政人員薪酬(續)

(b) 執行董事及非執行董事

年內並無董事據此放棄或同意放棄任何薪酬的安排。

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2018: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	4,734	4,751
Pension scheme contributions and social welfare	退休金計劃供款及社會福利	17	17
		4,751	4,768

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees 僱員人數	
		2019 二零一九年	2018 二零一八年
HKD1,000,001 to HKD1,500,000	1,000,001 港元至 1,500,000 港元	—	—
HKD1,500,001 to HKD2,000,000	1,500,001 港元至 2,000,000 港元	1	1
HKD2,000,001 to HKD2,500,000	2,000,001 港元至 2,500,000 港元	—	—
HKD2,500,001 to HKD3,000,000	2,500,001 港元至 3,000,000 港元	—	—
HKD3,000,001 to HKD3,500,000	3,000,001 港元至 3,500,000 港元	1	1
		2	2

9. 五名最高薪酬僱員

年內五名最高薪酬僱員包括三名董事(二零一八年：三名董事)，彼等的薪酬詳情載於上文附註8。其餘兩名(二零一八年：兩名)最高薪酬僱員並非本公司董事或最高行政人員，其年內薪酬詳情如下：

薪酬在下列範圍內的非董事及非最高行政人員的最高薪酬僱員的人數如下：

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10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the two-tiered profits tax rates regime, the first HKD2 million of assessable profits of qualified corporations is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. For the year ended December 31, 2019, Hong Kong profits tax for the qualified entities is calculated in accordance with the two-tiered profits tax rate regime.

The two-tiered profits tax rates regime is applicable to one of the Company's subsidiaries incorporated in Hong Kong for its annual reporting periods ended on or after April 1, 2018. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year ended December 31, 2019 (the year ended December 31, 2018: Nil).

Under the Income Tax Law of the People's Republic of China (the "PRC"), the Company's subsidiaries that are established in the PRC are subject to income tax at a base rate of 25%, except for some subsidiaries which are subject to income tax at a preferential rate of 15%, as approved by the relevant local tax authorities in 2015, in different periods between January 1, 2014 and December 31, 2020.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. In addition, under the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC company. For the Group, the applicable rate is 5%. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since January 1, 2008.

10. 所得稅

本集團須就本集團成員公司在所在及經營的司法權區產生或源自該等司法權區的溢利按實體方式繳納所得稅。

根據開曼群島及英屬維京群島的規則及規例，本集團毋須繳納任何開曼群島及英屬維京群島所得稅。

根據利得稅兩級制，合資格法團首2,000,000港元應課稅利潤的稅率為8.25%，餘下的應課稅利潤則按16.5%徵稅。截至二零一九年十二月三十一日止年度，合資格實體的香港利得稅乃根據利得稅兩級制計算。

利得稅兩級制於截至二零一八年四月一日或之後止年度報告期間適用於一間在香港註冊成立的本公司附屬公司。截至二零一九年十二月三十一日止年度，由於本集團並無於香港產生應課稅溢利，故並無就香港利得稅作出撥備（截至二零一八年十二月三十一日止年度：無）。

根據中華人民共和國（「中國」）所得稅法，在中國成立的本公司附屬公司須按25%的稅率繳納所得稅，惟部分附屬公司除外，其於二零一五年經當地相關稅務機關批准，於二零一四年一月一日至二零二零年十二月三十一日的不同期間按15%的優惠稅率繳納所得稅。

根據《中國企業所得稅法》，就向外資企業投資者宣派來自於中國大陸成立之外資企業的股息徵收10%預扣稅。有關規定自二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後所產生之盈利。此外，根據《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》及其相關法規，倘一名合資格香港稅務居民為中國公司的「實益擁有人」並持有其25%或以上股權，則該名香港稅務居民自中國產生的股息收入須按5%稅率繳納預扣稅。對本集團而言，適用稅率為5%。遞延稅項負債已根據該等附屬公司就二零零八年一月一日以後產生的溢利於可見未來將分派的預期股息計提撥備。

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10. INCOME TAX (continued)

The major components of income tax expense are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current tax:	即期稅項：		
Income tax in the PRC for the year	年內中國內地所得稅	1,193,496	1,035,404
Deferred tax (note 24)	遞延稅項(附註24)	112,234	(1,935)
Total tax charge for the year	年內稅項支出總額	1,305,730	1,033,469

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

按本公司及其大多數附屬公司所在司法權區應用於除稅前溢利的法定稅率的稅項開支與按實際稅率的稅項開支的對賬如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	5,146,301	4,750,830
Tax at the statutory tax rate (25%)	按法定稅率繳納的稅項(25%)	1,286,575	1,187,708
Effect of tax relief enjoyed by certain subsidiaries	若干附屬公司享有減免稅項的影響	(125,540)	(142,147)
Income not subject to tax*	毋須納稅的收入*	(16,023)	(18,033)
Expenses not deductible for tax	不可扣稅的開支	1,666	1,317
Unrecognised tax losses	未確認稅項虧損	12,028	4,624
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	本集團的中國附屬公司可分派利潤的5%預扣稅的影響	147,024	—
Tax charge at the Group's effective rate	按本集團實際稅率繳稅的稅項支出	1,305,730	1,033,469

* Income not subject to tax mainly includes the profit from the primary agricultural product processing, which is exempted from income tax in accordance with the PRC tax law.

* 毋須納稅的收入主要包括根據中國稅法免徵所得稅的來自初級農產品加工的溢利。

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11. DIVIDENDS

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interim — HKD0.168 (2018: HKD0.085) per ordinary share	中期 — 每股普通股0.168港元 (二零一八年：0.085港元)	2,076,233	1,024,262
Proposed final — HKD0.140 (2018: HKD0.075) per ordinary share	建議末期 — 每股普通股0.140港元 (二零一八年：0.075港元)	1,766,788	906,308
		3,843,021	1,930,570

The board of directors resolved to declare final dividend of HK\$0.070 (equivalent to approximately RMB0.0645) per ordinary share, and special dividend of HK\$0.070 (equivalent to approximately RMB0.0645), totalling HK\$1,917,176,000 (equivalent to approximately RMB1,766,788,000) for the year ended December 31, 2019.

The proposed final dividend and special dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

董事會已議決宣派截至二零一九年十二月三十一日止年度的末期股息每股普通股0.070港元(相等於約人民幣0.0645元)及特別股息0.070港元(相等於約人民幣0.0645元)，合共1,917,176,000港元(相等於約人民幣1,766,788,000元)。

建議派付的本年度末期股息及特別股息須待本公司股東於應屆股東週年大會上批准後，方可作實。

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 13,694,117,500 (2018: 13,694,117,500) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended December 31, 2019 and 2018.

The calculation of basic and diluted earnings per share is based on:

12. 母公司普通股權益持有人應佔每股盈利

每股基本盈利金額乃根據母公司普通股權益持有人應佔年內溢利及年內已發行13,694,117,500股(二零一八年：13,694,117,500股)普通股的加權平均數計算。

本集團於截至二零一九年及二零一八年十二月三十一日止年度並無具潛在攤薄影響的已發行普通股。

每股基本及攤薄盈利的計算乃基於下表：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Earnings	盈利		
Profit attributable to ordinary equity holders of the parent	母公司普通股權益持有人應佔溢利	3,840,571	3,717,361

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

12. 母公司普通股權益持有人應佔每股盈利(續)

		Number of shares 股份數目	
		2019 二零一九年	2018 二零一八年
Shares	股份		
Weighted average number of ordinary shares in issue during the year	年內已發行普通股的加權平均數	13,694,117,500	13,694,117,500
Earnings per share	每股盈利		
Basic and diluted (RMB)	基本及攤薄(人民幣元)	0.28	0.27

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Plant and machinery 生產設備 及機器 RMB'000 人民幣千元	Other equipment 其他設備 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
December 31, 2019	於二零一九年十二月三十一日						
At January 1, 2019:	於二零一九年一月一日:						
Cost	成本	1,668,903	98,457	5,964,176	622,855	497,890	8,852,281
Accumulated depreciation and impairment	累計折舊及減值	(521,805)	(66,063)	(3,044,053)	(309,045)	-	(3,940,966)
Net carrying amount	賬面淨值	1,147,098	32,394	2,920,123	313,810	497,890	4,911,315
At January 1, 2019, net of accumulated depreciation and impairment	於二零一九年一月一日，扣除累計折舊及減值	1,147,098	32,394	2,920,123	313,810	497,890	4,911,315
Additions	添置	8,776	21,351	317,399	88,563	614,039	1,050,128
Depreciation provided during the year (note 6(c))	年內計提的折舊(附註6(c))	(75,598)	(12,472)	(520,526)	(91,190)	-	(699,786)
Transfers	轉撥	75,074	-	392,295	45,905	(513,274)	-
Transfers to investment properties (note 14)	轉撥至投資物業(附註14)	(113,994)	-	-	-	-	(113,994)
Disposals	出售	-	(163)	(5,492)	(7)	(495)	(6,157)
At December 31, 2019, net of accumulated depreciation and impairment	於二零一九年十二月三十一日，扣除累計折舊及減值	1,041,356	41,110	3,103,799	357,081	598,160	5,141,506
At December 31, 2019:	於二零一九年十二月三十一日:						
Cost	成本	1,638,759	119,645	6,668,378	757,316	598,160	9,782,258
Accumulated depreciation and impairment	累計折舊及減值	(597,403)	(78,535)	(3,564,579)	(400,235)	-	(4,640,752)
Net carrying amount	賬面淨值	1,041,356	41,110	3,103,799	357,081	598,160	5,141,506

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13. PROPERTY, PLANT AND EQUIPMENT (continued)

13. 物業、廠房及設備(續)

		Buildings	Motor vehicles	Plant and machinery	Other equipment	Construction in progress	Total
		樓宇	汽車	生產設備及機器	其他設備	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
December 31, 2018	於二零一八年十二月三十一日						
At January 1, 2018:	於二零一八年一月一日：						
Cost	成本	1,542,965	75,172	5,246,402	487,655	249,953	7,602,147
Accumulated depreciation and impairment	累計折舊及減值	(450,085)	(60,607)	(2,572,196)	(246,209)	–	(3,329,097)
Net carrying amount	賬面淨值	1,092,880	14,565	2,674,206	241,446	249,953	4,273,050
At January 1, 2018, net of accumulated depreciation and impairment	於二零一八年一月一日，扣除累計折舊及減值	1,092,880	14,565	2,674,206	241,446	249,953	4,273,050
Additions	添置	19,514	23,422	526,983	129,315	578,859	1,278,093
Depreciation provided during the year (note 6(c))	年內計提的折舊(附註6(c))	(71,720)	(5,456)	(471,857)	(62,836)	–	(611,869)
Transfers	轉撥	109,845	–	191,409	6,197	(307,451)	–
Transfers to investment properties	轉撥至投資物業	–	–	–	–	(23,471)	(23,471)
Disposals	出售	(3,421)	(137)	(618)	(312)	–	(4,488)
At December 31, 2018, net of accumulated depreciation and impairment	於二零一八年十二月三十一日，扣除累計折舊及減值	1,147,098	32,394	2,920,123	313,810	497,890	4,911,315
At December 31, 2018:	於二零一八年十二月三十一日：						
Cost	成本	1,668,903	98,457	5,964,176	622,855	497,890	8,852,281
Accumulated depreciation and impairment	累計折舊及減值	(521,805)	(66,063)	(3,044,053)	(309,045)	–	(3,940,966)
Net carrying amount	賬面淨值	1,147,098	32,394	2,920,123	313,810	497,890	4,911,315

As at December 31, 2019, the Group had yet to obtain property ownership certificates for certain buildings with an aggregate net book value of RMB70,903,000 (2018: RMB107,880,000). Notwithstanding this, the directors are of the opinion that the Group owned the beneficial titles to these buildings at the end of the reporting period.

於二零一九年十二月三十一日，本集團尚未就賬面淨值合共人民幣70,903,000元(二零一八年：人民幣107,880,000元)的若干樓宇取得物業所有權證。儘管如此，董事認為本集團於報告期末擁有該等樓宇的實益業權。

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14. INVESTMENT PROPERTY

14. 投資物業

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At January 1	於一月一日		
Cost	成本	47,225	—
Accumulated depreciation and impairment	累計折舊及減值	(4,833)	—
Net carrying amount	賬面淨值	42,392	—
At January 1, net of accumulated depreciation and impairment	於一月一日，扣除累計折舊及減值	—	—
Addition	添置	2,688	—
Transfer from owner-occupied property (2018: Transfer from construction in process) (note 13)	轉撥自自用物業(二零一八年：轉撥自在建工程)(附註13)	113,994	23,471
Transfer from right-of-use assets (2018: Transfer from prepaid land lease payments) (note 15(b))	轉撥自使用權資產(二零一八年：轉撥自預付土地租賃付款)(附註15(b))	84,407	19,716
Depreciation provided during the year (note 6(c))	年內計提的折舊(附註6(c))	(9,719)	(795)
At December 31, net of accumulated depreciation and impairment	於十二月三十一日，扣除累計折舊及減值	233,762	42,392
At December 31	於十二月三十一日		
Cost	成本	269,259	47,225
Accumulated depreciation and impairment	累計折舊及減值	(35,497)	(4,833)
Net carrying amount	賬面淨值	233,762	42,392

The Group's investment property consists of one investment property in Mainland China. The directors of the Company have determined that the investment property consists of one class of asset, commercial, based on the nature, characteristics and risks of the property. The Company applies the cost model. At December 31, 2019, the Group's investment property was not pledged.

The investment property is leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

本集團的投資物業包括一項位於中國內地的投資物業。根據物業的性質、特點及風險，本公司董事釐定投資物業包括一類資產，即商業。本公司應用成本模式。於二零一九年十二月三十一日，本集團的投資物業並無質押。

投資物業根據經營租賃出租予第三方，其他概括詳情載於財務報表附註15。

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財務報表附註

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15. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant, property and land used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and property generally have lease terms of 3 years. Other leases generally have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Prepaid land lease payments (before January 1, 2019)

		RMB'000 人民幣千元
Carrying amount at January 1, 2018	於二零一八年一月一日的賬面值	576,740
Additions during the year	年內添置	13,637
Transfer to investment properties (note 14)	轉撥至投資物業(附註14)	(19,716)
Recognised in profit or loss during the year (note 6(c))	年內於損益確認(附註6(c))	(13,239)
Carrying amount at December 31	於十二月三十一日的賬面值	557,422

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

15. 租賃

本集團作為承租人

本集團就其業務所用的多項廠房、物業及土地項目訂有租賃合約。本集團就向擁有人收購租期50年的租賃土地預付一筆過付款，且根據該等土地租約條款，將不會繼續支付款項。廠房及物業租約的一般租期為3年。其他租約的一般租期為12個月或以下及／或就個別而言屬低價值。本集團通常不得於集團外轉讓及分租租賃資產。多項租賃合約包含延長及終止選擇權以及浮動租賃付款，詳情於下文進一步討論。

(a) 預付土地租賃付款(於二零一九年一月一日前)

(b) 使用權資產

本集團於年內的使用權資產賬面值及變動如下：

		Prepaid land lease payments 預付土地 租賃付款 RMB'000 人民幣千元	Plant and property 廠房及物業 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at January 1, 2019	於二零一九年一月一日	557,422	36,022	593,444
Additions	添置	130,879	—	130,879
Transfer to investment properties	轉撥至投資物業	(84,407)	—	(84,407)
Depreciation charge	折舊開支	(13,428)	(17,816)	(31,244)
Exchange adjustment	匯兌調整	—	74	74
As at December 31, 2019	於二零一九年 十二月三十一日	590,466	18,280	608,746

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15. LEASES (continued)

The Group as a lessee (continued)

(b) Right-of-use assets (continued)

The carrying amount of the Group's prepaid land lease payments represents the carrying amount of land use rights in Mainland China. The Group was in process of applying for the land certificates with a carrying amount of RMB16,276,000 as at December 31, 2019 (The Group has obtained all the land certificates as at December 31, 2018).

(c) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

15. 租賃(續)

本集團作為承租人(續)

(b) 使用權資產(續)

本集團的預付土地租賃付款賬面值指中國內地土地使用權的賬面值。於二零一九年十二月三十一日，本集團正申請賬面值為人民幣16,276,000元的土地證明(本集團於二零一八年十二月三十一日已取得所有土地證明)。

(c) 租賃負債

年內租賃負債賬面值及變動如下：

		2019 Lease liabilities 二零一九年 租賃負債 RMB'000 人民幣千元
Carrying amount at January 1	於一月一日的賬面值	37,985
Accretion of interest recognised during the year	年內已確認累計利息	1,413
Payment	付款	(19,709)
Exchange adjustment	匯兌調整	74
Carrying amount at December 31	於十二月三十一日的賬面值	19,763
Analysed into:	分析為：	
Current portion	流動部分	19,289
Non-current portion	非流動部分	474
		19,763

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

租賃負債的到期日分析披露於財務報表附註34。

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15. LEASES (continued)

The Group as a lessee (continued)

- (d) The amounts recognised in profit or loss in relation to leases are as follows:

		2019 二零一九年 RMB'000 人民幣千元
Interest on lease liabilities	租賃負債利息	1,413
Depreciation charge of right-of-use assets	使用權資產折舊開支	31,244
Total amount recognised in profit or loss	於損益確認的總金額	32,657

The Group as a lessor

The Group leases its investment property (note 14) consisting of one commercial property in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB11,049,000 (2018: RMB1,936,000), details of which are included in note 5 to the financial statements.

At December 31, 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

15. 租賃(續)

本集團作為承租人(續)

- (d) 就租賃於損益確認的金額如下：

		2019 二零一九年 RMB'000 人民幣千元
Interest on lease liabilities	租賃負債利息	1,413
Depreciation charge of right-of-use assets	使用權資產折舊開支	31,244
Total amount recognised in profit or loss	於損益確認的總金額	32,657

本集團作為出租人

本集團租賃其投資物業(附註14)，包括經營租賃安排下中國內地的一項商業物業。租賃條款通常要求租戶支付抵押按金及根據其時現行的市場狀況作出定期租金調整撥備。本集團於年內確認的租金收入為人民幣11,049,000元(二零一八年：人民幣1,936,000元)，詳情載於財務報表附註5。

於二零一九年十二月三十一日，本集團於未來期間根據與其租戶訂立的不可撤銷經營租賃應收的未折現租賃付款如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within one year	一年內	15,406	5,023
After one year but within two years	一年後但兩年內	7,111	6,081
After two years but within three years	兩年後但三年內	3,864	3,619
After three years but within four years	三年後但四年內	3,239	3,243
After four years but within five years	四年後但五年內	230	2,523
After five years	五年後	—	131
		29,850	20,620

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16. INTANGIBLE ASSETS

16. 無形資產

		Software 軟件 RMB'000 人民幣千元	Pipeline rights 管道權利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
December 31, 2019	二零一九年十二月三十一日			
Cost at January 1, 2019, net of accumulated amortisation	於二零一九年一月一日的 成本，扣除累計攤銷	1,225	1,650	2,875
Additions during the year	年內添置	—	265	265
Amortisation provided during the year (note 6)	年內計提的攤銷(附註6)	(411)	(735)	(1,146)
At December 31, 2019	二零一九年十二月三十一日	814	1,180	1,994
At December 31, 2019:	二零一九年十二月三十一日：			
Cost	成本	4,922	4,670	9,592
Accumulated amortisation	累計攤銷	(4,107)	(3,491)	(7,598)
Net carrying amount	賬面淨值	815	1,180	1,994
December 31, 2018	二零一八年十二月三十一日			
Cost at January 1, 2018, net of accumulated amortisation	於二零一八年一月一日的 成本，扣除累計攤銷	1,860	1,716	3,576
Additions during the year	年內添置	—	328	328
Amortisation provided during the year (note 6)	年內計提的攤銷(附註6)	(635)	(394)	(1,029)
At December 31, 2018	二零一八年十二月三十一日	1,225	1,650	2,875
At December 31, 2018:	二零一八年十二月三十一日：			
Cost	成本	5,023	4,406	9,429
Accumulated amortisation	累計攤銷	(3,798)	(2,756)	(6,554)
Net carrying amount	賬面淨值	1,225	1,650	2,875

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17. PREPAYMENTS

17. 預付款項

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Prepayments for the purchase of land use rights 購買土地使用權的預付款項	34,920	58,380
Prepayments for the purchase of property, plant and equipment 購買物業、廠房及設備的預付款項	61,125	186,484
	96,045	244,864

Prepayments are unsecured and non-interest-bearing. None of the above assets is either past due or impaired.

預付款項為無抵押及不計息。上述資產均非逾期或減值。

18. INVENTORIES

18. 存貨

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials and packaging materials 原材料及包裝材料	919,673	849,456
Finished goods 成品	342,682	288,343
	1,262,355	1,137,799

19. TRADE AND BILLS RECEIVABLES

19. 貿易應收款項及應收票據

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables 貿易應收款項	740,189	717,036
Bills receivable 應收票據	4,079	3,628
Impairment 減值	(7,394)	(5,960)
	736,874	714,704

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19. TRADE AND BILLS RECEIVABLES (continued)

The credit periods range from 30 to 90 days. The ageing analysis of trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 90 days	90天內	670,371	685,118
91 to 180 days	91至180天	47,196	13,172
181 to 365 days	181至365天	19,307	16,414
		736,874	714,704

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At beginning of year	年初	5,960	3,962
Impairment losses (note 6(c))	減值虧損(附註6(c))	1,434	1,998
At end of year	年末	7,394	5,960

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Bills receivable are bank acceptance bills that are unconditionally accepted by banks within the maturity period, and there is no loss allowance for impairment of bills receivable.

19. 貿易應收款項及應收票據(續)

信用期介乎30至90天。於報告期末，按發票日期及扣除虧損撥備後作出的貿易應收款項及應收票據的賬齡分析如下：

貿易應收款項及應收票據虧損撥備變動如下：

於各報告日期採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於具有類似虧損模式的多個客戶分部組別的逾期日數釐定。該計算反映或然率加權結果、貨幣時值及於報告日期可得的有關過往事項、當前狀況及未來經濟條件預測的合理及可靠資料。

應收票據為獲銀行於期限內無條件接納的銀行承兌票據，且並無就應收票據減值計提虧損撥備。

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19. TRADE AND BILLS RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at December 31, 2019

	Within 90 days 90 天內	91 to 180 days 91 至 180 天	181 to 365 days 181 至 365 天	Total 總計
Expected credit loss rate 預期信貸虧損率	0.93%	2.31%	0.22%	1.00%
Gross carrying amount (RMB'000) 賬面總值(人民幣千元)	672,528	48,311	19,350	740,189
Expected credit losses (RMB'000) 預期信貸虧損(人民幣千元)	6,236	1,115	43	7,394

As at December 31, 2018

	Within 90 days 90 天內	91 to 180 days 91 至 180 天	181 to 365 days 181 至 365 天	Total 總計
Expected credit loss rate 預期信貸虧損率	0.76%	1.56%	3.01%	0.83%
Gross carrying amount (RMB'000) 賬面總值(人民幣千元)	686,781	13,331	16,924	717,036
Expected credit losses (RMB'000) 預期信貸虧損(人民幣千元)	5,242	208	510	5,960

19. 貿易應收款項及應收票據(續)

下表採用撥備矩陣，載列本集團貿易應收款項所承受的信貸風險資料：

於二零一九年十二月三十一日

於二零一八年十二月三十一日

20. PREPAYMENTS AND OTHER RECEIVABLES

20. 預付款項及其他應收款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Prepayments to suppliers 向供應商作出的預付款項		382,373	282,123
Prepayments for advertising services 廣告服務預付款項		8,740	25,672
Deposits 押金		4,313	3,780
VAT recoverable (i) 待抵扣增值稅(i)		39,388	9,095
Interest receivables 應收利息		191,380	153,326
Other receivables 其他應收款項		83,509	15,163
		709,703	489,159

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**20. PREPAYMENTS AND OTHER RECEIVABLES
(continued)**

- (i) The Group's sales of goods are subject to Value Added Tax ("VAT") in Mainland China. Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output VAT and deductible input VAT. The applicable tax rate for domestic sales of the Group is 16% before April 1, 2019 and 13% effective from April 1, 2019 (2018: 17% before May 1, 2018 and 16% effective from May 1, 2018).

Prepayments and other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at December 31, 2019 and 2018, the loss allowance was assessed to be minimal.

20. 預付款項及其他應收款項(續)

- (i) 本集團的食品銷售須繳納中國增值稅(「增值稅」)。採購的進項增值稅可自應付銷項增值稅中扣減。待抵扣增值稅為銷項增值稅與可扣減進項增值稅的淨差額。本集團國內銷售的適用稅率於二零一九年四月一日前為16%，於二零一九年四月一日後為13%（二零一八年：二零一八年五月一日前為17%，於二零一八年五月一日後為16%）。

預付款項及其他應收款項均為無抵押、不計息及無固定還款期。計入上述結餘的金融資產與近期並無違約及逾期款項的應收款項有關。於二零一九年及二零一八年十二月三十一日，虧損撥備評估為微不足道。

21. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

Cash at banks and on hand	銀行及庫存現金
Bank deposits	銀行存款
Less: Pledged short-term deposits	減：質押短期存款
Cash and bank balances	現金及銀行結餘

21. 現金及銀行結餘及質押存款

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
10,669,710	9,289,495
422,699	801,805
11,092,409	10,091,300
(141)	(12,734)
11,092,268	10,078,566

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21. CASH AND BANK BALANCES AND PLEDGED DEPOSITS (continued)

The Group's cash and bank balances at December 31, 2019 were denominated in the following currencies:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
RMB	人民幣	10,994,058	9,917,049
HKD	港元	49,860	105,753
USD	美元	48,350	54,822
EUR	歐元	—	942
		11,092,268	10,078,566

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank deposits are made for varying periods of between one day and twelve months depending on the cash requirements of the Group, and earn interest at the respective bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of cash and bank balances and pledged deposits approximate to their fair values.

21. 現金及銀行結餘及質押存款 (續)

本集團於二零一九年十二月三十一日的現金及銀行結餘以下列貨幣計值：

人民幣不得自由兌換為其他貨幣。然而，根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團獲准透過獲授權經營外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金根據每日銀行存款利率按浮息利率賺取利息。銀行存款為期一日至十二個月不等，視乎本集團的現金需要而定並以有關銀行存款利率賺取利息。銀行結餘及質押存款存放於信譽良好且無近期拖欠款項記錄的銀行。現金及銀行結餘及質押存款的賬面值與彼等公平值相若。

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22. TRADE AND BILLS PAYABLES

22. 貿易應付款項及應付票據

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	貿易應付款項	938,368	812,104
Bills payable	應付票據	409,400	129,730
		1,347,768	941,834

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the transaction date, is as follows:

於報告期末，根據交易日期劃分的貿易應付款項及應付票據的賬齡分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 90 days	90天內	937,946	810,127
91 to 365 days	91至365天	402,461	122,602
1 to 2 years	1至2年	2,346	2,483
Over 2 years	2年以上	5,015	6,622
		1,347,768	941,834

No bills payable were secured by the pledge of the Group's short-term deposits at December 31, 2019 (December 31, 2018: RMB11,265,000) (note 21).

概無應付票據以本集團於二零一九年十二月三十一日質押的短期存款作抵押(二零一八年十二月三十一日：人民幣11,265,000元)(附註21)。

The trade payables are non-interest-bearing and are normally settled within 30 days. The bills payable are non-interest-bearing and are normally settled within 365 days.

貿易應付款項不計息，一般於30天內結算。應付票據不計息，一般於365天內結算。

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23. OTHER PAYABLES AND ACCRUALS

23. 其他應付款項及應計費用

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Contract liabilities	合約負債	538,787	348,266
Payables for purchase of property, plant and equipment	購買物業、廠房及設備的應付款項	192,395	265,457
Payables for purchase of prepaid land lease payments	購買預付土地租賃款項的應付款項	87,150	20,000
Payroll and welfare payables	應付工資及福利	308,350	286,840
Other tax payable	其他應付稅項	156,090	158,066
Other payables	其他應付款項	144,284	145,166
Accruals	應計費用	145,697	96,372
		1,572,753	1,320,167

Details of contract liabilities are as follows:

合約負債詳情如下：

		December 31, 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	January 1, 2019 二零一九年 一月一日 RMB'000 人民幣千元
Short-term advances received from customers	已收客戶短期墊款		
Sale of goods	銷售貨品	538,787	348,266
Total contract liabilities	合約負債總額	538,787	348,266

Other payables are unsecured, non-interest-bearing and repayable on demand.

其他應付款項為無抵押、不計息及須於要求時償還。

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24. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

		2019 Withholding taxes 二零一九年 預扣稅 RMB'000 人民幣千元
At January 1, 2019	於二零一九年一月一日	-
Deferred tax charged directly to the statement of profit or loss during the year (note 10)	年內直接扣除自損益表的遞延稅項(附註10)	(122,793)
Gross deferred tax liabilities at December 31, 2019	於二零一九年十二月三十一日的 遞延稅項負債總額	(122,793)

Deferred tax assets

		2019 二零一九年				
		Unrealised internal sales profit 未變現內部 銷售溢利 RMB'000 人民幣千元	Losses available for offsetting against future taxable profits 可供抵銷 未來應課稅 溢利的虧損 RMB'000 人民幣千元	Accruals 應計費用 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2019	於二零一九年一月一日	10,202	8,085	21,289	14,083	53,659
Deferred tax credit/ (charged) to the statement of profit or loss during the year (note 10)	年內計入/(扣除自) 損益表的遞延稅項 (附註10)	1,127	(3,835)	13,351	(84)	10,559
Gross deferred tax assets at December 31, 2019	於二零一九年 十二月三十一日 的遞延稅項資產總額	11,329	4,250	34,640	13,999	64,218

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24. DEFERRED TAX (continued)

Deferred tax liabilities

24. 遞延稅項(續)

遞延稅項負債

		2018 Fair value adjustments arising from financial assets at fair value through profit or loss 二零一八年 按公平值 計入損益的 金融資產產生 的公平值調整 RMB'000 人民幣千元
At January 1, 2018	於二零一八年一月一日	(60)
Deferred tax credited directly to the statement of profit or loss during the year (note 10)	年內直接計入損益表的遞延稅項(附註10)	60
Gross deferred tax liabilities at December 31, 2018	於二零一八年十二月三十一日 的遞延稅項負債總額	-

Deferred tax assets

遞延稅項資產

		2018 二零一八年				
		Unrealised internal sales profit	Losses available for offsetting against future taxable profits 可供抵銷 未來應課稅 溢利的虧損	Accruals	Others	Total
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At January 1, 2018	於二零一八年一月一日	10,615	6,130	19,542	15,497	51,784
Deferred tax (charged)/ credit to the statement of profit or loss during the year (note 10)	年內(扣除自)/計入 損益表的遞延稅項 (附註10)	(413)	1,955	1,747	(1,414)	1,875
Gross deferred tax assets at December 31, 2018	於二零一八年 十二月三十一日 的遞延稅項資產總額	10,202	8,085	21,289	14,083	53,659

24. DEFERRED TAX (continued)

Deferred tax assets have not been recognised in respect of tax losses of RMB13,017,000 as at December 31, 2019 (2018: RMB21,278,000), as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. In addition, under the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC company. For the Group, the applicable rate is 5%. Deferred tax liabilities have been provided for based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since January 1, 2008.

24. 遞延稅項(續)

遞延稅項資產尚未就於二零一九年十二月三十一日的人民幣13,017,000元的稅項虧損(二零一八年：人民幣21,278,000元)確認，原因為該等虧損已於一直錄得虧損的附屬公司內產生了一段時間，不認為可能有應課稅溢利可用作抵銷稅項虧損。

根據中國企業所得稅法，於中國內地成立的外資企業向境外投資者宣派股息將被徵收10%預扣稅。該規定自二零零八年一月一日起生效，並適用於二零零七年十二月三十一日之後產生的盈利。此外，根據《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》及其相關法規，合資格香港稅務居民倘為「實益擁有人」及持有中國公司股權25%或以上，則其須就源自中國的股息收入按稅率5%繳交預扣稅。就本集團而言，適用稅率為5%。自二零零八年一月一日起產生的溢利所涉的遞延稅項負債乃根據該等附屬公司在可預見未來預期將予分派的股息計提撥備。

25. DEFERRED REVENUE

At beginning of year	年初
Additions during the year	年內添置
Released to profit or loss	撥至損益
At end of year	年末

25. 遞延收入

2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

	370,218	324,186
	29,263	71,742
	(28,556)	(25,710)
	370,925	370,218

Government grants have been awarded for the construction of certain items of property, plant and equipment and prepaid land lease payments of the Company's subsidiaries. There are no unfulfilled conditions and contingencies relating to these grants.

本公司附屬公司的若干物業、廠房及設備項目的建設及預付土地租賃款項已獲發政府補貼。概無有關該等補貼的未達成條件及或然事件。

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26. SHARE CAPITAL

Shares

26. 股本

股份

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Authorised:	法定：		
50,000,000,000 ordinary shares of HKD0.01 each	50,000,000,000 股每股 0.01 港元 的普通股	409,085	409,085
Issued and fully paid:	已發行及繳足：		
13,694,117,500 ordinary shares of HKD0.01 each	13,694,117,500 股每股 0.01 港元 的普通股	112,712	112,712

A summary of movements in the Company's issued share capital and share premium is as follows:

以下為本公司已發行股本及股份溢價變動的概要：

		Number of issued and fully paid ordinary shares 已發行及 悉數支付的 普通股數目	Equivalent nominal value of ordinary shares 等額面值的 普通股 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2018	於二零一八年一月一日	13,694,117,500	112,712	3,411,230	3,523,942
Final 2017 dividend declared	已宣派二零一七年年末股息	-	-	(1,126,779)	(1,126,779)
Interim 2018 dividend declared	已宣派二零一八年年中期股息	-	-	(1,024,262)	(1,024,262)
At December 31, 2018 and January 1, 2019	於二零一八年 十二月三十一日及 二零一九年一月一日	13,694,117,500	112,712	1,260,189	1,372,901
Final 2018 dividend declared	已宣派二零一八年年末股息	-	-	(906,308)	(906,308)
Interim 2019 dividend declared	已宣派二零一九年年中期股息	-	-	(353,881)	(353,881)
At December 31, 2019	於二零一九年 十二月三十一日	13,694,117,500	112,712	-	112,712

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 142 of the financial statements.

Share premium

The share premium of the Group represents the amount paid by shareholders for capital injection in excess of its nominal value. Details of the movements in the share premium are set out in the consolidated statement of changes in equity.

Merger reserve

The merger reserve of the Group represents capital contributions from the equity holders of the Company. The additions in prior years represent the injections of additional paid-in capital by the equity holders of the subsidiaries to the respective companies. The deductions in prior years represent the acquisitions of paid-in capital of the subsidiaries by the Group from the Controlling Shareholders which are accounted for as distributions to the Controlling Shareholders.

Statutory reserve

In accordance with the relevant PRC regulations applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate a certain portion (not less than 10%), as determined by their boards of directors, of their profit after tax in accordance with the PRC Generally Accepted Accounting Principles to the statutory reserve fund (the "SRF") until such reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

In accordance with relevant regulations and the articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its net profit (after offsetting accumulated losses from prior years) to the SRF. After the balance of such reserve reaches 50% of the entity's capital, any further appropriation is at the discretion of the company. The SRF can be utilised to offset accumulated losses or increase capital. However, the balance of the SRF must be maintained at a minimum of 25% of the capital after such usages.

27. 儲備

於本年度及過往年度，本集團的儲備金額及相關變動呈列於財務報表第142頁的合併權益變動表。

股份溢價

本集團的股份溢價相當於股東就注資而支付的金額超出其面值的部分。股份溢價的變動詳情載於合併權益變動表。

合併儲備

本集團的合併儲備指來自本公司權益持有人的資本出資。過往年度添置指附屬公司權益持有人向各公司注入額外實繳資本。過往年度減少指本集團向最終控股股東收購附屬公司的實繳資本（按向最終控股股東分派入賬）。

法定儲備

根據外商獨資企業適用的相關中國法規，本集團內的若干實體須分配一定比例（不少於10%，由其董事會釐定）的根據中國公認會計準則計算的彼等除稅後溢利至法定儲備公積金（「法定儲備公積金」），直至有關儲備達註冊資本的50%。

法定儲備公積金除發生清盤外均不可分派，在符合相關中國法規載列的若干限制後，可用於抵銷累計虧損或資本化作為已發行股本。

根據相關法規及組織章程細則，在中國註冊為內資公司的附屬公司須撥出10%的純利（經抵銷往年累計虧損後）至法定儲備公積金。倘該儲備金結餘達該實體資本的50%，則公司可酌情作出任何額外撥款。法定儲備公積金可用作抵銷累計虧損或增資。然而，作上述用途後，該法定儲備公積金結餘須維持為不少於資本的25%。

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28. CONTINGENT LIABILITIES

As at December 31, 2019, the Group did not have any significant contingent liabilities.

29. PLEDGE OF ASSETS

Details of the Group's bills payable and letters of credit, which are secured by the assets of the Group, are included in note 21 to the financial statements.

30. COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments at the end of the reporting period:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但尚未計提撥備：		
Property, plant and equipment	物業、廠房及設備	236,781	215,077

(b) Operating lease commitments as at December 31, 2018

The Group leased certain of its plant under operating lease arrangements. Leases for plant were negotiated for terms ranging from three to five years.

At December 31, 2018, the Group had total future minimum lease payments under non-cancellable operating leases with its tenants falling due as follows:

		2018 二零一八年 RMB'000 人民幣千元
Within one year	一年內	19,705
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	20,196
		39,901

28. 或然負債

截至二零一九年十二月三十一日，本集團概無任何重大或然負債。

29. 資產質押

本集團的應付票據及信用證(以本集團資產作抵押)詳情載於財務報表附註21。

30. 承擔

(a) 資本承擔

於報告期末，本集團的資本承擔如下：

(b) 於二零一八年十二月三十一日的經營租賃承擔

本集團根據經營租賃安排租用若干廠房。廠房的租賃經磋商為期介乎三至五年。

於二零一八年十二月三十一日，本集團於與租戶的不可撤銷經營租賃下的未來最低租賃付款總額如下：

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31. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

(i) Sales of products:

Hui'an Dali Century Hotel Co., Ltd	惠安縣達利世紀酒店有限公司
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The sales to Hui'an Dali Century Hotel Co., Ltd., which is a company controlled by the Controlling Shareholders, were made according to the published prices and conditions offered to the major customers of the Group.

(ii) Rental expenses:

Rental expenses represent expenses from leases of properties and prepaid land lease payments which are charged in accordance with the terms of the agreements made between the Group and Fujian Dali Foods Group Co., Ltd., which is a company controlled by the Controlling Shareholders.

The operating leases have been recognised as right-of-use assets and lease liabilities in the financial statements, upon the adoption of HKFRS 16 *Leases* effective from January 1, 2019. The rental expense for the twelve months ended December 31, 2019 was RMB19,885,000 (for the twelve months ended December 31, 2018: RMB18,232,000).

(iii) Services purchased:

Hui'an Dali Century Hotel Co., Ltd	惠安縣達利世紀酒店有限公司
Hubei Sky Island Lake	湖北天嶼湖生態文旅有限公司
Eco&Culture-Tourism Co., Ltd	

31. 關聯方交易

(a) 與關聯方的交易：

(i) 銷售產品：

2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

116	169
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向惠安縣達利世紀酒店有限公司(為最終控股股東控制的公司)作出的銷售乃根據提供予本集團主要客戶的已發佈價格及條件進行。

(ii) 租金開支

租金開支指租賃物業的開支及預付土地租賃款項，按本集團與福建達利食品集團有限公司(一間由最終控股股東控制的公司)所作協議的條款收費。

自二零一九年一月一日起採納香港財務報告準則第16號租賃後，經營租賃於財務報表確認為使用權資產及租賃負債。截至二零一九年十二月三十一日止十二個月的租金開支為人民幣19,885,000元(截至二零一八年十二月三十一日止十二個月：人民幣18,232,000元)。

(iii) 已購服務：

2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

6,007	6,307
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2,757	—
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8,764	6,307
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31. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued):

(iii) Services purchased (continued):

The purchases from Hui'an Dali Century Hotel Co., Ltd. and Hubei Sky Island Lake Eco&Culture-Tourism Co., Ltd, which are companies controlled by the Controlling Shareholders, were made according to the published prices and conditions offered by the associates to their major customers.

(b) Compensation of key management personnel of the Group:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries	薪金	16,508	16,490
Pension scheme contributions and social welfare	養老金計劃供款及社會福利	51	52
		16,559	16,542

Further details of directors' emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (a)(i), (a)(ii) and (a)(iii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31. 關聯方交易 (續)

(a) 與關聯方的交易 (續) :

(iii) 已購服務 (續) :

向惠安縣達利世紀酒店有限公司及湖北天嶼湖生態文旅有限公司(由控股股東控制的公司)作出的採購乃根據已公佈價格及聯營公司提供予其主要客戶的條件進行。

(b) 本集團主要管理人員薪酬 :

有關董事酬金的進一步詳情載於財務報表附註8。

有關上文(a)(i)、(a)(ii)及(a)(iii)項目的關聯方交易亦構成上市規則第十四A章下的關連交易或持續關連交易。

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32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2019

Financial assets

		Financial assets at amortised cost 按攤銷成本列賬 的金融資產 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款項及應收票據	736,874
Financial assets included in prepayments and other receivables	計入預付款項及其他應收款項的金融資產	279,202
Pledged deposits	質押存款	141
Cash and bank balances	現金及銀行結餘	11,092,268
		12,108,485

Financial liabilities

32. 按類別劃分的金融工具

於報告期末各類金融工具的賬面值如下：

二零一九年

金融資產

金融負債

		Financial liabilities at amortised cost 按攤銷成本列賬 的金融負債 RMB'000 人民幣千元
Trade and bills payables	貿易應付款項及應付票據	1,347,768
Lease liabilities	租賃負債	19,763
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	569,526
		1,937,057

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32. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2018

Financial assets

		Financial assets at amortised cost 按攤銷成本列賬 的金融資產 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款項及應收票據	714,704
Financial assets included in prepayments and other receivables	計入預付款項及其他應收款項的金融資產	172,269
Pledged deposits	質押存款	12,734
Cash and bank balances	現金及銀行結餘	10,078,566
		10,978,273

Financial liabilities

二零一八年

金融資產

金融負債

		Financial liabilities at amortised cost 按攤銷成本列賬 的金融負債 RMB'000 人民幣千元
Trade and bills payables	貿易應付款項及應付票據	941,834
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	526,955
		1,468,789

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, amounts due from/to subsidiaries, approximate to their carrying amounts largely due to the short term maturities of these instruments.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group's businesses are located in Mainland China and nearly all transactions are conducted in RMB. As nearly all of the Group's assets and liabilities were denominated in RMB, the subsidiaries of the Company in Mainland China were not subject to significant foreign currency risk. As at December 31, 2019, the Group's assets and liabilities denominated in HKD were mainly held by the Company and certain subsidiaries incorporated outside Mainland China which had currencies other than RMB as their functional currencies. The Company and those subsidiaries incorporated outside Mainland China also held bank balances denominated in RMB, from which foreign currency exposures arise.

33. 金融工具的公平值及公平值層級

本集團金融工具的賬面值與公平值合理相若。

管理層已評估現金及現金等價物、質押存款、貿易應收款項及應收票據、貿易應付款項及應付票據、計入預付款項及其他應收款項的金融資產以及計入其他應付款項及應計費用的金融負債、應收／付附屬公司款項，其公平值在很大程度上與其賬面值相若，乃由於此等工具於短期內到期所致。

34. 金融風險管理目標及政策

本集團的主要金融工具包括現金及銀行結餘及質押存款。此等金融工具的主要目的是為本集團的營運籌集資金。本集團擁有多項直接從其營運產生的其他金融資產及負債，如貿易應收款項及貿易應付款項等。

本集團金融工具涉及的主要風險為外幣風險、信貸風險及流動資金風險。董事會審核並批准管理各項風險的政策，有關政策概述如下。

外幣風險

本集團的業務主要位於中國內地，及幾乎全部交易乃以人民幣進行。因本集團幾乎全部資產及負債乃以人民幣計值，本公司的中國內地附屬公司不存在重大外幣風險。於二零一九年十二月三十一日，本集團以港元計值的資產及負債乃主要由本公司及若干附屬公司（於中國內地以外地區註冊成立）持有，彼等以人民幣以外的其他貨幣作為功能貨幣。本公司及該等附屬公司（於中國內地以外地區註冊成立）亦持有以人民幣計值的銀行結餘，從中產生外幣風險。

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HKD exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

		Increase/ (decrease) in HKD rate 港元匯率 上漲／(下跌) %	Increase/ (decrease) in profit before tax 除稅前溢利 增加／(減少) RMB'000 人民幣千元	Increase/ (decrease) in equity* 權益 增加／(減少)* RMB'000 人民幣千元
2019	二零一九年			
If RMB weakens against HKD	倘人民幣對港元貶值	1	(1,100)	312
If RMB strengthens against HKD	倘人民幣對港元升值	(1)	1,100	(312)

* Excluding retained profits

外幣風險(續)

下表列示於報告期末，本集團除稅前溢利及本集團的權益對港元匯率合理可能變動的敏感度(所有其他變量保持恒定)。

		Increase/ (decrease) in HKD rate 港元匯率 上漲／(下跌) %	Increase/ (decrease) in profit before tax 除稅前溢利 增加／(減少) RMB'000 人民幣千元	Increase/ (decrease) in equity* 權益 增加／(減少)* RMB'000 人民幣千元
2018	二零一八年			
If RMB weakens against HKD	倘人民幣對港元貶值	1	(6,497)	882
If RMB strengthens against HKD	倘人民幣對港元升值	(1)	6,497	(882)

* 不包括保留溢利

* Excluding retained profits

* 不包括保留溢利

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31.

The accounts presented are gross carrying amounts for financial assets.

As at December 31, 2019

Trade and bills receivables	貿易應收款項及應收票據
Financial assets included in	計入預付款項及其他
prepayments and other receivables	應收款項的金融資產
— Normal	— 正常
Pledged deposits	已抵押存款
— Not yet past due	— 尚未逾期
Cash and bank balances	現金及銀行結餘
— Not yet past due	— 尚未逾期

34. 金融風險管理目標及政策 (續)**信貸風險**

本集團僅與獲認可且信貸記錄良好之第三方進行交易。本集團之政策為所有擬按信貸期進行買賣之客戶，均須經過信貸核證程序。此外，本集團持續監察應收款項餘額，故本集團之壞賬風險並不重大。就並非以相關經營單位之功能貨幣計值之交易，本集團在未經信貸監控主管批准的情況下不會提供信貸期。

最高風險及年結日級別

下表展示於十二月三十一日根據本集團信貸政策之信貸質素及承受之最高信貸風險，其主要根據逾期資料(除非有毋須額外成本或人力可得之其他資料)，以及年結日級別分類。

呈示金額為金融資產之總賬面值。

於二零一九年十二月三十一日

		12-month ECLs 十二個月 預期信貸虧損	Lifetime ECLs 全期預期 信貸虧損	
		Stage 1 第一級 RMB'000 人民幣千元	Simplified approach 簡化法 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款項及應收票據	—	736,874	736,874
Financial assets included in	計入預付款項及其他			
prepayments and other receivables	應收款項的金融資產			
— Normal	— 正常	279,202	—	279,202
Pledged deposits	已抵押存款			
— Not yet past due	— 尚未逾期	141	—	141
Cash and bank balances	現金及銀行結餘			
— Not yet past due	— 尚未逾期	11,092,268	—	11,092,268
		11,371,611	736,874	12,108,485

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

As at December 31, 2018

		12-month ECLs 十二個月 預期信貸虧損	Lifetime ECLs 全期預期 信貸虧損	
		Stage 1 第一級 RMB'000 人民幣千元	Simplified approach 簡化法 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款項及應收票據	–	714,704	714,704
Financial assets included in prepayments and other receivables	計入預付款項及其他 應收款項的金融資產			
– Normal	– 正常	172,269	–	172,269
Pledged deposits	已抵押存款			
– Not yet past due	– 尚未逾期	12,734	–	12,734
Cash and bank balances	現金及銀行結餘			
– Not yet past due	– 尚未逾期	10,078,566	–	10,078,566
		10,263,569	714,704	10,978,273

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

34. 金融風險管理目標及政策 (續)

最高風險及年結日級別 (續)

於二零一八年十二月三十一日

	12-month ECLs 十二個月 預期信貸虧損	Lifetime ECLs 全期預期 信貸虧損	
	Stage 1 第一級 RMB'000 人民幣千元	Simplified approach 簡化法 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Trade and bills receivables	–	714,704	714,704
Financial assets included in prepayments and other receivables			
– Normal	172,269	–	172,269
Pledged deposits			
– Not yet past due	12,734	–	12,734
Cash and bank balances			
– Not yet past due	10,078,566	–	10,078,566
	10,263,569	714,704	10,978,273

* 就本集團應用簡化法以評估減值之貿易應收款項及應收票據而言，基於撥備矩陣的資料於財務報表附註 19 披露。

有關本集團源自貿易應收款項之信貸風險之更多量化數據於財務報表附註 19 披露。

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

2019

		On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		按要求	少於3個月	3至12個月	1至5年	5年以上	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade and bills payables	貿易應付款項 及應付票據	-	1,347,768	-	-	-	1,347,768
Lease liabilities	租賃負債	19,763	-	-	-	-	19,763
Financial liabilities included in other payables and accruals	計入其他應付款項 及應計費用的 金融負債	289,981	279,545	-	-	-	569,526
		309,744	1,627,313	-	-	-	1,937,057

2018

		On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		按要求	少於3個月	3至12個月	1至5年	5年以上	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade and bills payables	貿易應付款項 及應付票據	-	941,834	-	-	-	941,834
Financial liabilities included in other payables and accruals	計入其他應付款項 及應計費用的 金融負債	241,498	285,457	-	-	-	526,955
		241,498	1,227,291	-	-	-	1,468,789

34. 金融風險管理目標及政策(續)

流動資金風險

本集團使用循環流動資金計劃工具監察其資金短缺風險。此工具考慮其金融工具及金融資產(如貿易應收款項)的到期日及預計經營的現金流量。

二零一九年

二零一八年

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total liabilities divided by capital plus total liabilities. Capital represents equity attributable to the owners of the parent. The gearing ratio as at the end of each reporting period was as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Total liabilities	負債總額	3,670,986	2,830,819
Equity attributable to owners of the parent	母公司擁有人應佔權益	16,276,626	15,414,670
Capital and total liabilities	資本及負債總額	19,947,612	18,245,489
Gearing ratio	資產負債比率	18.4%	15.5%

Note: The Group has adopted HKFRS 16 using the modified retrospective approach and the effect of the initial adoption is adjusted against the opening balances as at January 1, 2019 with no adjustments to the comparative amounts as at December 31, 2018. This resulted in an increase in the Group's total liabilities and hence the Group's gearing ratio increased from 15.5% to 15.7% on January 1, 2019 when compared with the position as at December 31, 2018.

34. 金融風險管理目標及政策 (續)

資本管理

本集團資本管理的主要目標是確保本集團能持續經營及維持健康的資本比率，以支持業務並實現股東價值的最大化。

本集團管理其資本結構並根據經濟狀況變動及有關資產的風險特徵對其作出調整。要維持或調整資本結構，本集團或須調整對股東的股息支付、向股東歸還資本或發行新股份。本集團並無面臨任何外部施加的資本要求。

本集團以資產負債比率監察資本，其乃按負債除以資本加上負債總額計算。資本指母公司擁有人應佔權益。於各報告期末的資產負債比率如下：

附註：本集團已使用經修訂可追溯法採納香港財務報告準則第16號，並對照二零一九年一月一日的年初結餘調整首次採納的影響，且並無對二零一八年十二月三十一日的比較數字作出調整。導致本集團負債總額上升，從而令本集團的資產負債比率由二零一八年十二月三十一日的15.5%上升至二零一九年一月一日的15.7%。

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財務報表附註

December 31, 2019 二零一九年十二月三十一日

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

35. 本公司財務狀況表

以下為於報告期末有關本公司財務狀況表的資料：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Investment in a subsidiary	於附屬公司的投資	1	1
Total non-current assets	非流動資產總值	1	1
CURRENT ASSETS	流動資產		
Cash and bank balances	現金及銀行結餘	200,953	638,177
Due from subsidiaries	應收附屬公司款項	—	1,405,042
Other receivables	其他應收款項	5	487
Total current assets	流動資產總值	200,958	2,043,706
CURRENT LIABILITIES	流動負債		
Due to subsidiaries	應付附屬公司款項	38,648	—
Other payables and accruals	其他應付款項及應計費用	18,412	18,009
Total current liabilities	流動負債總額	57,060	18,009
NET CURRENT ASSETS	流動資產淨值	143,898	2,025,697
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債	143,899	2,025,698
Net assets	資產淨值	143,899	2,025,698
EQUITY	權益		
Share capital	股本	112,712	112,712
Reserves (note)	儲備(附註)	31,187	1,912,986
Total equity	權益總額	143,899	2,025,698

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財務報表附註

December 31, 2019 二零一九年十二月三十一日

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

		Share premium 股份溢價 RMB'000 人民幣千元	Exchange fluctuation reserve 匯兌波動儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At January 1, 2018	於二零一八年一月一日	3,411,230	286,327	169,431	3,866,988
Total comprehensive income for the year	年內全面收益總額	-	124,832	72,207	197,039
Final 2017 dividend declared	已宣派二零一七年末期股息	(1,126,779)	-	-	(1,126,779)
Interim 2018 dividend	二零一八年中中期股息	(1,024,262)	-	-	(1,024,262)
At December 31, 2018 and January 1, 2019	於二零一八年十二月三十一日及二零一九年一月一日	1,260,189	411,159	241,638	1,912,986
Total comprehensive income for the year	年內全面收益總額	-	58,464	1,042,278	1,100,742
Final 2018 dividend declared	已宣派二零一八年末期股息	(906,308)	-	-	(906,308)
Interim 2019 dividend	二零一九年中中期股息	(353,881)	(439,722)	(1,282,630)	(2,076,233)
At December 31, 2019	於二零一九年十二月三十一日	-	29,901	1,286	31,187

35. 本公司財務狀況表(續)

附註：

本公司儲備概要如下：

36. EVENTS AFTER THE REPORTING PERIOD

At the beginning of 2020, the COVID-19 outbreak had certain impact on the Group's businesses, but the Group quickly responded with caution and is actively taking all possible measures to bring the business operation back to normal in a timely fashion. As of the date of this report, all factories of the Group have resumed production. The management of the Group will remain vigilant to the development of COVID-19 outbreak and continuously evaluate the potential impacts on its businesses.

36. 報告期後事項

二零二零年初新型冠狀病毒疾病(COVID-19)疫情爆發對本集團的業務造成一定影響，但本集團謹慎應對，並採取一切可行的有效措施令業務運營盡快重返正軌。於本年報日期，所有工廠全部復產。本集團管理層會繼續對COVID-19疫情保持警覺，並持續評估其對業務的潛在影響。

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 29, 2020.

37. 核准財務報表

財務報表乃由董事會於二零二零年三月二十九日核准及授權。



達利食品集團有限公司
DALI FOODS GROUP COMPANY LIMITED