



Natural, Green and Sustainable

天然、健康、持續增長



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

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 00336

2010-2011 Annual Report 年報



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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Ms. CHU Lam Yiu (*Chairman*)
Mr. LAU Chi Tak (*CEO*)
Mr. POON Chiu Kwok
Mr. WANG Guang Yu
Mr. XIA Li Qun (*CFO*)
Mr. XIONG Qing

Independent Non-executive Directors

Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. MAK Kin Kwong

AUDIT COMMITTEE

Mr. MAK Kin Kwong (*Chairman*)
Mr. LEE Luk Shiu
Ms. MA Yun Yan

REMUNERATION COMMITTEE

Mr. MAK Kin Kwong (*Chairman*)
Ms. MA Yun Yan
Mr. XIA Li Qun

QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCPA, FCCA*

COMPANY SECRETARY

Mr. POON Chiu Kwok *ACIS, ACS*

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISOR

Herbert Smith

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

董事會

執行董事

朱林瑤女士 (*主席*)
劉志德先生 (*總裁*)
潘昭國先生
王光雨先生
夏利群先生 (*財務總監*)
熊卿先生

獨立非執行董事

李祿兆先生
麻雲燕女士
麥建光先生

審核委員會

麥建光先生 (*主席*)
李祿兆先生
麻雲燕女士

薪酬委員會

麥建光先生 (*主席*)
麻雲燕女士
夏利群先生

合資格會計師

蔡文霞女士 *FCPA, FCCA*

公司秘書

潘昭國先生 *ACIS, ACS*

核數師

羅兵咸永道會計師事務所

法律顧問

史密夫律師事務所

主要往來銀行

星展銀行(香港)有限公司
香港上海滙豐銀行有限公司
永隆銀行有限公司

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3008
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke HM8
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

COMPANY WEBSITE

www.huabao.com.hk

INVESTOR RELATIONS WEBSITE

<http://huabao.todayir.com/html/ir.php>

總部及香港主要營業地

香港
灣仔
港灣道18號
中環廣場
3008室

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要股份過戶登記處

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke HM8
Bermuda

股份過戶登記分處

卓佳登捷時有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

股份代號

香港聯合交易所有限公司：00336

公司網址

www.huabao.com.hk

投資者關係網站

<http://huabao.todayir.com/html/ir.php>

Financial Highlights

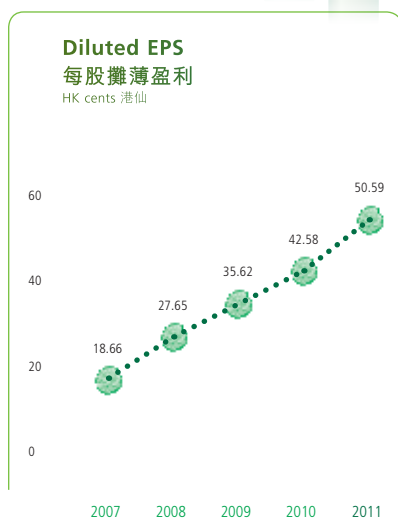
財務摘要

The Group has achieved outstanding results in the past five years:

- Sales increased to HKD2,852 million for the current year from HKD1,013 million for the year ended 31 March 2007 with a CAGR of approximately 29.5%
- Profit attributable to the equity holders of the Company increased to HKD1,604 million for the current year from HKD567 million for the year ended 31 March 2007 with a CAGR of approximately 29.7%
- Diluted earnings per share increased to HK50.59 cents for the current year from HK18.66 cents for the year ended 31 March 2007 with a CAGR of approximately 28.3%
- Dividend per share increased to HK15.18 cents per share for the current year from HK5.6 cents per share for the year ended 31 March 2007. Since listing of the Company's flavours and fragrances business, the accumulated dividend reached approximately HKD2 billion (including the final dividend proposed for the current year). The CAGR of annual total dividend reached approximately 29.3%

本集團於過去五年優異業績概要：

- 營業額從截至二零零七年三月三十一日止年度的港幣10.13億元增加到本年度的港幣28.52億元，複合年增長率約29.5%
- 股東應佔盈利從截至二零零七年三月三十一日止年度的港幣5.67億元增加到本年度的港幣16.04億元，複合年增長率約29.7%
- 每股攤薄盈利從截至二零零七年三月三十一日止年度的港幣18.66仙增加到本年度的港幣50.59仙，複合年增長率約28.3%
- 每股股息從截至二零零七年三月三十一日止年度的每股港幣5.6仙增加到本年度的每股港幣15.18仙，自香精香料業務上市以來累計派發股息約達港幣20億元（包括本年度建議之末期股息），年派息總額複合年增長率高達約29.3%



		2011 二零一一年 HKD'000 港幣千元	2010 二零一零年 HKD'000 港幣千元	Change in percentage 百分比變動 %
Sales	營業額	2,852,173	2,366,403	+20.5%
Gross profit	毛利	2,120,459	1,786,835	+18.7%
Gross profit margin	毛利率	74.3%	75.5%	
Operating profit	營運盈利	1,871,706	1,516,689	+23.4%
Operating profit margin (EBIT margin)	營運盈利率 (EBIT率)	65.6%	64.1%	
Selling and marketing expenses to sales	銷售及市場推廣開支 佔銷售比率	2.8%	3.1%	
Administrative expenses to sales	行政開支佔銷售比率	10.2%	9.9%	
Profit before income tax	除稅前盈利	1,881,114	1,531,649	+22.8%
Profit attributable to the equity holders of the Company	本公司權益持有人應佔盈利	1,604,400	1,340,085	+19.7%
Earnings per share (HK cents)	每股盈利 (港仙)			
– Basic	– 基本	51.01	43.15	+18.2%
– Diluted	– 攤薄	50.59	42.58	+18.8%
Net cash generated from operating activities	營運活動產生之淨現金	1,406,330	1,385,960	+1.5%
Net cash*	淨現金*	936,410	1,659,290	
Total equity	總權益	5,295,863	3,918,207	
Aggregated dividends per share for the whole year (HK cents)	每股全年累計股息 (港仙)	15.18	12.78	
Aggregated special dividends per share for the whole year (HK cents)	每股全年累計特別股息 (港仙)	Nil	8.3	
Dividend payout ratio	全年股息分派率	30%	49%	
Debt ratio [#]	負債比率 [#]	14.8%	6.6%	
Current ratio (times)	流動比率 (倍)	2.1	3.5	
Liquidity ratio (times)	速動比率 (倍)	1.8	3.2	
Inventory turnover (days)	存貨週轉率 (日)	173	139	
Trade receivables turnover (days)	應收賬款週轉率 (日)	74	71	
Trade payables turnover (days)	應付賬款週轉率 (日)	133	121	

* Equals to 'Short-term time deposits' plus 'Cash and cash equivalents' minus 'Short-term borrowings'.

* 等於「短期定期存款」加「現金及現金等價物」減「短期銀行貸款」。

[#] Equals to 'Total borrowing (include current & non-current borrowings)' divided by 'Total Equity (exclude non-controlling interests)'.

[#] 等於「總借貸 (已包括流動及非流動借貸)」除以「總權益 (不含非控制性權益)」。

Company Profile, Corporate Culture and Key Events for the Year

集團簡介、企業文化及全年大事記



Company Profile 集團簡介

Company Profile

Huabao Group is a market leader in China's flavours and fragrances industry. The Group has been the leading producer in terms of sales revenue among competitors, maintaining a significant position within the flavours and fragrances industry in China. The Group is primarily engaged in the R&D, production and sales of flavours and fragrances and reconstituted tobacco leaves ('RTL'). The Group possesses an integrated core value chain, established upstream raw material extraction bases in Botswana, southern Africa, Shandong, Jiangsu, Yunnan and Hunan, and production bases in Shanghai, Yunnan, Guangdong, Jiangsu, Fujian, and Hong Kong etc., and has established a R&D centre in Holzminden, Germany, a State-recognized technical centre in Shanghai and R&D departments in Guangdong, Yunnan and Fujian. The technical centre of Huabao Shanghai, a wholly owned subsidiary of the Group, is currently the only State-recognized technical centre in China's flavours and fragrances industry. The Group takes on leadership roles in a number of industry associations, including the Deputy Director of CAFFCI, Deputy Director of China Food Additives & Ingredients Association and Chairman of Shanghai Food Additive Industry Association.

By leveraging on its excellent management model, a team of high-calibre talents with international experience, outstanding customer services and its high growth momentum, the Group is committed to continuously creating value for society and bringing fruitful returns to its Shareholders!

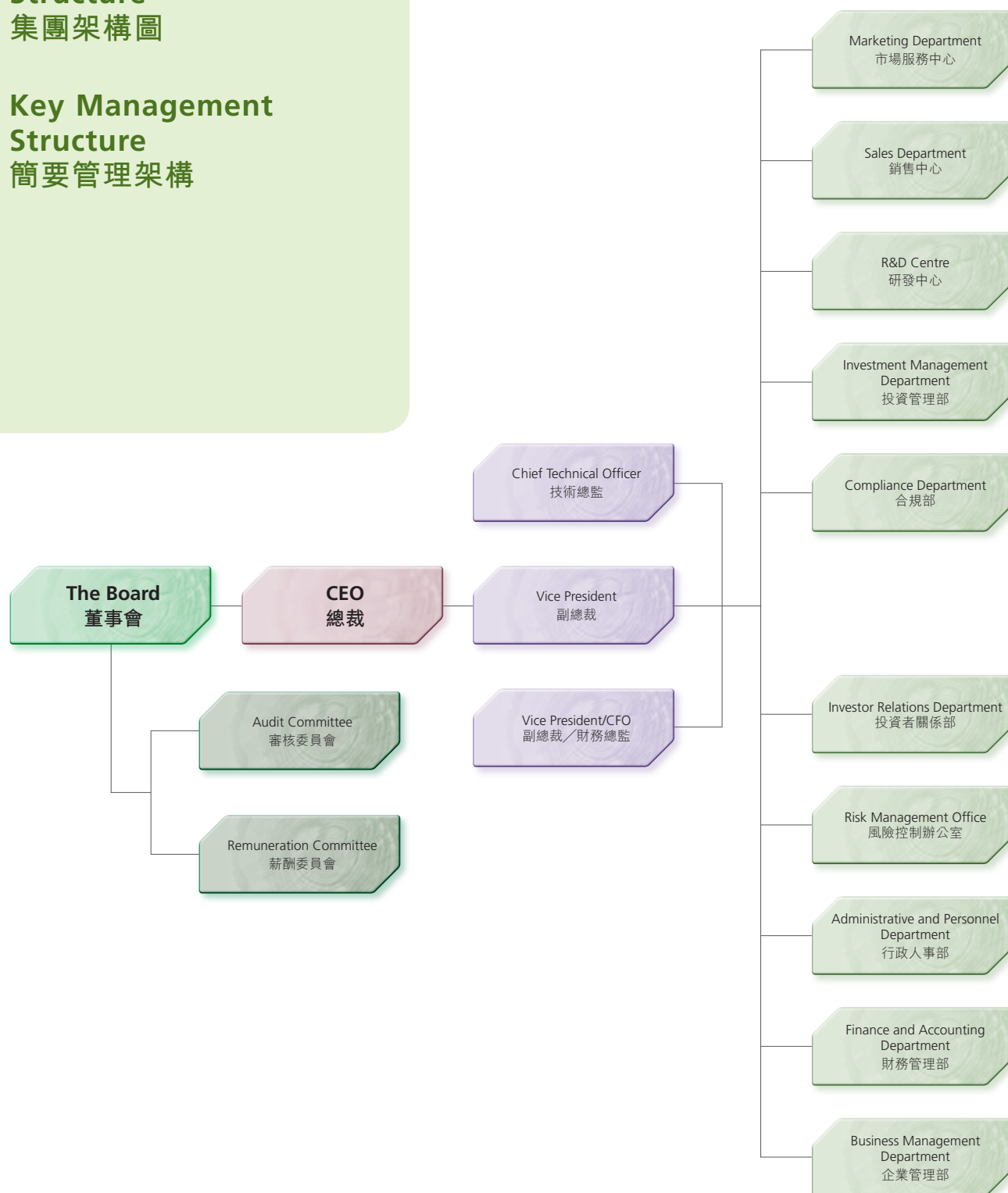
集團簡介

華寶集團是中國香精香料行業的領導者，其銷售額在同行業一直名列前茅，在中國香精香料市場有重要地位。本集團主要從事香精香料及再造煙葉（「煙草薄片」）的研發、生產和銷售。本集團擁有核心一體化的產業鏈，在非洲南部博茨瓦納、山東、江蘇、雲南及湖南等地擁有上游原材料提取中心，在上海、雲南、廣東、江蘇、福建及香港等地設有生產基地，在德國霍爾茨明登設有海外研發中心，並於上海擁有一所國家級企業技術中心，另在廣東、雲南、福建設有研發部門。本集團之全資附屬公司華寶上海之企業技術中心是現時國內同行業中唯一的國家級企業技術中心。本集團在中國香精香料行業組織擔任多個領導職位，包括中國香料香精化妝品工業協會副理事長、中國食品添加劑工業協會副理事長和上海市食品添加劑行業協會會長等。

本集團將繼續憑借優秀的管理模式、高素質、國際化的人才隊伍、良好的客戶服務能力以及高速成長性，不斷為社會創造價值，為股東帶來豐厚的回報！

Corporate Structure 集團架構圖

Key Management Structure 簡要管理架構



Corporate Culture 企業文化

Vision 願景

Striving to be No. 1

爭做第一

Spirit 精神

Innovative, pragmatic, loyal and cooperative

創新、務實、忠誠、協作

Core Value 核心價值觀

Adhere to the 'market driven and client first' philosophy and achieve mutual growth for both the Group and its staff

以市場為龍頭，堅持客戶至上的原則，實現集團和員工共同成長

Strategy 戰略

- Multi-pronged with focus on flavours and fragrances as core value
- Accelerate the development of flavours business, actively develop fragrances business
- Proactively expand into the new cigarette materials, led by the reconstituted tobacco leaves, and food ingredients businesses
- Expand upstream aromatic raw materials business and strive to form an integrated core value chain
- Expand through organic growth and M&A
- Leverage on China's market to grow into a globally leading player in the flavours and fragrances industry and tasty life
- 堅持以香精香料為核心的同心多元化發展戰略
- 加快食用香精香料的發展步伐，積極拓展日用香精香料
- 積極拓展以煙草薄片為代表的卷煙新材料和餐飲配料業務
- 積極發展上游香原料業務，致力於打造核心一體化的產業鏈
- 採用自身發展與併購相結合的方式
- 依托中國市場，發展成為全球頂級的香精香料公司和美味生活的領跑者

Key Events for the Year 全年大事記

A seminar named 'Sensory Evaluation Methodology of Chinese cigarettes' was held in Shanghai, attended by domestic major tobacco and tobacco-related R&D institutions. This seminar played a big part in the future development of the quality of cigarettes, it once again provided a chance for the Group to show its position in the tobacco flavours industry and its strategic partnerships with major tobacco groups

在上海舉行「中式卷煙感官評價方法」研討會，國內主要煙草公司及煙草科研機構參加了會議。該研討會對未來卷煙品質的發展方向有重要意義，再次體現了本集團在煙用香精香料領域的行業地位及與重點煙草企業的戰略合作關係

2010 MAY 5月

- Successfully acquired Yunnan Huaxiangyuan by way of capital injection, with an aim to further develop special aromatic raw materials and construct an integrated core value chain
- 成功通過增資擴股收購雲南華香源，進一步發展特色香原料業務，打造核心一體化的產業鏈
- Yunnan Tianhong's technical center has been named as a Provincial-recognized technical center
- 雲南天宏技術中心被認定為省級技術中心



2010 SEP 9月

2010 JUN 6月

The Group's subsidiaries in the food sector collectively attended the 12th Annual FIA China and received high praise

本集團食品類下屬公司聯合參展第十二屆亞洲食品配料中國展，並獲得了高度評價

2010 NOV 11月

- Huabao Kongque won the title of 'Top Ten Brands of Food Additives', brand value and enterprise's significance were further improved
- 華寶孔雀榮獲「食品添加劑十大知名品牌」稱號，品牌價值和企業影響力進一步提升



- Completed the acquisition of Guangdong Jinye Group, established a strategic development platform for the Group's RTL business
- A new invention application of Guangdong Jinye, 'A Method of Reducing Extracted Liquid Pectin in the making of Reconstituted Tobacco Leaves', has been accepted by the State Intellectual Property Office
- 完成收購廣東金葉集團，建立了本集團煙草薄片業務的戰略性發展平台
- 廣東金葉一項新的發明創造申請－「一種降低造紙法煙草薄片提取液果膠質含量的方法」，獲得了國家知識產權局受理

2011 JAN 1月

2011 FEB 2月

- The 'Accreditation Conference for Cigarette Flavourists and Senior Flavourists' undertaken by Guangzhou Huafang as a base for training cigarette perfumery talents of the State Tobacco Monopoly Administration ('STMA') and was jointly organized by the Science & Technology Department and the Human Resources Department of STMA, which was held in Guangzhou. The meeting conducted reviews and recognition of the graduates of cigarette perfumery flavourists and senior perfumery flavourists. The review meeting represents a senior qualification recognition of the domestic cigarette perfumery field and is one of the few institutions recognized by STMA in the cigarette perfumery sector
- Guangzhou Huafang successfully hosted the 'Tobacco Flavours Standardization Forum' for the first time, such forum played a big part in the future development of the new industry standards
- 由國家煙草專賣局科技司和人事司共同組織，廣州華芳作為國家局卷煙調香人才培養基地承辦的「卷煙調香師和高級調香師認定評審會」在廣州召開。會議對卷煙調香師和高級調香師畢業學員進行了認定評審。該評審會代表了國內卷煙調香領域的高級資質認定，是卷煙調香行業少數幾個獲得國家煙草專賣局認證的機構之一
- 廣州華芳順利承辦首次「煙草香精標準項目研討會」，該研討會對行業未來標準有重要意義



China Tobacco Hunan Industrial Co. Ltd (“China Tobacco Hunan”) joint laboratory with the Group was established. This marked the first time China Tobacco Hunan established a joint laboratory with a third party, symbolising a partnership between Huabao and China Tobacco Hunan that has entered a new stage

湖南中煙工業有限責任公司（「湖南中煙」）與本集團共建聯合實驗室，這是湖南中煙首次與第三方成立聯合實驗室，標誌着華寶與湖南中煙的合作進入新的階段

2011 MAR 3月

2011 APR 4月

- Signed technical service agreement with China Tobacco Anhui to jointly construct a RTL production line, symbolizing yet another step forward for the Group in the RTL area
- The Group established Yongzhou Shanxiang in Hunan province, symbolizing yet another breakthrough for the Group in the area of natural flavours
- The Group intends to build a comprehensive production and R&D plant in Jiangxi province, to lay a solid foundation for the next step of development
- 與安徽中煙簽訂技術服務協議，合作建設煙草薄片生產線，標誌着本集團在煙草薄片領域又取得了新的進展
- 本集團在湖南組建永州山香，標誌着集團在天然香料領域發展又一次新的突破
- 集團擬在江西省興建一綜合生產及研發基地，為下一步的發展奠定堅實的基礎

CEO's Statement

總裁報告



The financial year 2011 is a meaningful one for Huabao, marking its fifth anniversary of the listing of its flavours and fragrances business and accomplishing the Group's three-year business development objectives. On behalf of the management, I am pleased to announce to all shareholders that, the sales revenue of the Group amounted to approximately HKD2,852 million for the year ended 31 March 2011, representing an increase of 20.5% and doubled over that of the year ended 31 March 2008. The profit attributable to equity holders amounted to approximately HKD1,604 million, representing an increase of 19.7% to that of last year. Our three-year business development objectives have been accomplished, which further enhanced the comprehensive competitiveness of the Group.

Operating environment review

In the year of 2010, China maintained rapid growth, with its Gross Domestic Product growth exceeding 10%, becoming the world's second largest economy. The China domestic consumer goods market has also maintained rapid growth momentum, while the pressure of price rises is high, a series of downstream food safety incidents has once again cast a shadow on China's food and beverage industry and food additives industry. A new round of industry adjustment and consolidation is set to begin. Such industry integration and negative opinions will impose adverse effect on related industries in the short and middle run. These industry adjustments, however, are viewed as positive and beneficial in the long run. And, as a leading domestic player in the flavours and fragrances industry, the Group will surely benefit from the integration in the PRC food and beverage industry.

On behalf of the Board of Directors, I am pleased to present to the Shareholders the annual results of the Group for the year ended 31 March 2011.

本人謹代表董事會欣然向各股東報告本集團截至二零一一年三月三十一日止年度之全年業績。

二零一一年財年對於華寶意義重大，今年是華寶香精香料業務成功上市五週年，同時也是本集團三年業務發展計劃的完成年。我僅代表管理層欣然向全體股東宣布，截至二零一一年三月三十一日止年度，本集團的銷售收入達到了約港幣28.52億元，較上年增長約20.5%，較二零零八年三月三十一日止年度增長超過一倍；股東應佔盈利約港幣16.04億元，較上年增長約19.7%，圓滿地完成了三年業務發展計劃，集團的綜合競爭力更上一個新台階。

經營環境回顧

二零一零年，中國繼續保持了高速增長，國內生產總值增長繼續超過10%，並成為全球第二大的經濟實體。中國內需消費品市場亦保持了快速增長的勢頭，但物價上漲的壓力較大，且一系列下游食品安全事故再次對中國食品飲料行業以及食品添加劑行業產生負面影響。新一輪的行業整頓和合併又已開始。這些行業整頓以及對食品添加劑行業的負面看法，中短期會對相關行業產生不利影響，但從長遠來看，這些行業調整都是正面、積極的，而且作為國內領先的香精香料企業，本集團必將受益於中國食品及飲料行業的整合。

Looking back to the operating environment in 2010, both challenges and opportunities were found. The management and I adopted effective countermeasures in a decisive manner, including increasing the stock of certain raw materials which were to be affected by inflation. Meanwhile, thanks to the increasing efforts in vertical integration as well as heavy development in the natural aromatic raw materials business, the influence on gross profit margin of the Group by inflation of raw materials was kept to a limited level and its gross profit margin remained stable as a whole. Moreover, thanks to our years of persistence on the strict quality control requirements and a strict system established in raw material procurement, production, and finished products, Huabao has again managed to cope with the food safety crisis accordingly and has obtained high recognition from the industry. Secondly, the Group adhered to the core strategies of 'multi-pronged, focus growth' and constantly boosted the construction of an integrated core value chain, and achieved encouraging results. During the year, the Group completed the acquisition of Guangdong Jinye Group and actively promoted the construction of Guangdong Jinye's second phase project along with other RTL projects; and also the acquisition of Yunnan Huaxiangyuan and the formation of Yongzhou Shanxiang to heavily develop the premium and special upstream aromatic raw materials business, these have returned rapid growth.

回顧二零一零年的經營環境，可謂挑戰和機會並存。我和管理層首先採取了果斷的措施，適當地增加了部份會受到通脹影響的原材料的儲存量，同時由於繼續加大垂直整合力度及積極發展天然香原料業務，使得本集團的毛利率受原材料通脹影響較小，整體保持穩定。而且，感謝我們多年堅持對品控的嚴格要求及從原材料採購、生產、成品建立的一套嚴密體系，使得華寶在食品安全風波中再次成功有序應對，獲得了行業的高度認可。其次，集團堅持同心多元化的發展策略，不斷推進一體化產業鏈的建設，取得了可喜的成績。年內，集團完成了對廣東金葉集團的收購並積極推進廣東金葉二期項目以及其他煙草薄片項目的籌建工作；並收購了雲南華香源及組建永州山香，大力發展優質特色上游香原料業務，實現了快速增長。

Persistent in promoting the development of 'multi-pronged, focus growth', constructing an integrated core value production line, and achieving outstanding results

For the year ended 31 March 2011, sales revenue of the Group increased by approximately 20.5% to approximately HKD2,852 million, out-performing the expected growth target. Gross profit margin reached approximately 74.3%, and EBIT margin reached approximately 65.6% which further elevated from approximately 64.1% last year. Profit attributable to equity holders was approximately HKD1,604 million, representing an increase of approximately 19.7% year-on-year; and basic earnings per share was HK51.01 cents, representing an increase of about 18.2% year-on-year. All of these represent excellent operating results. These figures are not only representative of the successful completion of this three-year business development plan, but also proved correct the accurate development strategies of 'multi-pronged, focus growth' and boosting the construction of an integrated core value chain insisted on by the Group for years. In terms of core strategies of 'multi-pronged, focus growth', the Group acquired Xiamen Amber in 2008 to enter into the fragrances field, and recorded revenue beyond HKD160 million for the current year, representing an increase of nearly three times over HKD55 million recorded at the time of acquisition; last year, the Group decisively acquired Guangdong Jinye Group after years of preparation, and strategically entered the reconstituted tobacco leaves industry. Integration work has begun since the acquisition was completed and is progressing accordingly; the second phase of the expansion project is being implemented proactively, as well as cooperative projects such as technical cooperation with China Tobacco Anhui and Huangguoshu Jinye are also in development. For the five months ended 31 March 2011, the sales revenue of Guangdong Jinye Group amounted to approximately HKD86.76 million, with EBITDA margin of approximately 33.5%, which is in line with management's expectations. In terms of construction of an integrated core value chain, with the completion of Wuxi production bases in 2007, acquiring the Botswana F&G base in 2009, acquiring Qingdao Qingda and Yunnan Huaxiangyuan in 2010 and establishing Yongzhou Shanxiang in 2011, the Group has created a new development strategy with a combination of advantageous natural aromatic raw materials plus flavours products and with a mode of resources complementing the market, and has been building its integrated value chain step by step along the industrial chain of flavours and fragrances. The Group's overall capability in countering risks has been further elevated, so has its competitive advantages.

堅持同心多元化的發展，推進核心一體化產業鏈，取得優異的成績

截至二零一一年三月三十一日止年度，本集團實現銷售收入約港幣28.52億元，同比增長約20.5%，實現了預期的增長目標；毛利率達約74.3%；EBIT率達約65.6%，較上年的約64.1%進一步提升；股東應佔盈利為約港幣16.04億元，同比增長約19.7%；每股基本盈利港幣51.01仙，同比增長約18.2%，取得了優異的經營業績。這些數字不但表明了這三年業務發展計劃的圓滿完成，更是證明了集團多年來堅持同心多元化，推進核心一體化產業鏈發展戰略的正確性。在同心多元化方面，集團於二零零八年收購廈門琥珀進入日用香精香料領域，今年板塊收入超過港幣1.6億元，較收購當年的約港幣5,500萬元增長了近三倍；去年集團經過多年的前期準備，果斷收購廣東金葉集團，戰略性地進入煙草薄片行業。收購後的整合工作推進有序，二期擴建項目也正在密鑼緊鼓地實施當中，與安徽中煙技術合作及黃果樹金葉等合作項目亦在籌建中。截至二零一一年三月三十一日止年度五個月，廣東金葉集團實現銷售收入約港幣8,676萬元，EBITDA率達到約33.5%，符合管理層預期。在核心一體化產業鏈建設方面，從二零零七年設立無錫生產基地，二零零九年收購博茨瓦納F&G基地，二零一零年收購青島青大和雲南華香源，二零一一年組建永州山香，華寶開創了一條以天然香原料結合香精香料優越產品，以資源加市場模式的全新發展道路。本集團正沿着香精香料的產業鏈，一步一步地打造華寶特色的一體化產業鏈。集團整體抗風險能力進一步加強，綜合競爭力進一步提高。



● Flavours 食用香精香料	91.3%
● Fragrances 日用香精香料	5.6%
● RTL 煙草薄片	3.1%

Rewarding shareholders, continuously in creating value for shareholders

For the year ended 31 March 2011, the Group's net cash generated from operating activities amounted to approximately HKD1,406 million, which was relatively stable growth compared with last year. Net cash amounted to approximately HKD936 million, helping the Group to maintain a very healthy financial position. After taking into account the excellent operating results and strong cash flows, to reward our Shareholders, the Board recommended the payment of a final dividend for the year of HK7.98 cents (2010: HK6.78 cents) per share, or HK15.18 cents per share for the full year, with dividend payout ratio at approximately 30%. Since the listing of the business, the Group has been continuously rewarding shareholders by ways of dividends and special dividends. In the past five years, the accumulated dividend reached approximately HKD2 billion declared by the Group.

FUTURE DEVELOPMENT PLANS

The global economy is in the midst of a long recovery period, and the future growth of China's economy will be slowed as well. Against such macro environments, the Group must always adhere to the 'multi-pronged, focus growth' development strategy, constructing an integrated core value chain, continuously identifying new business growth points, enhancing the Group's capability in countering risks, actively construct a more natural, greener, and healthier production chain, and achieving long-term sustainable growth.

Firstly, with flavours and fragrances as its core, the Group will diversify into the business of new materials for cigarettes, which is represented by the RTL business, and further develop the upstream natural aromatic raw materials area. In tobacco related fields, the Group will use the 'Twelfth Five-Year Plan' and its development targets of '532' and '461' as an opportunity to further improve its industry position in the tobacco flavours market. Meanwhile, the Group will spare no efforts in the development of its RTL business; at this time the Group will pursue the growing market of reduced tar content and harm. The long term strategy of the Group, i.e. pursue the strategy of 'Big customers, Big brands', remains unchanged. We expect growth momentum in our existing flavours and fragrances business will be sustained. On the RTL side, the implementation of the second phase of the expansion project of Guangdong Jinye and startups of other RTL related projects will see rapid growth in development.

回饋股東，不斷為股東創造價值

截至二零一一年三月三十一日止年度，本集團由營運活動產生的淨現金流約港幣14.06億元，與去年相比穩中有升。淨現金約港幣9.36億元，財務狀況非常健康。考慮到良好的經營業績和良好的現金流，董事會建議宣派本年度末期股息每股港幣7.98仙（二零一零年：港幣6.78仙），全年共派發每股港幣15.18仙，派息比率約30%。自上市以來，集團不斷通過股息及特別股息回饋股東，過去五年集團累計宣派股息達港幣20億元。

未來發展計劃

全球經濟正處於一個漫長的復蘇期，中國經濟未來的增長速度亦將有所放緩。在這種宏觀環境下，集團必須始終堅持同心多元化的戰略，打造核心一體化產業鏈，不斷發掘新的業務增長點，增強集團整體抗風險的能力，努力建設更加天然、綠色和健康的產業鏈，獲得長期可持續的增長。

首先，集團將以香精香料為核心，多元化地發展以煙草薄片為代表的卷煙新材料業務，進一步拓展上游天然香原料領域。在煙草相關領域，本集團將牢牢把握「十二五計劃」作為發展契機，圍繞「532」和「461」的品牌發展目標，不斷加強在煙用香精香料方面的行業地位。同時，全力發展煙草薄片業務，把握降焦減害帶來的巨大商機。本集團的長期策略不變，即堅持「大客戶、大品牌」的戰略，我們預期未來集團現有的香精香料業務將維持增長勢頭；在煙草薄片方面，隨着廣東金葉二期擴建項目的順利實施以及其他薄片項目的啟動，本集團在該領域將迎來高速發展。

In the food and beverage field, the Group fully integrated the advantages of upstream natural aromatic raw materials, adhered to the development of natural, healthy and tasty local products, and provided product quality and taste solutions for local major customers; moreover, it continued to implement an overall strategy by fully leveraging its strengths in having a nationwide network for the heavy development of local small- and medium-sized customers and helping them to constantly improve product quality. Certainly, the management expected that the recent food safety disturbance and the new industry standards would still have certain negative impact on relevant industries. As one of the largest local flavours and fragrances enterprises in the PRC, the management and I are confident in addressing these challenges and will seize the opportunities brought from further industrial adjustment.

In the aromatic raw materials sector, Huabao has continued with its commitment to the strategic development of the upstream aromatic raw materials business to create an integrated core value chain and enhance its overall competitiveness. The establishment of the bases of Wuxi Huahai and Botswana's F&G and the successful acquisitions of Qingdao Qingda and Yunnan Huaxiangyuan as well as the establishment of Yongzhou Shanxiang, have greatly elevated the Group's status in the integrated core value chain, as well as its capability in countering risks. Furthermore, by utilizing premium upstream raw materials as a platform and combining it with the Group's advantages in flavours and fragrances business, products' quality and competitive advantages will be further elevated. The Group's core business in flavours and fragrances is further improved. Furthermore, these upstream raw material bases also enabled the Group to obtain significant market share of certain important upstream natural aromatic raw materials. In the next step, the group will continue to accelerate the development of the aromatic raw materials segment, further elevating the Group's overall competitive advantages and pushing for the formation of an integrated core value chain.

The Chinese consumer products market is advancing to a higher level, consumers will demand for higher product taste and quality, with a tendency towards more natural products. This trend will inevitably lead to a significant increase in the value of per capita consumption of flavours and fragrances. From a long-term perspective, the global flavours and fragrances business will gradually shift its focus to Asia; the integrated core value chain will enable Huabao to possess a more natural, greener and healthier product system, thereby firmly capturing the opportunities of industrial upgrade to achieve greater development. The use of RTL will reduce the harm of cigarette products, and tobacco waste is the major raw material used in production of RTL; food and beverage products will be more natural and healthier with the development of upstream natural aromatic raw materials by the Group. I believe, the Group's future growth will be greener and healthier.

在食品飲料領域，本集團充分結合上游天然香原料的優勢，堅持以發展天然、健康和美味的本地產品，為本地大客戶提供產品品質及口味的解決方案；並繼續充分發揮遍佈全國的網絡優勢大力發展本地中小客戶，協助其不斷提高產品品質的整體戰略。當然，管理層預計近期食品安全風波以及新的行業標準對相關產業仍會產生一定的負面影響。作為本土最大的香精香料企業之一，我和管理層很有信心應對這些挑戰，把握下一輪行業調整帶來的機會。

在天然香原料領域，華寶始終致力於戰略性地發展上游香原料業務，打造核心一體化的產業鏈，增強華寶的綜合競爭力。無錫華海、博茨瓦納F&G基地的建立加上收購青島青大、雲南華香源以及組建永州山香的成功，大大提高了集團產業鏈一體化的程度，增強了集團整體抗風險的能力。同時利用優質的上游原料平台，結合集團香精香料業務的優勢，進一步提升了產品品質和競爭力，進一步加快了本集團香精香料核心業務的發展。而且，這些上游原料基地亦使集團在某些重要的上游天然香原料市場上佔有重要份額。下一步，本集團將繼續加快香原料板塊的發展，進一步加強集團的整體競爭優勢，推進核心一體化產業鏈的建設。

中國消費品市場正在向更高階段發展，消費者對產品的口感和質量要求將更高，傾向更天然化的產品。這種趨勢必導致人均香精香料消耗的價值大幅提升。長遠來看，全球香精香料的重心將逐步移向亞洲，核心一體化的產業鏈將使華寶擁有更加天然、綠色和健康的產品體系，從而牢牢抓住產業升級的契機，實現更大的發展。煙草薄片的使用將降低卷煙產品的危害，其生產原料主要利用煙葉廢料；食品及飲料類產品將隨着本集團上游天然香原料的發展更加天然、健康。我相信集團未來的增長將更加綠色和健康。

In regards to capital markets, in recent years, the financing platform for China domestic capital market has drawn increasing attentions. In order to broaden its financing platform and increase Huabao's brand awareness, the Group, in line with its domestic business development, is now seeking advice with professional parties to carry out operation plans on platforms for China domestic capital markets. Up to date, the Group has not formulated any final opinion or concrete plans. However, it will consider both the interest of its shareholders and the development of its business and will make public the related progress, if appropriate.

In respect of M&A, the Group will continue to focus on the strategy of 'multi-pronged, focus growth', building a new business development platform through M&A and accelerate the development of existing core businesses. In the past several years, the Group has successfully carried out several M&As differing in size and has set up a team with strong M&A implementation, effective integration measures and strict internal control. In the future, the Group will remain focused on domestic targets and proactively pay attention to M&A opportunities overseas to further enhance its own technological strength and product development capabilities. The Group will achieve faster development by fully leveraging its financial strength and relying on the Chinese market.

Lastly, I would like to reiterate the Group's development strategy. The Group will continue to implement the 'multi-pronged, focus-growth' development strategy. In line with its prudent corporate management approach, the Group will also develop its businesses by way of combining organic growth and M&As so as to create an integrated core value chain and fully capitalize on the upcoming enormous business opportunities arising from the Chinese consumer products market as a result of the next round of China's continuous growth. Through organic and M&A development, the Group will rapidly grow into a globally leading player in the flavours and fragrances industry and tasty life! The management and I are confident in the future of Huabao, and will work together diligently to create optimal value and return for our Shareholders.

I would like to take this opportunity to express my gratitude to our Shareholders, customers and suppliers for their continuous shepherd and support. I truly wish to express my appreciation to the Directors, the management and all staff members of the Group for their loyalty, diligence and hard-work in the past year. Together with the Directors and the staff, we will uphold the spirit of Huabao: 'innovative, pragmatic, loyal and cooperative', to strive for the best of Huabao and to deliver more prosperous returns for all Shareholders!

LAU Chi Tak
CEO

Hong Kong, 17 June 2011

在資本市場方面，近來，國內資本市場融資平台日益備受關注。集團為進一步拓寬融資平台，增加華寶的知名度以及配合國內業務發展的需要，本集團正在和中介機構進行溝通並探討建立國內資本市場融資平台的操作方案。截至目前為止，本集團尚未就具體方案達成確定性意見，本集團將以股東利益和業務發展並重考慮，並向市場公佈有關進展情況（如適當）。

在併購方面，本集團將繼續圍繞同心多元化的戰略，通過併購構建新的業務發展平台，並加速現有核心業務的發展。過去幾年，本集團已經成功地進行了數次大小併購，形成了一支併購執行力強、整合措施有效及內控嚴密的團隊。未來，併購的側重點仍然是以國內目標為主，積極關注海外併購機會，以進一步充實自身的科技實力及產品研發能力；依靠中國市場，充分利用自己的財務實力，實現更快的發展。

最後，我想再次重申集團的發展策略。集團將繼續堅持同心多元化的發展戰略，執行穩健的企業管理風格，繼續走自身發展與收購相結合的發展道路，打造核心一體化產業鏈，全力把握未來中國經濟持續發展為中國消費品行業帶來的巨大商機，通過有機和併購的發展實現高速增長，發展成為全球規模的香精香料公司和美味生活的領跑者！管理層和我對華寶的未來充滿信心，我將和其他管理層一同努力奮鬥，在未來為股東創造更大的價值和回報。

本人藉此機會謹向我們的股東、客戶及供應商致謝，感謝他們長期的關心和支持。本人並向各位董事、管理層及全體員工就大家在過去一年對本集團的忠誠、努力和勤奮致以真誠感激。本人將與全體董事及員工一道，秉承創新、務實、忠誠、協作的華寶精神，為華寶的事業竭盡全力，為廣大股東帶來更理想的回報！

劉志德
總裁

香港，二零一一年六月十七日

Management Discussion and Analysis

管理層討論及分析

Production capacity of flavours and fragrances of major subsidiaries
as at 31 March 2011

於二零一一年三月三十一日主要附屬公司香精香料的產能

(tons 噸)

Shanghai	上海	
Huabao Kongque	華寶孔雀	4,500
Huabao Shanghai	華寶上海	3,000
Huashun Shanghai	華順上海	1,300
Shanghai Yinghua	上海英華	1,500
Jiangsu	江蘇	
Taichang Wenhua	太倉文華	800
Wuxi Fuhua	無錫福華	1,500
Wuxi Jiahua	無錫嘉華	1,200
Wuxi Huaxin	無錫華馨	600
Wuxi Huahai	無錫華海	500
Guangdong	廣東	
Feijia Additive	飛嘉創業	500
Guangdong Zhaoqing	廣東肇慶	1,000
Guangzhou Huabao	廣州華寶	4,000
Guangzhou Huafang/Owada	廣州華芳 / 澳華達	2,000
Others	其他	
F&G	F&G	150
Huabao Hong Kong	華寶香港	300
Qingdao Huabao	青島華寶	1,000
Qingdao Qingda	青島青大	650
Xiamen Amber	廈門琥珀	800
Yunnan Huaxiangyuan	雲南華香源	1,000
Yunnan Tianhong	雲南天宏	2,500
		Approximately
		約
Total production capacity	總產能	28,800

Production capacity of reconstituted tobacco leaves of major subsidiaries, joint ventures and technical cooperation
as at 31 March 2011

於二零一一年三月三十一日主要附屬公司、聯營公司及技術合作之煙草薄片項目的產能

(tons 噸)

Guangdong Jinke – 55.375% ownership	廣東金科 – 持有55.375%	10,000
Guangdong Jinye (under construction) – 100% ownership	廣東金葉 (籌建中) – 持有100%	20,000
Huangguoshu Jinye (under construction) – 30% ownership	黃果樹金葉 (籌建中) – 持有30%	10,000
Hunan Jinye – 10% ownership	湖南金葉 – 持有10%	10,000
Shanghai Tobacco Taichuang – 6.96% ownership	上煙太倉 – 持有6.96%	10,000
China Tobacco Anhui (under construction) – technical cooperation	安徽中煙 (籌建中) – 技術合作	10,000
		Approximately
		約
Total production capacity	總產能	70,000

Acquisitions completed during the reporting period

The Group remains committed to its development strategy by combining organic growth plus M&A in carrying out consolidation in the Chinese flavours and fragrances industry and upstream businesses, which has reaped very good results. During the reporting period, the Group completed the acquisitions of Yunnan Huaxiangyuan and Guangdong Jinye Group and the establishment of Yongzhou Shanxiang, making dynamic progress in implementing the strategic plan of constructing an integrated core value chain. As a result, the Group's overall competitiveness has further been enhanced.

Acquisition of Yunnan Huaxiangyuan – to develop characteristic aromatic raw materials business and construct an integrated core value chain

In September 2010, the Group entered into an agreement with independent third parties, pursuant to which the Group subscribed for 60% equity interest in Yunnan Huaxiangyuan at a consideration of approximately HKD4,314,000 by way of capital injection. In October 2010, the Group further proportionally injected approximately HKD9,250,000 for expanding its production scale and to elevate its production capacity. Yunnan Huaxiangyuan is an enterprise incorporated in the PRC which is mainly engaged in the production of natural flavouring oils, including eucalyptus oil, citronella oil, wintergreen oil and geranium oil, etc, which are among commonly used raw materials in the fragrances business. Yunnan province is considered to be a main producer of these aromatic raw materials in China and globally, it has its advantages in resources. Its founding team has many years of extensive experience in the industry.

The acquisition of Yunnan Huaxiangyuan is in line with Huabao's core strategies of 'multi-pronged, focus growth' and the construction of an integrated core value chain, Xiamen Amber will then form a structure of upstream-downstream alliance by utilizing combinations of natural aromatic raw materials and products, which will greatly improve the competitiveness and realizing rapid development in the fragrances business.



Eucalyptus – mainly produced in southern China
桉樹 – 主產地為中國南方

本報告期內完成的收購

本集團堅持有機與併購增長相結合的發展戰略，不斷對中國香精香料行業及上游產業進行整合，並取得了很好的效益。本報告期內，本集團完成了對雲南華香源及廣東金葉集團的收購並組建永州山香，積極推進打造核心一體化產業鏈的戰略部署，並進一步加強了本集團的綜合競爭力。

收購雲南華香源 – 發展特色香原料業務，打造核心一體化的產業鏈

於二零一零年九月，本集團以約港幣4,314,000元的代價與獨立第三方訂立協議，通過增資擴股收購雲南華香源60%的股權。於二零一零年十月，又進一步按比例增資約港幣9,250,000元，擴大生產規模，提升產能。雲南華香源是一家在中國註冊的從事天然香料油生產的企業，主要產品包括：桉葉油、香茅油、冬青油及香葉油等，是日用香精香料的常用香原料之一。雲南省是中國乃至全球這類香原料的主要產地之一，佔有明顯的資源優勢，其創始團隊在業內具有多年的豐富經驗。

收購雲南華香源符合華寶同心多元化、打造核心一體化產業鏈的整體戰略，並與廈門琥珀形成了天然香原料加香精的產品組合及上下游一體化的結構，大大提升了日用香精香料業務的競爭力和實現了快速發展。



Wintergreen – common for pharmaceutical use
冬青 – 常用於製藥方面

Completed the acquisition of Guangdong Jinye Group – practically entered the RTL business

In November 2010, the Group entered into an acquisition agreement with independent third parties and acquired 100% equity interest in Guangdong Jinye Group at a consideration of HKD1,329,763,000. The Group obtained control of Guangdong Jinye Group on 1 November 2010 and the acquisition was subsequently completed in January 2011. Guangdong Jinye Group is one of the limited designated production bases authorized by the State Tobacco Monopoly Administration specializing in the manufacturing of RTL and is also one of the largest RTL manufacturers in the PRC. Established in 1999, Guangdong Jinye Group is one of the first enterprises that engaged in the R&D, production and sale of RTL. Guangdong Jinye Group is also a recognized enterprise technology centre in Guangdong Province, it has accumulated and is in the process of applying for over 10 patents. Currently it enjoys a comparative technological and qualitative advantage in the R&D and manufacturing of RTL in the PRC. Guangdong Jinye Group established strategic partnerships with other leading tobacco groups in the PRC by way of joint venture, and owns a major market share in the domestic RTL market.

Integration has been progressing smoothly after the acquisition, currently technical upgrades of Guangdong Jinke's 10,000-ton capacity production line is underway, which will optimize product quality and customer foundations. Moreover, the Group is in full throttle in coordinating the second phase of the Guangdong Jinye project, a 20,000-ton capacity production line. Such production line is wholly owned by Huabao, and will be designed and constructed by several seasoned technicians with years of international experience. The design, hardware, and product quality of such production line will be in line with international standards, making it one of the most advanced production lines in the domestic RTL industry.

完成對廣東金業集團的收購 – 實質性地進入煙草薄片行業

於二零一零年十一月，本集團以港幣1,329,763,000元的代價與獨立第三方訂立協議，收購廣東金業集團100%的股權。本集團於二零一零年十一月一日取得廣東金業集團的控制，該收購其後於二零一一年一月完成。廣東金業集團是少數幾家國家煙草專賣局定點許可的專業從事煙草薄片生產基地之一，也是國內目前最大的煙草薄片生產商之一。廣東金業集團成立於一九九九年，是國內首批從事煙草薄片的研發、生產以及銷售企業之一。廣東金業集團也是廣東省企業技術中心，累計獲得及正在申請的專利超過10項，在目前國內煙草薄片的研發和生產領域具有較強的技術優勢和實力。該集團通過與多家國內大型煙草集團成立合資企業形成了戰略合作關係，在國內煙草薄片行業佔有重要的市場份額。

收購之後的整合推進有序，正在進行廣東金科10,000噸生產線的技術改造項目，產品質量及客戶基礎將得到優化。此外，集團亦全力推進廣東金業二期20,000噸生產線的籌建工作。該生產線為華寶全資擁有，由多位擁有多年國際經驗的技術專家進行設計及建設。該生產線的設計標準、設備及產品質量將達到國際先進水平，成為中國煙草薄片行業最先進的生產線之一。



Guangdong Jinye Group 廣東金業集團

The management of Huabao are of the view that with implementation of the new standard for tar content in China's tobacco industry in the next few years, the field of new materials for cigarettes, which is represented by RTL, will face tremendous development. Guangdong Jinye Group holds a substantial share in the current domestic RTL market. Its major cooperation partners – Tobacco Groups, are also key customers of the Group's flavours and fragrances business. The manufacturing and raw material procurement of RTL requires a special license, thus raising the industry entry barrier. The main reasons for this acquisition are to provide the Group with a strategic platform for new materials in cigarettes, substantially promote the development of the RTL project, and grasp the business opportunity brought by the implementation of low tar content and less harmful standards in the tobacco industry. Based on Huabao's leading position in the tobacco flavours business and the advantages in developing new materials for cigarettes, the management is confident in the upcoming integration of Guangdong Jinye Group and it will bring good returns to our Shareholders!

Establishment of Yongzhou Shanxiang – another strategic disposition for developing the upstream aromatic raw materials business

In April 2011, the Group through its subsidiary established Yongzhou Shanxiang with an independent third party, which the Group holds 67.1% equity interest. Yongzhou, located in the southwest of Hunan Province with favourable natural conditions, is very suitable for the growth of litsea cubeba, a natural aromatic raw material, and is the main producing area of litsea cubeba oil, where its output accounts for a leading position globally. In 2010, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC implemented the geographical indications protection on litsea cubeba oil in Yongzhou, further strengthened the advantageous position of the litsea cubeba industry in Yongzhou.

華寶管理層認為未來幾年，隨着中國煙草行業實施焦油含量新標準，以煙草薄片為代表的卷煙新材料領域將迎來巨大的發展。廣東金葉集團在目前國內煙草薄片市場中佔有重要的市場份額，其主要合作的煙草集團亦為本集團在香精香料業務的部份重點客戶。煙草薄片的生產和原料採購，需要專門的特許證，行業進入的門檻很高。該收購為本集團提供了一個卷煙新材料的戰略平台，從而實質性地推進了煙草薄片項目的發展，把握中國卷煙行業降焦減害發展帶來的巨大商機。憑藉華寶在中國煙用香精香料主導地位以及在開發卷煙新材料方面的優勢，管理層對廣東金葉集團未來的整合充滿信心，並能夠為股東帶來很好的回報！

組建永州山香 – 另一發展上游香原料業務的戰略部署

於二零一一年四月，集團通過附屬公司與獨立第三方組建永州山香，集團持有67.1%的股權。永州位於湖南省西南部，自然條件優越，非常適合天然香料作物山蒼子的生長，是山蒼子油的主產地之一，其產量在全球佔有主導份額。二零一零年國家質量監督檢驗檢疫總局對永州山蒼子油實施了地理標誌產品保護，更進一步加強了永州山蒼子產業的優勢地位。



Litsea cubeba – its extract oil widely used in industrial,
food and daily products
山蒼樹 – 其提取油廣泛用於工業、食用及日用用品之中

Yongzhou Shanxiang's management team has extensive experience in the industry and its target end users include globally leading food and beverage enterprises. Establishment of Yongzhou Shanxiang is another strategic deployment of the Group in building an integrated core value chain. The new company will rely on the resources of Yongzhou, fully capitalize our existing advantages in capital, technology, market and brand, and gradually increase the efforts in purchasing litsea cubeba oil. The new company will be committed to technology development and products upgrade, and focus on fine and further processing technology. It will also actively develop key customer relationships and enhance the proportion of direct sales. By utilizing the geographic advantages of Yongzhou, it will further enhance the advantages of the natural aromatic raw materials business in the district and become an international sizable natural aromatic raw materials enterprise.

永州山香的管理團隊在業內有豐富經驗，其最終目標客戶包括全球頂級的食品飲料企業。組建永州山香是集團在打造一體化核心產業鏈的又一戰略部署。新公司將依托永州的資源，充分結合集團現有資金、技術、市場、品牌上的優勢，逐漸加大山蒼子原油的採購力度；致力於技術研發和產品升級，開展精深加工；積極開發大客戶，提高直銷比例；並利用永州的地區優勢，進一步拓展該區域的優勢天然香料業務，成為規模化、國際化的天然香料企業。

BUSINESS REVIEW

Review of Flavours Business

1. Review of operating results

For the year ended 31 March 2011, sales revenue of the flavours business amounted to HKD2,605,062,000, representing an increase of about 13.7% from the corresponding period last year. The EBIT ratio of the flavours segment was approximately 70.5%, representing an increase of approximately 4.2 percentage points as compared to approximately 66.3% for the corresponding period last year; EBITDA ratio increased from 68.8% for the corresponding period last year to 72.9% this year. The growth rate in the flavours business has slowed compared with last year, this was mainly attributable to certain negative effects of the industry and to the increasing base factor in the tobacco sector revenue. Despite the above factors, the operating margin and EBITDA margin of the segment still realized apparent growth, representing an outstanding business operation.

In respect of the tobacco business, as the tobacco industry entered into the post-consolidation era, cross-provincial consolidation progress was slowed, and the growth of major brands started to slow down due to a larger base. Adhering to the strategy of 'Big Customers, Big Brands', the Group has still achieved a growth rate higher than that of the tobacco industry, with its market position further strengthened. In respect of the food and beverage business, the Group adhered to the development of natural and healthy products that fitted local tastes, and provided product quality and taste solutions for local major customers; moreover, it continued to implement an overall strategy by fully leveraging its strengths in having a nationwide network for the heavy development of local small- and medium-sized customers and helping them to constantly improve product quality. After several years of rapid development, the Group has become one of the largest local flavours and fragrances providers in China. The acquisitions of Qingdao Qingda last year not only has extended the Group's production chain, provided quality upstream natural aromatic raw materials for food and beverage products to successfully cope with the inflationary pressures, but also has accelerated their development through integrating natural raw materials and flavours and fragrances. During the year, a series of safety incidents regarding Chinese food and beverages has brought a negative impact on the food additives industry. The Group calmly dealt with the crisis by leveraging the strict quality control system that it has established with efforts for many years, won a good reputation in the industry and once again achieved a sound growth.

業務回顧

食用香精香料業務回顧

1. 經營業績回顧

截至二零一一年三月三十一日止年度，食用香精香料的銷售收入達到了港幣2,605,062,000元，較去年同期增長了約13.7%。食用香精香料的板塊EBIT率達約70.5%，較去年同期的約66.3%提高了約4.2個百分點；EBITDA率從去年的68.8%提升至今年的72.9%。食用香精香料的銷售收入增長速度較去年有所放緩，主要是由於一些行業性的不利因素以及受煙用類收入基數變大的影響。儘管如此，板塊的營運盈利率及EBITDA率仍然實現了明顯的提升，效益卓著。

在煙用業務方面，隨着煙草行業進入後整合時代，跨省整合進展緩慢，主要品牌的增長速度因基數變大而開始放緩。本集團堅持「大客戶、大品牌」的策略，仍然實現了高於煙草行業的增長速度，市場地位進一步加強。在食品和飲料業務方面，本集團堅持以發展天然、健康、本地口味的產品，為本地大客戶提供產品品質、口味的解決方案；並繼續充分發揮遍佈全國的網絡優勢大力發展本地中小客戶，協助其不斷提高產品的品質的總體戰略。經過過去幾年的快速發展，已經成為中國本土最大的香精香料供應商之一。去年併購青島青大進一步延伸產業鏈，不僅為食品和飲料方面的產品提供了優質的上游天然香原料，成功應對了通脹的壓力，還通過天然原料和香精香料的結合，加快其發展速度。年內，中國食品飲料的一系列安全事故對食品添加行業帶來了一定的負面影響，本集團憑藉多年努力建立起來的一套嚴密質量品控體系，從容應對危機，贏得了業內良好聲譽，再次實現了較快的增長。

To cope with the Group's rapid growth in business, since last year, the Group has been considering setting up a comprehensive production and R&D base in Jiangxi province to further enhance its efficiency, reduce management costs and to improve business efficiency. In April 2011, the Group decided on Yingtan city of Jiangxi province after extensive due diligence and negotiation. The establishment of such a comprehensive base will help lay a solid foundation towards rapid growth of the Group in the next round of business development.

Last year was the first year of the Group's era of innovation and the Group achieved wonderful results with each of its subsidiaries proactively launching innovative activities as well as their good daily operations. Guangzhou Huafang and Owada obtained the Self-innovation Award of Guangzhou and held the first seminar on the project of standards in the tobacco flavours sector, also Yunnan Tianhong Technology Center was recognized as a provincial technology center in Yunnan province. Wuxi Jiahua and Wuxi Fuhua both obtained innovation and excellent product awards. Inventions of Huabao Shanghai, 'Preparation method of cacao flavour, resulting products and their application', 'Cellulose mint derivatives and its preparation method and applications', 'Preparation method for black tea flavour using black tea as the raw material, black tea flavour obtained hereby and its use in cigarettes' and 'Nano-microcapsule emulsion of lycorine hydrochloride and its preparation method' were admitted as state patents. Huabao Shanghai also won the fifth Shanghai incubated Enterprise Innovation award, the silver prize of advanced manufacturers in Jiading district, Shanghai, and the second prize of technology progress award for 2010. At the Ringier Technology Innovation Awards of the food and beverage industry for 2010 convened in Shanghai, the cream flavouring agent developed by Huabao Kongque won the technological award for flavours enhancer of food and beverage ingredients. In September, Huabao Kongque was once again awarded as one of the 'Dinye Cup 2009-10 Top Ten of China Food Industry' of China. The brand 'Xinghu' of Guangdong Zhaoqing continued to be recognized as a 'Guangdong Famous Trademark'. Qingdao Qingda obtained high-tech certification. Wuxi Huaxin was awarded in the first batch of 'Quality Credit Enterprise Grade A' in Jiangsu province.

為滿足集團業務的快速增長，自去年以來，集團一直在考慮興建一個綜合性生產及研發基地，以進一步提升管理效率，降低管理成本及提高業務效益。經過多方考查及磋商，於二零一一年四月本集團最終選定江西省鷹潭市，該綜合生產基地的建成將為本集團下一輪的業務快速發展打下堅實的基礎。

去年是本集團的創新元年，各個下屬公司在做好日常運營的工作基礎上積極開展創新活動，成績喜人。廣州華芳及澳華達獲得廣州自主創新獎，並承辦首次煙草香精行業標準項目研討會；雲南天宏技術中心被認定為雲南省省級技術中心。無錫嘉華、無錫福華皆獲得創新創優產品獎；華寶上海的《可可香料的製備方法》、《一種纖維素薄荷衍生物的製備方法與用途》、《以紅茶為原料製備紅茶香精的方法與由該方法得到的紅茶香精及其在卷煙中的用途》、《一種納米級鹽酸石蒜碱微囊乳液及其製備方法》的發明喜獲國家專利。華寶上海還獲得了第五屆上海孵化創業企業創新獎和二零一零年上海嘉定區先進製造業銀獎以及科學技術進步獎二等獎。在上海揭曉的二零一零榮格食品飲料業技術創新獎項中，華寶孔雀開發的天然乳脂增香劑榮膺食品飲料配料類增香技術獎。九月，華寶孔雀又再度榮獲中國「食品添加劑十大知名品牌」光榮稱號。廣東肇慶「星湖」牌被延續認定為「廣東省名牌商標」。青島青大獲得高技術認證。無錫華馨榮獲江蘇省第一批「質量信用A級企業」。

Major financial indicators of flavours

食用香精香料之主要財務指標

HKD thousand	港幣千元	2011	2010
EBIT	EBIT	1,837,579	1,519,994
EBIT rate	EBIT率	70.5%	66.3%
EBITDA	EBITDA	1,899,273	1,577,208
EBITDA rate	EBITDA率	72.9%	68.8%

2. Recent developments and prospects of the downstream sectors

a. Recent developments in the tobacco industry

We note that China is the world's largest cigarette consuming country, accounting for approximately one-third of the total annual consumption in the world. China has approximately 350 million smokers, consuming over 2.2 trillion sticks of cigarettes each year. In recent years, China's tobacco industry has been growing steadily and reflected several characteristics:

Firstly, the total sales volume of the tobacco industry has maintained a steady growth at an annual CAGR of around 3-4% since 2002;

Secondly, Chinese style cigarettes made up a substantial proportion of the total consumption, while imported cigarettes only accounted for approximately 0.1% of the market share in the PRC over the previous years (Source: Euromonitor);

Thirdly, with the steady improvement in the living standards of Chinese residents, the demand for high-end consumer products has been growing gradually, CAGR of sales in the tobacco industry has remained at approximately 7-8% since 2002. Of these sales, there is a rapid increase in the demand for middle to high-end premium cigarettes; and

Fourthly, the tobacco industry continues to play a significant role in the Chinese economy, contributing industrial and commercial profit tax of approximately RMB604.6 billion in 2010, and representing an increase of approximately 17.8% from RMB513.1 billion of the previous year. (Source: TobaccoChina Online)

2. 下游行業的最新情況和展望

a. 煙草行業的最新情況

中國是全球第一大的卷煙消費國，約佔世界年總消費量的三分之一，中國約3.50億的煙民每年消耗掉超過2.2萬億支香煙。近幾年來，中國煙草行業一直處於平穩式增長，市場表現出幾大特點：

第一，銷售總量保持穩步增長，自二零零二年以來，煙草行業銷量年複合增長率在3-4%左右；

第二，消費結構以中式卷煙為主，進口煙在中國的市場份額歷年來只佔約0.1%左右（資料來源：Euromonitor）；

第三，隨着國內居民生活水平的逐步提高，消費的產品檔次逐步提高，自二零零二年以來，煙草行業銷售額年複合增長率在7-8%左右；其中，市場對中高檔名優卷煙的需求出現了高速增長的勢態；及

第四，煙草行業在中國國民經濟中佔有非常重要地位，二零一零年實現工商利稅約人民幣6,046億元，較上年的人民幣5,131億元，增長了約17.8%（資料來源：煙草在線）。

b. *Tobacco industry will enter the post-consolidation era, consolidation has gradually slowed down*

Since 2005 the Chinese tobacco industry has entered into the era of consolidation. In 2008, the consolidation evolved into a new stage in which cross-provincial and large scale industrial restructuring took place and cigarette brand concentration enhanced substantially. The market share of the top ten cigarette brands in terms of sales volume has increased by more than 50% over the course of the 'Eleventh Five-Year Plan', and the top ten cigarette brands in terms of sales revenue have posted a rapid double-digit growth in CAGR.

The China National Tobacco Corporation has proposed that the quality of cigarettes must attain a higher standard in 2010 and that key brands will be further cultivated. The '532' and '461' targets⁽¹⁾ were set as the direction of development for tobacco brands under the current 'Twelfth Five-Year Plan'. Looking back to 2010, the premium brands of cigarettes continue to prevail in the market and sustained a sound growth momentum, despite the gaining of market share of the top ten cigarette brands has slowed and as far as we are aware there has not been a case of cross-provincial consolidation in the past year. Based on the above, we believe that China's tobacco industry will enter into a post-consolidation era, continuously giving rise to higher degrees of concentration and trading up of brands in the industry, though the consolidation speed has been slowing down due to the increasing base and slowing down in progress of cross-provincial consolidation.

c. *The Chinese government strengthened the regulation of the tobacco industry*

The management noticed that the Chinese government introduced a series of new smoking control measures, including the strengthening of control of smoking areas, boosting tar and harm reduction, and implemented new standards including maximum tar content. According to the 'Twelfth Five-Year Plan' for the tobacco industry, in the next few years, regulation on the new tar content will continue to be the major trend in the tobacco industry. In view of international economically-developed countries, smoking control may impose its effect on spending behaviour in a long run. The Group has established a very good reputation in the domestic tobacco industry and has been paying close attention to related regulatory

b. *煙草行業進入後整合時代，整合有所放緩*

自二零零五年開始，中國煙草行業開始進入了整合時代，二零零八年煙草行業的整合進入到新的階段，出現了跨省和巨型的行業重組，卷煙品牌集中度大幅提高，前十大銷量的卷煙品牌的市場佔有率在「十一五」規劃期間提高了50%以上，前十大銷售額的卷煙品牌更是出現了雙位數的高速複合增長。

二零一零年國家煙草專賣局明確提出卷煙上水平，進一步培育重點品牌的思想，將「532」和「461」目標⁽¹⁾列為當前「十二五」計劃煙草品牌的發展方向。回顧二零一零年，全國名優煙繼續暢銷市場，保持了良好的增長勢頭，就我們所知，全年並未宣佈跨省整合案例，十大卷煙品牌的市場佔有率增幅有所放緩。綜合以上情況，我們認為中國煙草行業已經進入後整合時期，行業集中度以及消費檔次仍將繼續不斷提高，但因基數變大而且跨省整合進展緩慢，整合速度將有所放緩。

c. *中國政府對煙草行業加強監管力度*

管理層注意到近期中國政府一系列新的控煙措施，包括對吸煙場所加強控制，推進降焦減害及實施新的最高焦油含量標準等。根據煙草行業「十二五」規劃，未來幾年，執行新的焦油含量標準仍將為煙草行業的主要監管趨勢。從世界發達經濟體的經驗來看，控煙措施將會在長期對卷煙消費行為產生影響。本集團在國內煙草行業有很高的知名度，並一

matters, and proactively complementing the government's policy with respect to the direction of the regulations going forward. During the year, the Group hosted a series of industry-related seminars; in the future, the management will continue to pay close attention on the latest developments in this area and capture development opportunities.

d. *The food and beverage industry enters consolidation and adjustment stage*

Since the previous year, the food and beverage industry is shocked by its numerous safety incidents and problems, which has caused great concern from society as well as the regulating bodies and sparked another round of industry integration. Some small and medium food and beverage enterprises are forced to withdraw from the market, imposing a negative impact on related industry chains. On the other hand, during this disturbance, the food additives industry has taken a toll to a certain extent. As a result, growth in flavours and fragrances industry has slowed down. The management considered that such unfavourable factor, in near future, will linger and will also cast a negative impact on the Group. However, in the longer prospect, this is a stage to endure before the whole industry becomes more centralized and more sophisticated. As such, it will not affect management's optimistic view about the Chinese food and beverage industry in the long run.

⁽¹⁾ '532' means to have 5 major cigarette brands producing over 2 million Cases each per year, 3 major brands producing over 3 million Cases each, and 2 substantially bigger brands producing over 5 million master Cases each during the Twelfth Five-Year plan. '461' means to have 6 major cigarette brands achieving over RMB40 billion in sales revenue each per year, 4 major brands achieving over RMB60 billion each, and 1 substantially bigger brand achieving over RMB100 billion. (Sources for the above: TobaccoChina Online)

3. Development strategy for the flavours business

a. *Tobacco sector*

- To speed up the construction of the comprehensive production and R&D base in Jiangxi province, to further elevate operation efficiency;
- To continuously pursue the 'Big Customers, Big Brands' development strategy and capitalize on the industry consolidation to capture greater market share; and

直高度關注有關監管規定及積極協助政府研究未來監管方向及相關行業標準的制定。年內，本集團主辦了一系列行業性的研討會；未來，管理層將繼續密切關注這方面的最新動態以把握發展機會。

d. *食品飲料行業進行整合及調整期*

去年以來，食品飲料行業屢屢爆出安全和事故問題，引起了社會各界以及監管機構的高度關注，並掀起了新一輪的行業整頓和整合浪潮。一些中小型的食品飲料企業被迫退出市場，從而對相應的產業鏈產生了一定的負面影響。另一方面，在這場食品安全風波之中，食品添加劑行業亦受到一定沖擊。受此影響香精香料行業的增長亦有所放緩。管理層認為，這些現不利因素在未來一段時間仍將繼續存在，亦會對本集團產生一定的不利影響。但從長遠來看，這是行業走向更集中、更高級的必經階段，不改變管理層對中國食品飲料行業長期樂觀的看法。

⁽¹⁾ 「532」是指在「十二五」規劃中，打造5大卷煙品牌每年每個銷量超過2百萬大箱、3大品牌每個超過3百萬大箱、及2個特大品牌每個超過5百萬大箱；而「461」是指6大卷煙品牌每年每個銷售收入超過人民幣400億元、4大品牌每個超過人民幣600億元、及1個特大品牌超過人民幣個1,000億元（以上資料來源：煙草在線）。

3. 食用香精香料的發展策略

a. *在煙草類方面*

- 加快建設江西省的綜合生產及研發基地，進一步提高運營效率；
- 繼續堅持「大客戶，大品牌」的發展策略，抓住行業整合的機會，進一步擴大市場份額；及

- To fully utilize joint laboratories setup with major customers, and step up comprehensive and technological cooperation with leading players in the tobacco industry, and continuously discovering new growth points.

b. *Food and beverage sector*

- To continue to expand into natural aromatic raw material business in order to construct an integrated core value chain: on one hand, to strengthen raw material suppliers network, gradually establish pricing power on certain special and premium quality raw materials; on the other hand to fully leverage on the Group's advantages in technology, further expand its refining capability, and increase its product quality;
- To fully utilize the market recognition and network advantages of the brand, utilizing the upstream advantages of Qingdao Qingda and Yongzhou Shanxiang, to provide our local customers with comprehensive product solutions using premium natural aromatic raw materials complemented by personalized flavours products, realizing rapid growth;
- To speed up the capacity expansion of Guangdong Zhaoqing and Qingdao Qingda, securing the next stage of development;
- To increase spending on R&D and bring in international top-notch R&D personnel to continuously upgrade the R&D standards of our products; and
- To ensure food safety and prevent food hazards by focusing on food security, and to seize business opportunities in this aspect.

- 充分利用與重點客戶的聯合實驗室，與煙草行業龍頭企業展開全方位的技術合作，不斷挖掘新的增長點。

b. *在食品飲料類方面*

- 繼續加大在上游天然香原料業務的發展，打造核心一體化的產業鏈：一方面要強化原料供應的網絡，逐步建立對一些特色優質原料的定價話語權；另一方面充分發揮集團的科技優勢，擴大深加工能力，提升產品品質；
- 充分發揮品牌的知名度和網絡優勢，結合青島青大及永州山香的上游原料的優勢，以優質天然香原料加上個性化的香精產品為本土客戶提供全方面的產品解決方案，實現快速增長；
- 加快對廣東肇慶及青島青大的產能擴建，為下一步的發展提供保障；
- 不斷加大對研發的投入，不斷引進國際一流的研發人員，提高產品的研發水平；及
- 注重食品安全工作，確保食品的安全性，杜絕安全事故，把握機遇。

Review of Fragrances Business

1. Review of operating results

For the year ended 31 March 2011, sales revenue of the fragrances business amounted to HKD160,352,000, increased by approximately 112.4% from the previous year, and operating profit amounted to HKD30,632,000, increased by approximately 64.1% from the previous year. EBIT margin reached approximately 19.1%, which recorded a rebound from approximately 16.9% from first half this year. Since the acquisition of Xiamen Amber by the Group in May 2008, the fragrances sector has achieved gradual improvement in both revenue and operating efficiency for three consecutive years, fully displaying the Group's effective integration synergy of Xiamen Amber.

Xiamen Amber acquired controlling interest in Yunnan Huaxiangyuan by way of capital injection in September 2010. Yunnan Huaxiangyuan is an enterprise incorporated in the PRC and mainly engaged in the production of natural flavouring oils, including eucalyptus oil, citronella oil, wintergreen oil, and geranium oil, etc., which are among commonly used raw materials in the fragrances business. Yunnan province is considered to be one of the main producers of these raw materials in China and globally, it has its advantages in resources. Its founding team has many years of extensive experience in the industry. The acquisition of Yunnan Huaxiangyuan is in line with Huabao's core strategies of 'multi-pronged, focus growth' and the construction of an integrated core value chain, it will team up with Xiamen Amber to form an upstream-downstream alliance, utilizing combinations of raw materials and products, which will greatly improve the competitiveness and speed of development in the fragrances business. During the year, Xiamen Amber garnered numerous awards and recognitions with its outstanding operating results. In April 2011, Xiamen Amber won the title of the Most Potential Small and Medium-sized Entity for the third straight year.

日用香精香料業務回顧

1. 經營業績回顧

截至二零一一年三月三十一日止年度，日用香精香料的銷售收入達到了港幣160,352,000元，較去年增長約112.4%。實現營運盈利港幣30,632,000元，較去年增長約64.1%，EBIT率達約19.1%，比今年上半年的約16.9%有所回升。自本集團於二零零八年五月收購廈門琥珀以來，日用香精香料板塊已經連續三年實現了收入高速增長，而且經營效率也逐步改善。這充分體現了本集團對廈門琥珀的整合成功有效。

廈門琥珀於二零一零年九月通過增資擴股獲得了雲南華香源的控股權。雲南華香源是一家在國內註冊的從事香料油生產的企業，主要產品包括，桉葉油、香茅油、冬青油、香葉油等，是日用香精香料的常用香原料之一。雲南省是中國乃至全球這類原料的主要產地之一，佔有明顯的資源優勢，其創始團隊在業內具有多年的豐富經驗。收購雲南華香源符合華寶同心多元化、打造核心一體化產業鏈的整體戰略，並與廈門琥珀形成上下游一體化的模式，以原料加香精的產品組合，大大提升了日用香精香料業務的競爭力和發展速度。年內，廈門琥珀運營成績突出，榮獲多項獎勵和殊榮。二零一一年四月，廈門琥珀連續第三年喜獲「廈門市最具成長性中小企業」。

Major financial indicators of fragrances

日用香精香料之主要財務指標

HKD thousand	港幣千元	2011	2010
EBIT	EBIT	30,632	18,669
EBIT rate	EBIT率	19.1%	24.7%
EBITDA	EBITDA	33,173	20,924
EBITDA rate	EBITDA率	20.7%	27.7%

2. Development strategy for the fragrances business

- To fully utilize Xiamen Amber as a platform and the robust composite R&D capability of the Group's State-recognized technology centre and overseas R&D centre, specializing in expanding and developing localized products and business, continue to heavily develop in the field of aromatic and detergent products, and step up the development of new products such as shampoo, foam bath and air fresheners as well as the penetration of new customers;
- To establish a fragrances pavilion, combining culture, trend, meaning and profile into products, realizing Huabao's design rationale, enlightening a new path in development for customers;
- To capitalize on the upstream advantages of Yunnan Huaxiangyuan, to further explore the market with comprehensive quality solutions using premium natural aromatic raw materials complemented by personalized flavours products; and
- To seek opportunities for M&As and identify the right opportunity to acquire and merge with those enterprises whose products and markets are complementary with the Group, to further explore and increase development in the upstream aromatic raw materials business and premium fragrances products.

Review of RTL Business

1. Review of operating results

For the five months ended 31 March 2011, the Group's RTL sales revenue reached HK\$86,759,000, while EBIT ratio reached approximately 17.2%, EBITDA ratio reached approximately 33.5%, which are in line with management's target. In November 2010, the Group entered into an acquisition agreement with independent third parties and acquired 100% equity interest in Guangdong Jinye Group at a consideration of HK\$1,329,763,000. The Group obtained control of Guangdong Jinye Group on 1 November 2010 and the acquisition was subsequently completed in January 2011. Guangdong Jinye Group is one of the limited designated production bases authorized by the State Tobacco Monopoly Administration specializing in the manufacturing of RTL and is also one of the largest RTL manufacturers in the PRC. Currently it enjoys a comparative technological and qualitative advantage in the R&D and manufacturing of RTL in the PRC.

2. 日用香精香料的發展策略

- 充分利用廈門琥珀這一平台，充分利用本集團國家級技術中心及海外研發中心強大的綜合研發能力，專注開拓和發展具有本土特色的產品及業務；繼續大力發展熏香、洗滌類產品，並加大在洗髮水、沐浴露、空氣清新類的產品及客戶開發力度；
- 建立日用香精香料體驗館，將文化、潮流及風格寓意於產品之中，體現華寶的設計理念，為客戶帶來新的發展思路；
- 結合雲南華香源的上游優勢，以優質的天然香原料加個性化香精，進一步拓展市場；及
- 尋求併購機會，擇機收購兼併與本集團在產品及市場方面具互補性的企業，進一步拓展上游特色香原料業務，加快發展高檔精油類產品。

煙草薄片業務回顧

1. 經營業績回顧

截至二零一一年三月三十一日止五個月，本集團煙草薄片的銷售收入達港幣86,759,000元，EBIT率達約17.2%，EBITDA率達約33.5%，符合管理層的目標。於二零一零年十一月，本集團以港幣1,329,763,000元的代價與獨立第三方訂立收購協議，收購廣東金葉集團100%的股權。本集團於二零一零年十一月一日取得廣東金葉集團之控制，該收購其後於二零一一年一月完成。廣東金葉集團是少數幾家國家煙草專賣局定點許可的專業從事煙草薄片生產基地之一，也是國內目前最大的煙草薄片生產商之一，在目前國內煙草薄片的研發和生產領域具有較強的技術優勢和實力。

Chinese style cigarettes contain an apparently higher level of tar content than the standards prescribed by developed countries. In 2010, the average tar content per cigarette in China was approximately 11.7 mg, while the tar content of major cigarette brands in Europe and US was normally below 8 mg per cigarette and that of major cigarette brands in Japan was below 5 mg per cigarette. The Chinese government introduced new regulations governing tar content in 2010, pursuant to which the tar content per cigarette shall not exceed 12 mg from 1 January 2011, and the tar content per cigarette shall be further reduced to less than 10 mg from 1 January 2015 (sources: Tobacco Science & Technology). The application of RTL not only can effectively lower the tar content, it also helps to sustain the original taste profile of the brand. Although the application of RTL has been widely used by the international tobacco industry, there is still gap in the application of RTL produced within the domestic industry and those of international competitors due to the overall technical constraint as it was introduced to the Chinese market relatively recently. The State Tobacco Monopoly Administration has placed the development of RTL in its 'Twelfth Five-Year Plan' among others. The above mentioned new industry measures including the development plan from the government have greatly clarified the development of RTL and sped up its timetable. The Management believes the China RTL industry will be entering a robust development stage in the next few years.

Guangdong Jinye Group holds a substantial share in the current domestic RTL market. Its major cooperation partners – Tobacco Groups, are also key customers of the Group's flavours and fragrances business. The manufacturing and raw material procurement of RTL requires a special license, thus raising the industry entry barrier. The main reasons for this acquisition are to provide the Group with a strategic platform of new materials for cigarettes, substantially promote the development of the

中式卷煙的焦油含量一直較發達國家水平明顯偏高。二零一零年中國卷煙焦油平均含量約為每支11.7毫克，而歐美國家主要品牌的焦油含量大多在每支8毫克以下，日本的主要品牌則在每支5毫克以下。二零一零年，中國政府對焦油最高含量作出了新的規定，從二零一一年一月一日起，每根香煙焦油含量不得超過12毫克；二零一五年一月一日起，不得超過10毫克（資料來源：煙草科技）。煙草薄片的使用可以實現有效地降焦，同時又能盡量保持原來品牌的風格。煙草薄片在國際煙草行業已經廣泛使用，而中國煙草薄片行業起步較晚，受限於整體科技水平，其應用範圍較國際同業仍有相當的差距。國家煙草專賣局在「十二五」計劃中已將煙草薄片作為重點發展項目之一。這些新的行業規定以及政府發展目標使煙草薄片發展的確定性大大提高，時間表大大加速。管理層相信未來幾年中國的煙草薄片將進入飛速發展期。

廣東金葉集團在目前國內煙草薄片市場中佔有重要的市場份額，其主要合作的煙草集團亦為本集團在香精香料業務的部份重點客戶。煙草薄片的生產和原料採購，需要專門的特許證，行業進入的門檻很高。該收購為本集團提供了



Raw materials 原料



Production line 生產線



Final product 成品

RTL project, and grasp the business opportunity brought by the implementation of low tar content and less harmful standards in the tobacco industry.

The integration following the acquisition is running smoothly. The 10,000-ton production line of Guangdong Jinke is currently undergoing technical upgrade, which shall greatly improve product quality and customer foundations. The second phase of Guangdong Jinye project, i.e. the construction of a production line of 20,000 tons for RTL, is currently being carried out aggressively. Management is confident in delivering on schedule and completing the second phase of the Guangdong Jinye project in high quality and put into operation. The Group also signed a technical service agreement with China Tobacco Anhui, to jointly construct a 10,000-ton capacity RTL production line during the year. The Group will be providing comprehensive technical support for the production line's hardware design, operation, and staff development. Moreover, the establishment work of Guizhou Huangguoshu project is underway. Currently, the Group owns and in part of a total of 70,000-ton capacity of RTL production lines, Huabao's professional capability in the RTL field is not only being recognized, its industry leading position is also in formation. Moreover, Guangdong Jinye received a State-recognized patent for its 'A Method of Regulating and Controlling the Nicotine Content in Tobacco Extracts', 'A Method of Reducing Extracted Liquid Pectin in the making of Reconstituted Tobacco Leaves' was accepted by the State Intellectual Property Office; and 'Research and Development of Effluent Treatment Technology During the Production of Reconstituted Tobacco with Paper Making Method' won the First Prize of Science and Technology Progress Award given by Guangdong Tobacco Monopoly Bureau. By leveraging on Huabao's leading position in the tobacco flavours industry and its advantages in developing new materials for cigarettes, the management is confident in the upcoming integration of Guangdong Jinye Group, which will bring good returns to our Shareholders!

一個卷煙新材料的戰略平台，從而實質性地推進了煙草薄片項目的發展，把握中國卷煙行業降焦減害發展帶來的巨大商機。

收購之後的整合推進順利，目前著手進行廣東金科10,000噸生產線的技術改造工作，產品的品質以及客戶基礎將大大改善。同時，本集團正在密鑼緊鼓地進行廣東金葉二期工程，即20,000噸煙草薄片生產線的籌建工作。管理層有信心按既定的時間表推進，高品質地完成廣東金葉二期工程並投入運營。年內，本集團還與安徽中煙簽訂技術服務協議，合作興建一條10,000噸的煙草薄片生產線。本集團將對該生產線的工藝設計、生產運行及人員培訓提供全面技術支援。此外，貴州黃果樹項目的籌建工作已經展開。目前，本集團擁有並參與了共70,000噸產能的煙草薄片生產項目，華寶在煙草薄片領域的專業能力得到認可，行業的主導地位正在形成。此外，廣東金葉「一種調控煙草提取或萃取物中煙鹼含量的方法」獲得國家發明專利；「一種降低造紙法煙草薄片提取液果膠質含量的方法」，獲得了國家知識產權局受理；「造紙法再造煙葉生產過程中廢水處理技術研究與開發」項目亦獲廣東省煙草專賣局的「科技進步一等獎」。憑藉華寶在中國煙用香精香料主導地位以及在開發卷煙新材料方面的優勢，管理層對廣東金葉集團未來的整合充滿信心，並能夠為股東帶來很好的回報！

Major financial indicators of RTL 煙草薄片之主要財務指標

HKD thousand	港幣千元	截至二零一一年三月三十一日止五個月 For the five months ended 31 March 2011
EBIT	EBIT	14,905
EBIT rate	EBIT率	17.2%
EBITDA	EBITDA	29,062
EBITDA rate	EBITDA率	33.5%

2. Development strategy for the RTL business:

- To ensure the Guangdong Jinye second phase 20,000-ton production line can be completed in high quality;
- To further elevate the Group's reputation in the RTL industry, to further strengthen comprehensive strategic cooperation with domestic tobacco groups;
- To utilize major laboratories setup jointly with key customers, to proactively develop other new cigarette materials, to provide customers with comprehensive solutions and new growth points; and
- To pay attention to domestic and international development in RTL and related areas, realizing rapid growth through organic growth and M&A.

Review of R&D

The R&D capability of a flavours and fragrances company reflects its overall strength. After continuous investment, the Group has set up a leading R&D team which is top-notch in China and up to international standards. The State-recognized technology centre, the overseas R&D centre in Germany and the professional R&D departments in Yunnan, Guangdong and Fujian together formed a vertically integrated platform for R&D in areas ranging from fundamental research to application. The R&D strategy of the Group is market-driven so as to closely follow the latest global industry trends and to accelerate the mastering of technologies in key raw materials. With such strengths, the Group is able to develop products and technologies that meet market demands, deliver comprehensive technical services to customers and remain dedicated to maximizing value for clients, while the Group's overall competitiveness is greatly elevated.

During the year, the Group also established a joint key laboratory with China Tobacco Hunan. This laboratory is the first joint laboratory established between China Tobacco Hunan and other enterprises, demonstrating a cooperation of higher standards upon the basis of continued cooperation for the coming years. The establishment of this joint laboratory will further enhance the technical resources advantage in areas including product development, flavours and fragrances, and RTL; and will accelerate innovation, strengthen the sharing and transformation of results, and will address the technical difficulties constraining China Tobacco Hunan and the tobacco industry. The Group was host to some industry research seminars, such as the 'Sensory Evaluation Methodology of Chinese cigarettes'

2. 煙草薄片的發展策略

- 集中精力高品質完成廣東金葉二期工程20,000噸薄片生產線；
- 進一步推廣本集團在煙草薄片領域的行業知名度，進一步加強與國內重點煙草集團的全方位戰略合作；
- 利用與大客戶建立的重點實驗室，積極研究發展其他卷煙新材料，為客戶提供全方位的解決方案，尋找新的增長點；及
- 關注國內國際煙草薄片以及相關領域的發展，通過有機加併購的方式實現快速發展。

研發情況回顧

研發能力是香精香料企業綜合實力的重要體現。經過不斷投入，本集團已經建立了一支國內頂級、具有國際水平的國際化研發團隊；憑藉國家級企業技術中心、德國海外研發中心以及雲南、廣東、福建等地的專業化研發部門，建立了一個從基礎到應用的垂直一體化研發平台。本集團的研發策略為始終以市場為導向，密切跟蹤國際行業的最新動向，加快對關鍵原料技術掌握，並開發出適合市場需求的產品和技術，為客戶提供全面技術服務，致力於為客戶創造更大價值，集團的綜合研發能力大大提高。

年內，集團還與湖南中煙成立了聯合重點實驗室。該實驗室是湖南中煙首次與企業共建的聯合實驗室，是湖南中煙與華寶集團在多年合作的基礎上更高水平更高層次的合作。聯合實驗室的建立必將進一步發揮雙方在產品開發、香精香料和煙草薄片等領域的技術資源優勢，加速創新，加強成果共享與轉化，努力解決湖南中煙和煙草行業的技術難題。一些行業性的研究課題在本集團展開，華寶上海舉辦「中式卷煙感官方法」研討會；廣州華芳順利承辦首次「煙草香精標準項目研討會」；無錫華海亦獲批

held by Huabao Shanghai; the 'Tobacco Flavours Standardization Forum' held by Guangzhou Huafang; and Wuxi Huahai was recognized as Jiangsu Province Flavours and Fragrances production and R&D centre. In addition, last year was the commencing year of the Group's innovation year, during the year the subsidiaries of the Group actively promoted innovative work, and in turn received various innovation awards.

Increase input to build an internationalized R&D team

The Group has been continuously increasing input into R&D in order to achieve a top-notch R&D team in the industry and to sustain a long-term R&D advantage. The Group's R&D cost amounted to HKD121,542,000 for the current year, representing approximately 4.3% of sales revenue, compared with approximately 3.5% of corresponding period last year. During the year, the Group invested in a batch of high-precision equipment and tools, securing the Group's next stage of development. Furthermore, Huabao has emphasized the internationalization of its talented staff. Over the years, Huabao has embarked on setting up an internationalized R&D team, whose R&D capability is directly in line with advanced international levels. The Group closely monitors changes in the human resources market and is keen on building a diversified and internationalized team. Currently, the Group employs a total of more than 300 R&D personnel in various aspects, assembling a respectable team with strong R&D capabilities.

Quality control

In recent years, the issue of food safety in the food and beverage industry has become increasingly important. The new Food Safety Law of the People's Republic of China was promulgated in June 2009, setting out higher requirements for all players in the food industry and further raising the industry safety standards. The Group has always been concerned about product quality and food safety. All major subsidiaries of the Group have obtained quality certifications from both domestic and international institutions. In recent years, the Group has increased efforts and spending on establishing and implementing a set of stringent control procedures as an aggressive move to align with high international standards. A set of strict quality control systems for raw materials procurement, production and finished products has been established. Especially on the raw materials procurement front, the Group has increased input in order to ensure the raw material sources are qualified suppliers and are in line with international advanced standards.

為江蘇省香料香精工程技術研究中心。此外，去年是本集團的創新元年，年內各下屬公司積極開展創新活力，獲得多項創新殊榮。

加大投入，打造國際化的研發團隊

集團不斷地加大對研發投入，打造業內優異的研發團隊，形成持續的研發優勢。本年度集團共投入研發費用港幣121,542,000元，約佔銷售收入的約4.3%，而去年同期約為3.5%；年內，本集團亦投資了一批高精密的儀器及設備，為集團下一步的發展提供了保障。此外，華寶一直非常重視人才的國際化。多年以來，華寶著手建立了一支國際化的研發團隊，在研發能力上與國際先進水平直接接軌。本集團對人才市場時刻密切關注，積極推進人才的多元化和國際化。目前，集團擁有各類研發人才超過300人，團隊陣容強大，研發能力大大提升。

質量和品控

近幾年來，中國食品飲料行業食品安全問題日益突出。二零零九年六月，新的《中華人民共和國食品安全法》出台，對食品行業的所有參與者提出了更高的要求，行業門檻進一步提高。本集團一貫十分重視產品品質及食品安全工作，各主要下屬企業均獲得了國內和國際行業資質認證。這幾年集團一直加大投入和力量以建立和實施嚴格的監控程序，主動積極地向國際高標準看齊，從原料採購、生產、成品，建立了一套嚴密品控體系。尤其於原料採購方面，集團加強了投入以確保原料源頭為合格供應商並能通過多重國際檢查測試。



超高效液相三重四級桿串聯質譜儀



進口氣相質譜儀



進口吸煙機

During the year, the Group invested in a batch of high-precision equipment and tools to make sure quality control is in place. Among which, the Ultra-Performance Liquid Triple-quadruple Tandem Mass Spectrometer, the imported Automatic Gas Chromatograph Device, and the imported Cigarette Device are of advanced international standards. In order to implement new food safety standards, the State Administration of Quality Supervision deployed research teams to Beijing, Shanghai and some other districts in July last year, to conduct research on leading enterprises in the additives industry and to seek their advice. The Group was honored to be the model research unit chosen in Shanghai and took part in the simulated review. During the year, the Group convened the meeting on Joint Experimentation on Testing Technical Indicators of Tobacco Flavours, to discuss the issues of testing indicators, sample provision, experiment methodology, and other topics and to determine the final experiment scheme. The meeting provided a good start for subsequent works of the project team, demonstrated the development direction of quality control in subsidiaries of the Group and further ensured improvement in our product quality. Furthermore, during the year, all subsidiaries vigorously conducted safety and fire drills, with a view to eliminate production safety risks.

Affected by a string of food and beverage safety issues recently, the food additives industry will be affected negatively in accordance. The Group will continue to increase input in management of both product quality and its quality control in order to eliminate any potential problems, to fully embrace the business opportunities brought by the next round of industry consolidation and elimination.

年內，本集團亦引進了一批高精密的儀器及設備，落實品控體系到位，其中超高效液相三重四級桿串聯質譜儀、進口氣相質譜儀及進口吸煙機均達到國際先進水平。為落實新的食品安全標準的實施，去年七月，國家質監局派出調研小組分赴北京、上海等地，對食品添加劑行業具有代表性的龍頭企業進行調研，徵詢企業意見。本集團非常榮幸地作為上海地區的調研單位參加了模擬審核。年內，本集團召開了《煙用香精香料技術指標檢測共同實驗》會議，對共同實驗的檢測指標、樣品提供、實驗方法等項目展開討論，並確定最終實驗方案；會議為項目組後續工作提供了一個良好的開端，為集團各下屬公司品控工作指明了發展方向，更大力度地保證了我們的產品品質更上一層樓。此外，年內，各個下屬公司積極開展安全及消防演練，杜絕生產安全隱患。

受近期一系列食品飲料安全事故的影響，食品添加劑行業亦受到一定的負面影響。本集團將在品質和品控方面不斷加大投入，加強監管，杜絕安全隱憂，把握新一輪行業整合及淘汰帶來的商機。

Human Resources And Corporate Culture Construction

The Group remained committed to corporate culture construction and established a clear vision, as well as a common goal for all employees, of combining corporate development and individual growth to achieve common development of the Company and its employees. For years adhering to its core value of 'client first' to maximize client values, the Group also constituted a code of conduct for each employee on the basis of this concept. The Group organized corporate culture promotion activities, including articles and speeches delivered by the management, publication of Huabao Monthly and essay competitions. The Group enriched employees' leisure time through various recreational and sports activities including sports contests and outward bound training to reinforce cohesion of Huabao people and their sense of identity.

The Group placed substantial emphasis on talent training. The Group stepped up its efforts in creating a scientific and flexible management environment and institutional mechanism in terms of policy, system and culture development, empowering each employee to make full use of his expertise and specialties and maintaining a joint force in its staff to create more value for the Group. The Group established a sound training scheme for its reserve talents on the basis of external recruitment. The selection procedures applied to reserve talents include five stages, namely public nomination and selection, work units review, verification by headquarter, approval and result announcement. Reserve talents management mainly comprises regular inspection, dynamic adjustment, training and profile management. Through its annual examination and assessment on reserve talents, the result of which is recorded into personal profile, the Group will promote those with excellent appraisal performance and eliminate those with unsatisfactory results. During inspection period, reserve talents are under direct coaching and supervision of mentors. The Group organizes reserve talents selection and review every year to guarantee healthy and orderly development of reserve talents. The continuous construction of our talent team guarantees new momentum for corporate expansion and development.

The Group established a multi-level comprehensive staff training system, comprising special training programs for middle to high level employees, intensive training for reserve talents, as well as business skills and industrial know-how coaching for front-line staff. External experts, internal management and professionals were invited to act as program trainers. Through these successive training programs, the initiatives of employees were mobilized while their professional knowledge and technical competency were enhanced.

人力資源及企業文化建設

本集團一直重視企業文化建設。本集團有明確的願景並作為全體員工的奮鬥目標，並倡導將企業發展與個人成長結合起來，實現企業與員工共同發展的理念。本集團多年來堅持客戶至上的核心價值觀，把為客戶創造最大價值為己任，並作為每個員工的行為準則。集團通過領導專題文章或講話，通過《華寶月刊》、徵文比賽開展企業文化宣傳工作。集團還通過體育比賽、拓展訓練等文體活動，豐富華寶人的業餘生活，增強華寶人的凝聚力和對企業文化的認同感。

本集團高度重視人才建設。集團在政策、制度和文化建設上盡力提供科學、寬鬆的管理環境與制度保障，促使每位華寶員工能在自己的崗位上發揮自身專長，做到人盡其才，並保持團隊的合力，為集團創造更大價值；集團在引進對外優秀人才的增加基礎上，建立了完善的後備人才培養機制。後備人才的選拔程序分為：民主推薦和選拔、單位審核，集團總部核查與批復和結果公示等五個環節；後備人才隊伍的管理主要包括：定期考察、動態調整、培訓和檔案管理等內容。集團每年對後備人才進行考核、評估，對於考評結果優良者，集團將優先提拔使用。考核結果錄入個人檔案，對考核結果末位者進行淘汰。考察期間，後備人才由導師直接輔導、監督。集團每年將組織一次後備人才甄選與梳理工作，以保證後備人才隊伍健康、有序成長。通過人才梯隊建設，為企業的擴大和發展提供新生力量。

本集團建立了一套多層次、全方位的員工培訓體系，既有針對集團中高層員工專題培訓，也有對後備人才的集中培訓，同時還有對基層員工的業務技能和專業知識的培訓。培訓講師既有外聘專家，也有集團內部管理及專業人員。通過持續的培訓，不斷提高員工的知識水平及業務技能，大大調動了員工的積極性。

As at 31 March 2011, the Group employed a total of 1,869 employees in the PRC, Hong Kong, Germany and Botswana, representing an increase of 553 employees from 1,316 employees of last year. The labour costs of the year (including pension costs) amounted to HKD149,082,000, representing an increase of HKD20,585,000 from HKD128,497,000 for the previous year. For details, please refer to Note 24 of the consolidated financial statements headed under 'Employment Benefit Expenses'. The increase in the labour costs was primarily attributable to the expansion of business area, hike of product and living standards in China and the Group's input in human resources. The Group has launched a share option scheme as an incentive to those employees and directors who have made significant contributions to the business development of the Group. For the period from year 2006 to 2008, the Group granted share options to 79 persons including directors, senior management, technical and business executives.

FINANCIAL REVIEW

Analysis of annual results for the year ended 31 March 2011

Sales revenue

The Group's sales revenue amounted to HKD2,852,173,000 for the year ended 31 March 2011, representing an increase of about 20.5% as compared with HKD2,366,403,000 for the corresponding period last year. The rapid growth in sales revenue was mainly attributable to a substantial increase in the sales of flavours, fragrances and RTL. For the year ended 31 March 2011, sales revenue from flavours increased by about 13.7% to HKD2,605,062,000, contributing about 91.3% of total sales revenue; sales revenue from fragrances increased approximately 112.4% to HKD160,352,000, contributing about 5.6% of total sales revenue; and sales revenue from RTL amounted to HKD86,759,000, contributing about 3.1% of total sales revenue.

Cost of goods sold

The Group's cost of goods sold amounted to HKD731,714,000 for the year ended 31 March 2011, representing an increase of about 26.3% as compared with HKD579,568,000 for the corresponding period last year. The percentage increase in cost of goods sold being slightly higher than the percentage increase in sales revenue was mainly attributable to the decrease in gross profit margin.

於二零一一年三月三十一日，本集團在中國大陸、香港、德國及博茨瓦納共聘用員工1,869人，比上年的1,316人增加553人。本年度共發生員工成本（包括退休金）為港幣149,082,000元，比上年的港幣128,497,000元增加了港幣20,585,000元。有關詳情載於綜合財務報表附註24標題為「僱員福利開支」。本年度員工成本的增加，主要是由於擴大業務範圍、中國物價及生活水平的提高及以及集團加大對人才的投入所致。本集團亦已實行購股權計劃，以激勵為本集團業務發展做出重要貢獻的員工及董事，並於二零零六年至二零零八年間向包括董事、高層管理人員、技術和業務人員共79人授出購股權。

財務狀況回顧

截至二零一一年三月三十一日止年度的業績分析

銷售額

截至二零一一年三月三十一日止年度，本集團的銷售額達港幣2,852,173,000元，較上年同期的港幣2,366,403,000元，增長了約20.5%。銷售額的快速增長，主要是由於本集團食用、日用香精香料以及煙草薄片的銷售額增長所致。截至二零一一年三月三十一日止年度，本集團食用香精香料的銷售額增加了約13.7%至港幣2,605,062,000元，佔總收入約91.3%；而日用香精香料的銷售額增加了約112.4%至港幣160,352,000元，佔總收入約5.6%；煙草薄片的銷售額達港幣86,759,000元，佔總收入約3.1%。

銷售成本

截至二零一一年三月三十一日止年度，本集團的銷售成本為港幣731,714,000元，較上年同期的港幣579,568,000元，增加了約26.3%。銷售成本同銷售收入相比漲幅略高，主要是由於毛利率的下降所致。

Gross profit and gross profit margin

Gross profit of the Group increased from HKD1,786,835,000 for the year ended 31 March 2010 to HKD2,120,459,000 for the year ended 31 March 2011, representing an increase of about 18.7%, while gross profit margin of the Group slightly decreased from 75.5% of the last financial year. The decrease in gross profit was mainly attributable to the adjustment of the segment revenue mix. During the reporting period, inflationary pressure within China remained strong, management took a series of effective countermeasures in a decisive manner, including increasing the stock of certain raw materials which were to be affected by inflation. Meanwhile, thanks to the increasing efforts in vertical integration as well as heavy development in the natural aromatic raw materials business, the influence on gross profit margin of the Group by inflation of raw materials was kept to a limited level and its gross profit margin remained stable as a whole.

Other income

Other income of the Group was HKD122,675,000 for the year ended 31 March 2011, representing an increase of HKD86,438,000 as compared with HKD36,237,000 for the year ended 31 March 2010. The increase in other income was mainly attributable to appreciation of RMB to HKD and increase in local government grants.

Selling and marketing expenses

The selling and marketing expenses of the Group mainly comprised of travelling expenses, transportation costs, salaries and office expenses. The selling and marketing expenses of the Group for the year ended 31 March 2011 were HKD81,040,000, representing an increase of about 10.9% as compared with HKD73,057,000 for the corresponding period last year. Selling and marketing expenses to total sales revenue during the period under review amounted to approximately 2.8% and 3.1% respectively, representing a decrease of approximately 0.3 percentage point. The decrease in the ratio of selling and marketing expenses to sales revenue was mainly attributable to higher efficiency and economies of scale.

毛利和毛利率

本集團的毛利由截至二零一零年三月三十一日止年度的港幣1,786,835,000元增加至截至二零一一年三月三十一日止年度的港幣2,120,459,000元，增長了約18.7%，毛利率較上一財政年度的75.5%有所下降。本集團毛利的下降主要是由於業務板塊佔銷售收入的比重發生改變所致。報告期內，中國的通脹壓力較大，管理層採取了一系列果斷的措施，適當地增加了部份會受到通脹影響的原材料的儲存量，同時由於繼續加大垂直整合力度及積極發展天然香原料業務，使得本集團的毛利率受原材料通脹影響較小，整體保持穩定。

其他收益

截至二零一一年三月三十一日止年度，本集團的其他收益為港幣122,675,000元，較截至二零一零年三月三十一日止年度的港幣36,237,000元，增加了港幣86,438,000元。其他收益的增加主要是由於人民幣對港幣升值以及地方政府補貼增加所致。

銷售及市場推廣開支

本集團的銷售及市場推廣開支主要包括差旅費、運輸成本、薪金及辦公費用等。本集團截至二零一一年三月三十一日止年度的銷售及市場推廣開支為港幣81,040,000元，較上年度的港幣73,057,000元，增加約10.9%。銷售及市場推廣開支所佔回顧年度的銷售總額的比例分別為約2.8%及3.1%，比例下降了約0.3個百分點。該比例的下降主要是由於提高效率以及規模效應所致。

Administrative expenses

The Group's administrative expenses amounted to HKD290,388,000 for the year ended 31 March 2011, representing an increase of approximately 24.5% as compared with HKD233,326,000 for the corresponding period last year. Administrative expenses to total sales revenue during the current financial year amounted to approximately 10.2%, representing an increase of approximately 0.3 percentage point as compared with 9.9% for the corresponding period last year. Among the total sales revenue during the current financial year, R&D expenses amounted to approximately 4.3%, an increase of approximately 0.8 percentage point compared with last year. The increase in administrative expenses and the ratio of administrative expenses to total sales revenue was mainly attributable to the increase in R&D expenses, number of employee and price levels.

Operating profit

Operating profit of the Group for the year ended 31 March 2011 was HKD1,871,706,000, representing an increase of approximately 23.4% as compared with HKD1,516,689,000 for the corresponding period last year, while the operating profit margin reached 65.6%, increased by 1.5 percentage points compared with last year. The increase in operating profit margin is mainly attributable to the decrease in ratio of selling and marketing expenses to sales revenue of the reporting period and increase in other income.

Income tax expenses

Income tax expenses of the Group for the year ended 31 March 2011 was HKD249,256,000, which increased substantially as compared with HKD162,236,000 for the corresponding period last year, with the income tax rates approximately 13.3% and approximately 10.6% respectively. The substantial increase in the income tax expenses was mainly attributable to the growth of profit and the increase in income tax rate of certain PRC subsidiaries due to the expiration of their preferential tax periods (two-year exemption and three-year half rate); the latter represents the main factor in the increase of the income tax expenses during this year.

Net current asset value and financial resources

As at 31 March 2011, the net current asset value of the Group was HKD1,649,351,000 (2010: HKD1,998,156,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. The Group's cash and cash equivalents amounted to HKD1,676,410,000 (2010: HKD1,678,640,000), over 98% of which was held in RMB. The Group neither held any forex hedging products nor structured investment products or financial derivatives.

行政開支

本集團截至二零一一年三月三十一日止年度的行政開支為港幣290,388,000元，較上年度的港幣233,326,000元，增加了約24.5%。而行政開支所佔本財政年度的銷售總額的比例為約10.2%，較上年度的9.9%增加了0.3個百分點。其中研發費用佔本財政年度的銷售總額約4.3%，較上年度增加了約0.8個百分點。行政開支金額及佔銷售比例增加的原因是集團研發費用的上升、增加員工人數以及物價水平上漲所致。

營運盈利

本集團營運盈利在截至二零一一年三月三十一日止年度為港幣1,871,706,000元，較上年度的港幣1,516,689,000元，增長了約23.4%。而本集團的營運盈利率則比上一年提高了1.5個百分點，達到了約65.6%。營運盈利率的提高主要是由於銷售及市場推廣開支的所佔回顧年度的銷售總額比例下降以及其他收益的增加所致。

稅務開支

本集團的稅務開支在截至二零一一年三月三十一日止年度為港幣249,256,000元，較上年的港幣162,236,000元，明顯增加。所得稅率則分別為約13.3%和約10.6%。所得稅開支的顯著上升，主要是由於本集團的盈利增長以及因部份子公司兩免三減半之稅務優惠免稅期屆滿而使所得稅率上升所致；其中後者為本年度所得稅率上升的主要原因。

流動資產淨值和財務資源

於二零一一年三月三十一日，本集團的流動資產淨值港幣1,649,351,000元（二零一零年：港幣1,998,156,000元）。本集團主要透過經營業務提供營運資金，維持穩健財務狀況。而本集團的現金及現金等價物為港幣1,676,410,000元（二零一零年：港幣1,678,640,000元），其中超過98%是以人民幣持有。本集團無持有任何外匯對沖產品、結構性投資產品及財務衍生工具。

Bank borrowings and gearing ratio

As at 31 March 2011, the Group had bank borrowings of HKD743,562,000, of which HKD740,000,000 is clean loan with interest calculated based on HK dollars inter-banks borrowings rate and is due within 1 year. The average annual interest rate was 2.08% (2010: 1.63%) for the year ended 31 March 2011. As at 31 March 2011, the Group's gearing ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was about 14.8% (2010: 6.6%).

Investing activities

The Group's investing activities were mainly incurred for the purchase of fixed assets and the strategically developed strategies for M&As. For the year ended 31 March 2011, the net cash used in investing activities amounted to HKD1,134,580,000, mainly incurred for the acquisition of Guangdong Jinye Group and capital injection into associates. For the year ended 31 March 2010, the net cash used in investing activities amounted to HKD357,650,000.

Financing activities

For the year ended 31 March 2011, the net cash used in financing activities amounted to HKD361,183,000, mainly used for dividend distribution to shareholders. For the year ended 31 March 2010, the net cash used in financing activities amounted to HKD476,591,000.

Debtors' turnover period

Debtors' turnover period is calculated on the basis of the average amount of trade receivables as at the beginning and end of a relevant financial year divided by the total sales revenue for the corresponding period and multiplied by 360 days. The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with, the customers. For the year ended 31 March 2011, the Group's average debtors' turnover period was 74 days, representing an increase of 3 days as compared with 71 days for the last financial year ended 31 March 2010, was mainly a result of adjustment of trade receivables to certain customers.

銀行貸款及負債比率

於二零一一年三月三十一日，本集團的銀行借貸總額為港幣743,562,000元，其中港幣740,000,000元為信用貸款，按港元銀行同業拆借息率作基礎並於一年內到期償還。截至二零一一年三月三十一日止年度，該信用貸款的平均年息率為2.08厘（二零一零年：1.63厘）。於二零一一年三月三十一日，本集團的負債比率（總債務（包括流動及非流動貸款）除以總權益，不含非控制性權益）為14.8%（二零一零年：6.6%）。

投資活動

本集團的投資活動主要與購買固定資產及作為收購兼併活動的戰略性發展策略有關。截至二零一一年三月三十一日止年度，投資活動所用現金淨額為港幣1,134,580,000元，主要是本集團收購廣東金葉集團及注資聯營公司。而截至二零一零年三月三十一日止年度，投資活動所用的現金淨額為港幣357,650,000元。

融資活動

截至二零一一年三月三十一日止年度，本集團融資活動所用現金淨額為港幣361,183,000元，主要用於向股東派發股息。而截至二零一零年三月三十一日止年度，融資活動所用的現金淨額為港幣476,591,000元。

應收賬週轉期

應收賬週轉期乃通過將有關財政年度年初及年末的應收貿易賬款平均金額除以相應期間的營業總額再乘以360天計算。本集團一般給予客戶約0-180日的信貸期，根據客戶業務量的大小和業務關係時間長短而定。截至二零一一年三月三十一日止年度，本集團的平均應收賬週轉期為74日，比較截至二零一零年三月三十一日止年度的71日上升了3日，主要原因是對部份客戶應收款賬期調整所致。

Creditors' turnover period

Creditors' turnover period is calculated on the basis of the average amount of trade payables as at the beginning and the end of a relevant financial year divided by the cost of goods sold for the corresponding period and multiplied by 360 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the year ended 31 March 2011, the Group's average creditors' turnover period was 133 days, representing an increase of 12 days as compared with 121 days for the last financial year ended 31 March 2010. The increase in creditors' turnover period was mainly attributable to the increased inventory of certain raw materials and to the extension of trade payables to certain suppliers.

Inventory and inventory turnover period

As at 31 March 2011, the Group's inventory balance amounted to HKD467,961,000 (2010: HKD235,294,000). For the year ended 31 March 2011, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and end of a relevant financial year divided by the total cost of goods sold for the corresponding period and multiplied by 360 days) was 173 days, representing an increase of 34 days as compared with 139 days for the last financial year. The increase in inventory and longer inventory turnover period for the year was a result of the further expansion of the Group's scale and increase in inventory of certain raw materials that were affected by inflation.

Foreign exchange and exchange rate risk

The principal businesses of the Group are located in Mainland China and the majority of the sales revenue is denominated in RMB, only a certain amount of imported raw materials and equipment are settled in foreign currency such as USD or EUR. There is insignificant pressure for the depreciation of RMB and thus the Group's exposure to exchange rate risk is relatively low.

Pledge of assets

As at 31 March 2011, the secured bank loan of the Group amounted to RMB3,000,000.

Capital Commitments

As at 31 March 2011, the Group had capital commitments in respect of the purchase of property, plant and equipment contracted for but not provided in the financial statements amounting to approximately HKD74,716,000 (2010: HKD4,234,000).

Contingent liabilities

According to the information available to the Board, the Group had no contingent liabilities as at 31 March 2011.

應付賬週轉期

應付賬週轉期乃通過將有關財政年度年初及年末的應付貿易賬款平均金額除以相應期間的銷售成本再乘以360天計算。供應商給予本集團的信貸期介乎零日至180日。截至二零一一年三月三十一日止年度，本集團的平均應付賬週轉期為133日，與截至二零一零年三月三十一日止年度的121日上升了12日。應付賬款週轉期的增加主要是本集團有計劃地增加部份原料儲備量及延長部份供應商賬期所致。

存貨和存貨週轉期

本集團的存貨結餘於二零一一年三月三十一日為港幣467,961,000元（二零一零年：港幣235,294,000元）。在截至二零一一年三月三十一日止年度，存貨週轉期（將有關財政年度年初及年末的存貨平均結餘除以相應期間的銷售成本總額再乘以360天計算）為173日，較上年度的139日增加了34日。存貨和存貨週轉期較上年度有所增加是由於本集團進一步擴大規模及為了應對通脹，集團增加了部份受通脹影響的原材料儲存量所致。

外匯及匯率風險

本集團的主要業務均在中國，收入絕大部份業務都以人民幣結算，僅部份進口原料及設備以美元或歐元等外幣結算。預期人民幣並無重大貶值壓力，因此本集團所承擔之匯率風險也較低。

資產抵押

二零一一年三月三十一日本集團的抵押貸款為人民幣3,000,000元。

資本承擔

於二零一一年三月三十一日，本集團就已訂約購買的物業、廠房及設備但並未於財務報表撥備的資本承擔約港幣74,716,000元（二零一零年：港幣4,234,000元）。

或然負債

根據可供董事會查閱的資料，本集團於二零一一年三月三十一日並無任何重大的或然負債。

FUTURE DEVELOPMENT PLANS

Firstly, with flavours and fragrances as its core, the Group will diversify into business of new materials for cigarettes, which is represented by the RTL, and further develop upstream natural aromatic raw materials area. In tobacco related fields, the Group will use the 'Twelfth Five-Year Plan' and its development targets of '532' and '461' as an opportunity to further improve its industry position in the tobacco flavours market. Meanwhile, the Group will spare no effort in the development of its RTL business; at this time the Group will pursue the growing market of reduced tar content and harm. The long term strategy of the Group, i.e. pursue the strategy of 'Big customers, Big brands', remains unchanged. We expect growth momentum in our existing flavours and fragrances business will be sustained. On the RTL side, the implementation of the second phase of the expansion project of Guangdong Jinye and startups of other RTL related projects will see rapid growth in development.

In the food and beverage field, the Group fully integrated the advantages of upstream natural aromatic raw materials, adhered to the development of natural, healthy and tasty local products, and provided product quality and taste solutions for local major customers; moreover, it continued to implement an overall strategy by fully leveraging its strengths in having a nationwide network for the heavy development of local small- and medium-sized customers and helping them to constantly improve product quality. Certainly, the management expected that the recent food safety disturbance and the new industry standards would still have certain negative impact on relevant industries. As one of the largest local flavours and fragrances enterprises, the management is confident to address these challenges and seize the opportunities brought from further industrial adjustment.

未來業務發展計劃

首先，集團將以香精香料為核心，多元化地發展以煙草薄片為代表的卷煙新材料業務，進一步拓展上游天然香原料領域。在煙草相關領域，本集團將牢牢把握「十二五」計劃作為發展契機，圍繞「532」和「461」的品牌發展目標，不斷加強在煙用香精香料方面的行業地位。同時，全力發展煙草薄片業務，把握降焦減害帶來的巨大商機。本集團的長期策略不變，即堅持「大客戶、大品牌」的戰略，我們預期未來集團現有的香精香料業務將維持增長勢頭；在煙草薄片方面，隨着廣東金葉二期擴建項目的順利實施以及其他薄片項目的啟動，本集團在該領域將迎來高速發展。

在食品飲料領域，本集團充分結合上游天然香原料的優勢，堅持以發展天然、健康和美味的本地產品，為本地大客戶提供產品品質及口味的解決方案；並繼續充分發揮遍佈全國的網絡優勢大力發展本地中小客戶，協助其不斷提高產品品質的整體戰略。當然，管理層預計近期食品安全風波以及新的行業標準對相關產業仍會產生一定的負面影響。作為本土最大的香精香料企業之一，管理層很有信心應對這些挑戰，把握下一輪行業調整帶來的機會。

In the aromatic raw materials sector, Huabao has continued with its commitment to the strategic development of the upstream aromatic raw materials business to create an integrated core value chain and enhance its overall competitiveness. The establishment of the bases of Wuxi Huahai and Botswana's F&G and the successful acquisitions of Qingdao Qingda and Yunnan Huaxiangyuan as well as the establishment of Yongzhou Shanxiang, have greatly elevated the Group's status in the integrated core value chain, as well as its capability in countering risks. Furthermore, by utilizing premium upstream raw materials as a platform and combining it with the Group's advantages in flavours and fragrances business, products' quality and competitive advantages will be further elevated. The Group's core business in flavours and fragrances is further improved. Moreover, these upstream raw material bases also enabled the Group to obtain significant market share of certain important upstream natural aromatic raw materials. In the next step, the Group will continue to accelerate the development of the aromatic raw materials segment, further elevating the Group's overall competitive advantages and pushing for the formation of an integrated core value chain.

The Chinese consumer products market is advancing to a higher level, consumers will demand for higher product taste and quality, with a tendency towards more natural products. This trend will inevitably lead to a significant increase in the value of per capita consumption of flavours and fragrances. From a long-term perspective, the global flavours and fragrances business will gradually shift its focus to Asia; the integrated core value chain will enable Huabao to possess a more natural, greener and healthier product system, thereby firmly capturing the opportunities of industrial upgrade to achieve greater development. The use of RTL will reduce the harm of cigarette products, and its production mainly uses tobacco waste as raw material; food and beverage products will be more natural and healthier with the development of upstream natural aromatic raw materials of the Group. The management believes the Group's future growth will be greener and healthier.

In regards to capital market, in recent years, the financing platform for China domestic capital market has drawn increasing attentions. In order to broaden its financing platform and increase Huabao's brand awareness, the Group, in line with its domestic business development, is now seeking advice with professional parties to carry out operation plans on platforms for China domestic capital markets. Up to date, the Group has not formulated any final opinion or concrete plans. However, it will consider both the interest of its shareholders and the development of its business and will make public the related progress, if applicable.

在天然香原料領域，華寶始終致力於戰略性地發展上游香原料業務，打造核心一體化的產業鏈，增強華寶的綜合競爭力。無錫華海、博茨瓦納F&G基地的建立加上收購青島青大、雲南華香源以及組建永州山香的成功，大大提高了集團產業鏈一體化的程度，增強了集團整體抗風險的能力。同時，利用優質的上游原料平台，結合集團香精香料業務的優勢，進一步提升了產品品質和競爭力，進一步加快了本集團香精香料核心業務的發展。而且，這些上游原料基地亦使集團在某些重要的上游天然香原料市場上佔有重要份額。下一步，本集團將繼續加快香原料板塊的發展，進一步加強集團的整體競爭優勢，推進核心一體化產業鏈的建設。

中國消費品市場正在向更高階段發展，消費者對產品的口感和品質要求將更高，傾向更天然化的產品。這種趨勢必導致人均香精香料消耗的價值大幅提升。長遠來看，全球香精香料的重心將逐步移向亞洲，核心一體化的產業鏈將使華寶擁有更加天然、綠色和健康的產品體系，從而牢牢抓住產業升級的契機，實現更大的發展。煙草薄片的使用將降低卷煙產品的危害，其生產原料主要利用煙葉廢料；食品及飲料類產品將隨着本集團上游天然香原料的發展更加天然、健康。管理層相信集團未來的增長將更加綠色和健康。

在資本市場方面，近來，國內資本市場融資平台日益備受關注。集團為進一步拓寬融資平台，增加華寶的知名度以及配合國內業務發展的需要，本集團正在和中介機構進行溝通並探討建立國內資本市場融資平台的操作方案。截至目前為止，本集團尚未就具體方案達成確定性意見，本集團將以股東利益和業務發展並重考慮，並向市場公佈有關進展情況，如適用。

In respect of M&A, the Group will continue to focus on the strategy of 'multi-pronged, focus growth', building a new business development platform through M&A and accelerate the development of existing core businesses. In the past several years, the Group has successfully carried out several M&As differing in size and has set up a team with strong M&A implementation, effective integration measures and strict internal control. In the future, the Group will remain focused on domestic targets and proactively pay attention to M&A opportunities overseas to further enhance its own technological strength and product development capabilities. The Group will achieve faster development by fully leveraging its financial strength and relying on the Chinese market.

The previous three-year business development plan was successfully completed. The development direction for the next few years is very clear, with the foundation already laid. The management has already entered the execution stage to ensure the next step of development targets will be met. The Management remains confident in Huabao's future, in creating more value for shareholders!

FUTURE PROSPECTS

Looking forward, the global economy is in the midst of a long recovery period, and the future growth of China's economy will be slowed as well. Against such macro environments, the Group must always adhere to the 'multi-pronged, focus growth' development strategy, constructing an integrated core value chain, continuously identifying new business growth points, enhancing the Group's capability in countering risks, actively constructing a more natural, greener, and healthier production chain, and achieving long-term sustainable growth.

在併購方面，本集團將繼續圍繞同心多元化的戰略，通過併購構建新的業務發展平台，並加速現有核心業務的發展。過去幾年，本集團已經成功地進行了數次大小併購，形成了一支併購執行力強、整合措施有效及內控嚴密的團隊。未來，併購的側重點仍然是以國內目標為主，積極關注海外併購機會，以進一步充實自身的科技實力及產品研發能力；依靠中國市場，充分利用自己的財務實力，實現更快的發展。

上一個三年業務發展計劃已經圓滿完成，未來幾年的發展方向已經十分明確、佈局已經基本完成，管理層已經進入實施階段並確保下一步的發展目標得以落實。管理層對華寶的未來充滿信心，必將為股東創造更大的價值！

未來展望

展望未來，全球經濟正處於一個漫長的復蘇期，中國經濟未來的增長速度亦將有所放緩。在這種宏觀環境下，集團必須始終堅持同心多元化的戰略，打造核心一體化產業鏈，不斷發掘新的業務增長點，增強集團整體抗風險的能力，努力建設更加天然、綠色和健康的產業鏈，獲得長期可持續的增長。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷 (註)

Executive Directors 執行董事



Ms. CHU Lam Yiu, aged 41, the Chairman and Executive Director of the Company. Ms. Chu is also a director of the Company's principal subsidiaries marked with 'C1' and the legal representative of those companies marked with 'C2' as set out in note 34 to the consolidated financial statements. Ms. Chu is experienced in formulating strategies and making executive decisions on business operation, investments and market development. Ms. Chu is currently the Deputy Director of CAFFCI and a member of the Fourth Chinese People's Political Consultative Conference Committee (Shenzhen, Guangdong province). Ms. Chu, through the corporations controlled by her, is the beneficial owner of Shares of the Company as set out in page 77 headed under Directors' Interests in Shares, Underlying Shares and Debentures.

朱林瑤女士，41歲，本公司主席及執行董事。朱女士亦是載於綜合財務報表附註34分別有「C1」和「C2」符號之本公司主要附屬公司的董事及法定代表人。朱女士擁有企業營運、投資及市場拓展之策略制定及決策方面之豐富經驗。朱女士現任中國香化協會副理事長及中國人民政治協商會議廣東省深圳市第四屆委員會委員。朱女士，透過受其控制的公司，實益擁有本公司股份，詳情已載於第77頁標題為「董事於股份、相關股份及債券之權益」。



Mr. LAU Chi Tak, aged 54, the CEO and Executive Director of the Company. Mr. Lau is also a director of the Company's principal subsidiaries marked with 'L1' and the legal representative of those companies marked with 'L2' as set out in note 34 to the consolidated financial statements. Mr. Lau holds a Bachelor's Degree in Chemistry and has over 20 years' experience in the international flavours and fragrances industry. He held a managerial position in a leading international flavour and fragrance company before joining the Company. He possesses in-depth knowledge of the Asian market and is particularly experienced in the business development in the greater China area.

劉志德先生，54歲，本公司執行董事兼總裁。劉先生亦是載於綜合財務報表附註34分別有「L1」及「L2」符號之本公司主要附屬公司的董事及法定代表人。彼持有化學學士學位。劉先生在國際香精香料業界擁有超過二十年的經驗，之前在一家世界頂級的香精及香料公司擔任管理職位，並對亞洲市場非常熟悉，尤其是對大中華之業務發展有豐富經驗。

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



Mr. POON Chiu Kwok, aged 48, an Executive Director and the Company Secretary of the Company. Mr. Poon was awarded the postgraduate diploma in laws by the University of London. He holds a bachelor degree in laws and a bachelor degree in business studies and a master degree in international accounting. He is a member and an Associate Instructor of the Hong Kong Securities Institute and its Professional Education Committee, an associate member of the ICASA, and HKICS. Mr. Poon worked as a regulator, commercial and investment banker and has broad experience in finance and securities regulations. He now serves as independent non-executive director of Ningbo Port Company Limited (listed in the Shanghai Stock Exchange) and Tsingtao Brewery Company Limited (listed in Hong Kong and Shanghai).

潘昭國先生，48歲，本公司執行董事和公司秘書。潘先生獲英國倫敦大學授予法學研究生文憑；擁有法學士學位、商業學學士學位和國際會計學碩士學位。為香港證券專業學會會員及其專業教育委員會委員和特邀導師、英國特許秘書及行政人員公會及香港特許秘書公會會員。曾擔任監管、商業及投資銀行工作，在金融及證券法規方面擁有廣泛的經驗。潘先生現任寧波港股份有限公司（在上海上市）及青島啤酒股份有限公司（在香港和上海上市）之獨立非執行董事。



Mr. WANG Guang Yu, aged 47, an Executive Director and the Chief Technical Officer of the Company. Mr. Wang is also the director of the Company's principal subsidiaries marked with 'W1' and the legal representative of those companies marked with 'W2' as set out in note 34 to the consolidated financial statements. Mr. Wang holds a Master's Degree in Chemical Analysis and has a qualification of senior engineer. Mr. Wang was an expert with special allowance by the State Council of the PRC government in recognition of his outstanding contribution to the engineering technology sector of China. Mr. Wang previously worked in management positions of large-scale chemical company in China. He has nearly 15 years of R&D and management experiences in the chemical industry and is currently the Deputy Director of CAFFCI, a member of Laws Committee of China Flavours & Fragrances Committee and a member of Jiadong Science Technology Committee of Shanghai Zhangjiang Hi-Tech Park.

王光雨先生，47歲，本公司執行董事和集團技術總監。王先生亦是載於綜合財務報表附註34分別有「W1」及「W2」符號之本公司主要附屬公司的董事及法定代表人。彼持有分析化學碩士學位、高級工程師資格，為國務院特別津貼專家，以表彰其對中國工程技術事業所做的突出貢獻，曾任職於中國內地大型化工企業管理職位。王先生擁有超過十五年化工技術研發及管理方面經驗。王先生現擔任中國香化協會副理事長，中國香精香料協會法規委員會委員及上海張江高科技園嘉定分區科學技術協會委員。

Executive Directors 執行董事



Mr. XIA Li Qun, aged 44, an Executive Director, Vice President and Chief Financial Officer of the Company. Mr. Xia is also a director of the Company's principal subsidiaries marked with 'X1' and the legal representative of those companies marked with 'X2' as set out in note 34 to the consolidated financial statements. He is also responsible for the Group's finance, administration and human resources. Mr. Xia holds a Bachelor of Arts in Economics and is a certified accountant, certified tax specialist and certified appraiser in China. Mr. Xia has around 20 years of financial and corporate management experience. He previously worked in domestic accounting firms in China and was a senior management member of a foreign invested enterprise in China. He is currently the Honorary Chairman of the Shanghai Food Additive Association.

夏利群先生，44歲，本公司執行董事、集團副總裁及財務總監。夏先生亦是載於綜合財務報表附註34分別有「X1」及「X2」符號之本公司主要附屬公司的董事及法定代表人。夏先生亦分管本集團財務、行政及人事工作。彼持有經濟學學士學位及中國註冊會計師、註冊稅務師及註冊評估師資格。夏先生擁有逾二十年財務及企業管理方面經驗。彼曾任職於中國內地會計師事務所和中國之外商投資企業高層管理職位。夏先生現擔任上海市食品添加劑協會名譽會長。



Mr. XIONG Qing, aged 34, an Executive Director of the Company. Mr. Xiong majored in international accounting in Tsinghua University School of Economics and Management, and graduated with a Bachelor's Degree in Economics. Mr. Xiong is also an EMBA degree holder of INSEAD in France. Prior to joining the Group, Mr. Xiong worked in several international investment banks for eight years. Mr. Xiong has extensive experiences with Chinese enterprises and international capital market.

熊卿先生，34歲，本公司執行董事。熊先生畢業於清華大學經濟管理學院國際會計專業，獲經濟學學士學位。熊先生亦持有法國INSEAD商學院EMBA學位。熊先生在加入本集團之前曾在多家國際投資銀行任職八年，對中國大陸之企業以及國際資本市場方面擁有豐富之經驗。

Independent Non-Executive Directors 獨立非執行董事



Mr. LEE Luk Shiu, aged 53, an Independent Non-executive Director and Member of Audit Committee of the Company. Mr. Lee is a fellow member of ACCA and an associate member of HKICPA. Mr. Lee is the senior consultant of an investment bank. Mr. Lee has about 25 years of ample experience in commercial accounting and corporate finance. Mr. Lee has principally engaged in corporate finance and regulatory aspects in the Stock Exchange. Mr. Lee was an Assistant Vice President of the Listing Division of the Stock Exchange, and his duties included regulating and monitoring the Hong Kong listed companies in relation to their compliance with the Listing Rules and processing new listing applications.

李祿兆先生，53歲，本公司獨立非執行董事和審核委員會會員。李先生為英國特許公認會計師公會資深會員及香港會計師公會會員。李先生現任一投資銀行的高級顧問。李先生在商業會計及企業融資方面擁有約二十五年豐富經驗。李先生曾主要從事聯交所之企業融資及監管事宜。李先生曾任職聯交所上市科副總監，其職責包括規管及監督香港上市公司有關遵守上市規則及處理新上市申請之程序。



Ms. MA Yun Yan, aged 50, an Independent Non-executive Director, Member of Audit Committee and Remuneration Committee of the Company. Ms. Ma graduated from the Law School of Peking University in 1984 and qualified as a lawyer in China in 1986. Ms. Ma has been dedicated to teaching and doing research in the Law School in relation to international commerce and investment aspects for 10 years. She is now the Partner of Shu Jin Law Firm. Ms. Ma has extensive experience in the legal field in relation to the capital markets, including investments, acquisition and mergers, issuance of securities etc, and has lead-managed the issuance of shares and convertible bonds and major restructuring of numerous listed companies such as China Vanke Co., Ltd., China Petroleum Jilin Chemical Engineering Construction Co. Ltd., China Merchants Property Development Co., Ltd., Wisisoft Co., Ltd., shares of are listed in the PRC stock exchanges, and also AAC Acoustic Technologies Holdings Inc., Vital BioTech Holdings Limited and Shenzhen High-Tech Holdings Limited, shares of which are listed on main board of the Stock Exchange. Ms. Ma was one of the members of the Fourth Listing Committee of Shenzhen Stock Exchange and retired an Independent Non-executive Director of Shenzhen Laibao Hi-Tech Co., Ltd. upon expiry of term. Mr. Ma is now a member of the First Growth Enterprises Board Public Offering Review Committee of China Securities Regulatory Committee and an Independent Non-executive Director of Rainbow Department Store Co., Ltd., listed in Shenzhen stock exchange.

麻雲燕女士，50歲，本公司獨立非執行董事、審核委員會和薪酬委員會會員。麻女士於一九八四年畢業於北京大學法律系，一九八六年於中國內地取得律師資格。麻女士曾經從事國際商務與投資領域的法學教學、研究工作共十年時間。彼現為廣東信達律師事務所合夥人。麻女士多年從事投資、收購兼併、證券發行等資本市場的法律業務，曾主辦了包括中國內地上市公司萬科企業股份有限公司、中油吉林化建工程股份有限公司、招商地產控股股份有限公司、四川川大智勝股份有限公司；香港上市公司AAC Acoustic Technologies Holdings Inc.、維奧生物科技控股有限公司及深圳科技控股有限公司等多家上市公司的股票、可換股債券發行以及重大重組。曾經擔任深圳證券交易所第四屆上市委員會委員和屆滿卸任深圳萊寶高科技股份有限公司的獨立非執董事。麻女士現任中國證券監督管理委員會第一屆創業板發行審核委員會委員和深圳上市的天虹商場股份有限公司之獨立非執行董事。



Mr. MAK Kin Kwong, aged 49, an Independent Non-executive Director, Chairman of Audit Committee and Remuneration Committee of the Company. Mr. Mak is the managing director of Venfund Investment, a Shenzhen based mid-market M&A investment banking firm specializing in cross-border mergers and acquisitions, corporate restructuring, capital raising and international financial advisory services for Chinese privately-owned clients, which he co-founded in late 2001. Prior to that, Mr. Mak spent 17 years at Arthur Andersen Worldwide where he was a Firm partner and served as the managing partner of Arthur Andersen Southern China in his last position with the Firm. Mr. Mak is a graduate of the Hong Kong Polytechnic University, and a fellow member of HKICPA and ACCA, and a member of the Institute of Chartered Accountants, in England and Wales.

Mr. Mak also serves as an independent non-executive director and audit committee chairman of Trina Solar Limited, China GrenTech Corp. Ltd., China Security & Surveillance Technology, Inc. all of which are companies listed in the U.S.; Pou Sheng International (Holdings) Limited, Real Gold Mining Limited and 361 Degrees International Limited all listed in Hong Kong and Shenzhen Fiyata Holdings Limited listed in Shenzhen.

麥建光先生，49歲，本公司獨立非執行董事、審核委員會和薪酬委員會主席。麥先生現任華雋投資董事總經理。華雋是於二零零一年底由麥先生及其合夥人創辦，致力為中國客戶提供跨國收購兼併、集團重組、國際財務顧問等投資銀行服務。之前，麥先生是安達信國際合夥人及安達信南中國地區主管合夥人。麥先生畢業於香港理工大學會計系，為香港會計師公會資深會員，英國特許公認會計師公會資深會員及英國特許會計師公會會員。

麥先生現為多家上市公司擔任獨立董事及審計委員會主席，其中包括於美國上市的天合光能有限公司，國人通信股份有限公司，中國安防技術有限公司；於香港主板上市的寶勝國際（控股）有限公司，瑞金礦業有限公司和361度國際有限公司和於深圳上市的深圳市飛亞達（集團）有限公司。

Senior Management 高級管理層



Mr. ZHANG Yong, aged 50, is the Vice President of the Group and is responsible for marketing and sales of tobacco side of business. He holds a Bachelor's Degree in Engineering. He served in local governments and large enterprises in the Mainland China. Mr. Zhang has over 20 years' experience in marketing and management.

張勇先生，50歲，副總裁，分管煙用類業務的市場與銷售工作。彼持有工學學士學位。曾任職於中國內地地方政府和大型企業。張先生擁有逾二十年的營銷及管理方面經驗。



Mr. CHEN Hu, aged 37, is the Head of Food Flavours and Fragrances of the Group. Mr. Chen is a graduate of Central South University with a Bachelor's Degree in Economics. Before joining the Group, Mr. Chen worked for several companies and has extensive experiences in merger and acquisition, marketing and management. Mr. Chen is currently the Deputy Director of Chinese Baked Products and Sugared Products Industry Association.

陳虎先生，37歲，集團食品及日用香精香料總監。陳先生畢業於中南工業大學，獲經濟學學士學位。陳先生在加入本集團前，曾在多家企業任職，對投資併購、市場營銷和企業管理方面擁有豐富經驗。現擔任中國焙烤食品和糖製品工業協會副理事長。



Mr. Alan DAVIES, aged 63, is the Chief Technical Officer of tobacco flavour and Head of Aromascape Development Centre in Germany. Mr. Davies holds a Higher National Diploma in Food Science of Grimsby College of Technology, UK. Mr. Davies served as a senior flavourist in charge of creation and applications in a number of world renowned flavour and fragrance companies and tobacco factory, including BBA, Carreras Rothmans, Dragoco and Symrise. Mr. Davies has over 35 years' experience in tobacco flavour.

Mr. Alan DAVIES，63歲，煙用香精香料技術總監，德國Aromascape科研中心主管。Mr. Davies持有英國Grimsby College of Technology的食品科學高級國家文憑，並曾任職於多家國際知名的香精香料公司和煙廠，包括BBA、Carreras Rothmans、Dragoco and Symrise，擔任高級調香師及主管開發和應用，Mr. Davies擁有超過三十五年的煙用香精香料經驗。



Mr. LIN Chang Kui, aged 48, is the Administrative and Personnel Director of the Group. Mr. Lin is a doctor graduate student of enterprise management and holds an MBA degree; he served as a senior executive in a large enterprise group and has years of experience in operations management of enterprise group, proficient in corporate strategy planning, group strategy management, design of standard corporate governance, and well experienced in capital operations including project planning and enterprise M&A.

林長遠先生，48歲，集團行政人事總監。林先生為企業管理博士研究生，同時擁有工商管理碩士學位；曾經在大型的多元化企業集團出任高級管理職務，具有多年集團企業經營管理實際經驗，精通企業戰略規劃、集團戰略管理與企業規範管理和治理機制設計，在項目策劃和企業併購等資本運作方面也具有豐富的經驗。

Note: Information contained in this section was up to 31 March 2011.

附註：此部份所載資料乃截至二零一一年三月三十一日止。

Corporate Governance Report

企業管治報告

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

Corporate Governance Practices

The Company has adopted the code provisions in the CG Code contained in Appendix 14 to the Listing Rules as its own code on corporate governance practices except for the following deviations:

Pursuant to code provision A.4.1 of CG Code, INEDs should be appointed for a specific terms, subject to re-election. Although the INEDs of the Company were not appointed for a specific term which deviates from the code provision A.4.1 of the CG Code, pursuant to the Bye-laws of the Company, the Directors shall retire from office by rotation no later than the third AGM of the Company since their last appointment or re-election and are eligible for re-election. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

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

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

企業管治常規

除下列偏離外，本公司已採納上市規則附錄十四企業管治守則的守則條文，作為公司企業管治常規的守則：

根據企業管治守則守則條文A.4.1條，獨立非執行董事的委任應有指定任期，並須膺選連任。雖然本公司獨立非執行董事並非按特定年期獲委任，與企業管治守則守則條文A.4.1有所偏離，但須於其上次獲委任或重選後不超過第三屆本公司股東週年大會上輪值告退，並符合資格膺選連任。因此，本公司認為，本公司已採取充分措施，確保本公司企業管治常規不比管治守則所載之規定寬鬆。

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

The Board

Board Composition

The Company has a well-balanced Board. As at the date of this annual report, the Board comprises six Executive Directors and three INEDs. The members of the Board are as follows:

Executive Directors

Ms. CHU Lam Yiu (*Chairman*)
Mr. LAU Chi Tak (*CEO*)
Mr. POON Chiu Kwok
Mr. WANG Guang Yu
Mr. XIA Li Qun (*CFO*)
Mr. XIONG Qing

Independent Non-executive Directors

Mr. LEE Luk Shiu
Mr. MA Yun Yan
Mr. MAK Kin Kwong

There is no relationship (including financial, business, family or other material relationship) between any members of the Board. Biographies of the Directors are set out on pages 45 to 49 of this annual report. The present Board has a diverse wealth of skills, expertise, and qualifications in aspects of production, management, accounting and finance, legal and regulatory experience both in Hong Kong and China. Two out of three INEDs possess recognized professional qualification in accounting and financial management. The INEDs bring strong independent judgment, knowledge and experience appropriate for the Board's deliberations. All Directors have distinguished themselves in their field of expertise and have exhibited good standards of personal and professional ethics and integrity. This diversity of experiences and backgrounds enables the Board to enhance good corporate governance and performance standard and to bring in valuable contributions and objective advices for the development of the Group's businesses.

During the year ended 31 March 2011, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three INEDs with at least one INED possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules). The Company has received, from each of the INEDs, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the INEDs are considered to be independent pursuant to the Listing Rules.

董事會

董事會成員

本公司有一個全面的董事會。於本年報日，董事會由六名執行董事和三名獨立非執行董事組成。董事會成員如下：

執行董事

朱林瑤女士 (*主席*)
劉志德先生 (*總裁*)
潘昭國先生
王光雨先生
夏利群先生 (*財務總監*)
熊卿先生

獨立非執行董事

李祿兆先生
麻雲燕女士
麥建光先生

董事會成員之間並無任何關係(包括財務、業務、家庭或其他重大關係)。董事履歷載於本年報第45頁至第49頁。現時之董事會於生產、管理、會計及金融、法律及香港及中國規管方面具有雄厚技術實力、專長及資格。三名獨立非執行董事當中兩名擁有認可的會計專業資格或相關財務管理專長。獨立非執行董事為董事會議事提供適當專業的知識、經驗及獨立判斷。所有董事在其專業範圍內擁有卓越資歷，並顯示了卓越水平的個人專業操守和誠信。董事會的多元化經驗及背景可提升良好企業管治表現及標準，並為本集團業務發展帶來寶貴貢獻及客觀建議。

於截至二零一一年三月三十一日止年度內，董事會符合上市規則內需要委任至少三名獨立非執行董事，並其中由至少一名具備適當的專業資格，或具備相關適當的會計或相關的財務管理專長的獨立非執行董事之規定(遵守上市規則第3.10條的規定)。根據上市規則第3.13條，本公司已獲得各獨立非執行董事之年度獨立性確認書。董事會已評估彼等之獨立性，並認為全體獨立非執行董事根據上市規則均被視為獨立。

Chairman and Chief Executive Officer

The role of Chairman and CEO of the Company has been taken up by different persons since 9 April 2008. To ensure a balance of power and authority, the Company has established a clear and defined division of the responsibilities between the Chairman, Ms. CHU Lam Yiu and the CEO, Mr. LAU Chi Tak in accordance with the CG Code.

The Chairman's responsibility is to manage the Board including the following:

- To provide leadership for the Board and ensure that the Directors meet regularly and whenever necessary to consider all key and appropriate issues in a timely manner and thus ensure the Board functions effectively and discharges its responsibilities;
- With the supports of the CFO, the Company Secretary and the Qualified Accountant ('QA'), to ensure all Directors are properly briefed on issues arising at board meetings and receive adequate, complete, reliable and timely information for making decisions;
- To lead and set the strategic plans of the Company and supervise the implementation of resolutions approved by the Board. Each Executive Director is to oversee and monitor different functions of the Group according to their respective professional skills and expertise;
- To play a leading role in maintaining the balanced composition of the Board and sub-board committees, so as to make the Board an effective team that works with high degree of harmony;
- The Chairman has delegated to the designated director(s) and the Company Secretary the responsibilities of drawing up and approving the agenda for each board meeting and contacting other directors for any matters proposed for inclusion in the agenda before each board meeting; and
- To ensure good corporate governance practices and procedures are in place. The Chairman, through the CFO, the Company Secretary and the QA, oversees the implementation of the practices and procedures set out in the CG Code.

主席和總裁

自二零零八年四月九日起，董事會主席和總裁由不同人士擔任。為確保平衡權力和授權，本公司已按企業管治守則清晰和明確區分主席，朱林瑤女士及總裁，劉志德先生的職責。

主席之職責乃管理董事會，當中包括：

- 領導董事會及確保董事定期及於有需要時召開會議，及時審議所有重要及適當事宜，從而確保董事會有效運作並履行職責；
- 在財務總監、公司秘書及合資格會計師（「合資格會計師」）的支持下，確保所有董事就於董事會會議提出的事項得到適當說明並獲得充足及時的數據，以作出決策；
- 領導及制定本公司之策略規劃，監察董事會通過之決議案之執行情況。按各執行董事各自之專業技能及知識，監督及監察本集團之不同部門；
- 於維持董事會及董事會委員會架構平衡上擔當領導之角色，帶領董事會有效運作、工作高度融洽；
- 主席委派職責予指定董事及公司秘書，在董事會會議召開前，草擬及審批董事會會議之議程，並就任何獲提呈加載議程之事項，與其他董事聯繫；及
- 確保良好之企業管治常規及程序妥善執行。主席透過財務總監、公司秘書及合資格會計師，監督公司實行企業管治守則所載之常規及程序。

The CEO's responsibility is to manage the Company's business including the following:

- To provide leadership for the management;
- To implement the strategic planning and business development;
- To supervise the business and operational management of the Company;
- To cooperate closely with management teams from all function to ensure the Company's smooth operation and development and to report regularly to the Board on major business development; and
- To establish and maintain proper internal controls and systems with the assistance of CFO and designated directors.

Roles and Responsibilities of Directors

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

The primary objective of the Board is to maximize the profit of the Company and to enhance long-term value of the Company for the shareholders. To this end, the Board assumes the responsibilities for leadership and control of the Company and oversees the businesses, strategic development, financial performance and corporate governance of the Group. All new board members have been given a tailored induction on the general business background and policy of the Company on joining the board and all the Directors have been provided with regular trainings by external experienced lawyers to update and refresh the applicable legal and other regulatory requirements and the business and governance policies of the Company.

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

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

總裁之職責乃管理本公司業務，當中包括：

- 領導管理層；
- 實行策略規劃及業務發展；
- 監督本公司業務及營運管理；
- 與各部門之管理團隊緊密合作，確保本公司作業及發展流暢，並定期向董事會匯報業務之主要動向；及
- 透過財務總監和所委派的董事的支持，制定及維持合適的內部監控及制度。

董事的角色和責任

在主席領導下，董事會負責為管理層制定審批公司的發展、業務策略、目標和監督業務表現、評估管理策略的作用效益。

董事會之主要目的乃為權益持有人得到最大盈利及提高並保護其長期價值。為此，董事會負有領導並控制本公司、監察本集團業務、策略發展方向、財務表現和企業管治。所有新加入董事會成員在加入董事會時，均獲有關本公司一般業務背景和政策之量身定制的簡報和全體董事均獲由豐富的外聘律師所提供的定期培訓更新法規要求和增進董事履行董事職責時所需的知識技能。

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

本公司章程載有關於董事會責任及運作模式的條文。重大業務政策均須經董事會討論和審批。為確保董事履行職責，公司設有適當的組織架構和清晰的責任和權限。

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

Board Meetings

The Company conducts scheduled Board meetings on a quarterly basis to discuss strategies and business issues, including financial performance, of the Group. Details of attendance of the Directors at the physical regular meetings are set out on page 65 of this annual report.

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

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

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

Directors' Appointment and Re-election

Although all the Directors were not appointed for a specific term, every Director shall retire from office by rotation no later than the third AGM of the Company since their last appointment or re-election and are eligible for re-election.

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

董事會會議

董事會每季舉行預定董事會會議，討論政策和業務事宜，包括本集團業務表現。董事的出席紀錄載於本年報第65頁。

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

董事會會議記錄及董事委員會會議記錄初稿分別會供董事及有關董事委員會成員審閱後方定稿，最後版本呈送給董事和相關委員會成員並由公司秘書／合規部保管，可供所有董事及委員會成員查閱。如個別董事在董事會會議擬考慮的事項中存有利益，該（等）董事需放棄投票，董事會確保有足夠的獨立董事參與會議作出決策。

各董事均有權查閱董事會文件及有關數據以及取得公司秘書／合規部的意見及服務，確保董事會程序及所有適用規則及規例均獲得遵守，亦可在有需要時徵求獨立專業意見，有關費用由本公司支付。本公司鼓勵獨立非執行董事積極參與董事會會議，並擔任董事會下屬委員會會員。

董事之委任和重選

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

The Company has not established a nomination committee. New director is sought mainly through referrals, internal promotions or from the management of any acquired businesses. In evaluating whether an appointee is suitable to act as a Director, the Board will review the independence, experience and skills of the appointee as well as personal ethics, integrity and time commitment of the appointee. Appointment of a new director requires the unanimous approval of the Board members subject to election by Shareholders at the then forthcoming general meeting.

Directors' interests and securities transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry to all Directors, all Directors confirmed in writing that they have complied with the required standard as set out in the Model Code throughout the year. Full details of the Directors' interests in the shares are set out on page 77 of this annual report.

Delegation of Directors

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

BOARD COMMITTEES

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

Remuneration Committee

The Remuneration Committee consists of two INEDs, namely: Mr. MAK Kin Kwong (the Chairman of the Remuneration Committee) and Ms. MA Yun Yan, and an Executive Director, Mr. XIA Li Qun.

本公司尚未成立提名委員會。新董事主要透過推薦、內部提拔或任何收購事務之管理層而產生。於評估被委任者是否適合擔任董事時，董事會將審閱被委任者之獨立性、經驗及技能，以及個人品德、操守及可貢獻之時間。新董事之委任須獲得董事會成員一致批准，並須於應屆股東大會上由股東選舉。

董事權益和董事進行證券交易

本公司已採納載於上市規則附錄十的標準守則，作為董事買賣證券的標準守則。經作出具體查詢後，全體董事已書面確認在整個年度內已遵守標準守則的規定。董事權益載列於本年報第77頁。

董事的委託

董事會亦可不時將其所有或任何權力授予其認為適當的本公司董事或高級管理層成員。董事會在薪酬委員會及審核委員會兩個委員會支持下就有關授權制定清晰明確的規則及政策，使本公司更有效地營運。

董事委員會

本公司設審核委員會和薪酬委員會。各委員會有特定書面職權指引以清晰確定其責任和授權。委員會主席在其會議後向董事會匯報和提交建議。

薪酬委員會

薪酬委員會由兩名獨立非執行董事，即麥建光先生（為薪酬委員會主席）和麻雲燕女士和執行董事，夏利群先生，組成。

The term of reference of the Remuneration Committee has been adopted by the Board and is published on the Company's website www.huabao.com.hk. The Remuneration Committee's responsibilities include making recommendations for approval by the Board with respect to matters relating to the remuneration of Executive Directors. In discharging its responsibilities, the Remuneration Committee has performed the following works:

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

Directors will abstain from voting in determining their own remuneration packages. The Remuneration Committee met once regarding the emolument packages of the Directors and senior management during the reporting period and individual attendance of Remuneration Committee members is set out on page 65 of this annual report. Details of the emolument of the Directors are set out in note 24 to the consolidated financial statements while details of the Share Options Scheme and the share options granted to the Directors and senior management are set out on pages 73 to 75 of this annual report.

Audit Committee

The Audit Committee comprises three INEDs, namely, Mr. MAK Kin Kwong (the Chairman of the Audit Committee), Ms. MA Yun Yan and Mr. LEE Luk Shiu.

薪酬委員會已確立其職權指引、並已刊登於本公司網站www.huabao.com.hk。薪酬委員會之主要職責包括就有關執行董事薪金之事宜作出推薦意見，以備董事會通過。為履行其職責，薪酬委員會已進行下列工作：

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

董事須就釐定彼等薪金組合時放棄投票。於年內，薪酬委員會就董事和高級管理層的薪酬組合召開一次會議，各薪酬委員會會員的出席紀錄載於本年報第65頁。董事之薪金詳情載於綜合財務報表附註24而購股權計劃詳情及授予董事和高級管理層之購股權亦載於本年報第73至第75頁。

審核委員會

審核委由三名獨立非執行董事，即麥建光先生（為審核委員會主席）、麻雲燕女士和李祿兆先生組成。

The principal responsibility of the Audit Committee is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the Company's financial reporting process and material internal controls, including financial, operational, compliance and risk management controls and, to maintain good and independent communications with the management as well as auditors of the Company. In discharging its responsibilities, the Audit Committee has performed the following work:

- To review the annual and interim financial statements and results announcements during the year;
- To discuss with the external auditors and the management on possible accounting risks;
- To review the effectiveness of the Group's financial controls, internal controls and risk management systems;
- To review the sufficiency of manpower for financial reporting purposes;
- To approve the audit fees and terms of engagement of the external auditors; and
- To review the independence of the external auditors and make recommendation to the Board on the re-appointment of the external auditors.

The Audit Committee meets regularly with the Company's external auditors to discuss various accounting issues, and reviews the effectiveness of internal controls. Written term of reference has been adopted and is published on the Company's website www.huabao.com.hk.

During the year ended 31 March 2011, the Audit Committee met twice and individual attendance of Audit Committee members is set out on page 65 of this annual report. Members of the Audit Committee were satisfied with the Company's internal control procedures with the financial reporting disclosures.

審核委員會主要職責協助董事會維持高水平企業管治，尤其是本公司的財務匯報體系之有效性和重大內部監控包括財務、運作、合規和風控提供獨立意見，並與本公司管理層及核數師保持良好及獨立的溝通。履行其職責時，審核委員會已進行下列工作：

- 審閱年內之年度及中期財務報表及業績公佈；
- 與外聘核數師及管理層就潛在會計風險作出討論；
- 檢討本集團之財務監控、內部監控及風險管理系統之有效性；
- 檢討處理財務匯報功能的人手是否充足；
- 批准外聘核數師之核數費用及委任任期；及
- 審閱外聘核數師之獨立性及就續任外聘核數師向董事會作出推薦意見。

審核委員會定期與外聘核數師開會，討論各種會計問題，並審閱內部監控制度的成效。經董事會採納，審核委員會的職權指引已刊登於本公司網站 www.huabao.com.hk。

於截至二零一一年三月三十一日止年度內，審核委員會舉行兩次會議，審核委員會會員的出席會議紀錄載於本年報第65頁。審核委員會委員對本公司之內部監控系統和財務報告的披露表示滿意。

INTERNAL CONTROL

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

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

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

Organizational Structure

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

Authority and Control

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

Budgetary Control and Financial Reporting

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

內部監控

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

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

董事會為有效的內部監控已設立的主要程序，如下：

組織結構

設有適當的組織結構和明確的營運政策和程序以及責任和授權。

授權和監控

授予執行董事和管理層適當的權力執行企業政策及策略和董事會制定的相關事項。

預算控制和財務匯報

本集團實施預算管理和財務預算，經董事會批准後執行。已設有相關程序評估、檢討和批准重大經常性資本支出，和定期比較預算與經營業績。

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

Risk Management

The Group has Risk Management Department headed by an Executive Director of the Company to monitor and assess risk regularly, boost related management standards and evaluate investment projects.

Internal Audit

The Company has set out internal audit team directly reporting to CFO with scope of works advised by the Audit Committee shortly after a review on its internal control system by an external independent expert in 2008.

Internal Control Review

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

- (i) To follow up the enhancement progress in response to the previous recommendations from an external independent expert in respect of internal control system;
- (ii) To carry out a high level review on the internal control system of new members/businesses of the Group under the principles set out by The Committee of Sponsoring Organizations of the Treadway Committee ('COSO') covering major control aspects; and
- (iii) To arrange site visit and perform focused walk through test on the internal control system of members of the Group on a selective basis pursuant to the principles of COSO.

本集團設有適當的內部監控程序確保按時準確地和完整地記錄財務會計賬目。定期檢查和檢討確保會計賬目按一般公認會計原則、本集團會計政策和適用的法律則等記賬。

風險管理

本集團設有由本公司一名執行董事為首的風險管理辦公室，定期監測和評估風險、提升相關管理水平和評估投資項目。

內部審計

於二零零八年外聘獨立顧問檢討內部監控系統不久後，本公司設立內部審計組，直接向財務總監報告，其工作範疇經由審核委員會建議。

內部監控評估

於期內，內部審計組對內部監控系統（包括財務、營運和合規監控和風險管理功能）進行評估。評估採用風險導向方式塑造和檢討內部控制系統成效，包括：

- (i) 回應過去外部獨立專家的意見，跟進提升內部監控系統的進度；
- (ii) 根據The Committee of Sponsoring Organization of the Treadway Committee (「COSO」) 所訂之原則，當中包括檢討各重大之監控範疇，對集團新成員或業務的內部監控系統進行高層次檢查；和
- (iii) 隨機到訪本集團之廠房和根據COSO的原則對其內部監控系統進行專項穿行測試。

Internal Audit Team has presented their findings and make recommendations directly to the Audit Committee and the Audit Committee has discussed with the management and reported the progress of the work plan and related findings, particularly those related to new group members to the Board at board meeting during the year. In general, the Board considers that the internal control systems (including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function) of the Group are effective.

Internal Control – Corporate Governance enhancement

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

ACCOUNTABILITY AND AUDIT

Directors' Responsibility in Preparing Financial Reporting

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

Auditors' statement and remuneration

The external auditors have a primary responsibility for auditing and reporting on the financial statements and the Auditors' Report to the Shareholders is set out on pages 82 to 83 of this annual report.

於期內，內部審計組直接對審計委員會提交其評估報告和建議，且審核委員會已與管理層討並在董事會會議上向董事會提交其工作計劃進展和相關發現，尤其是關於本集團新成員。整體而言，董事會認為本集團之內部監控系統（包括本公司在會計及財務匯報職能方面的資源、員工資歷及經驗之足夠性）屬有效。

內部監控 – 企業管治提升

董事會已進一步加強企業管治常規，包括監控本集團營運和業務發展的內部匯報實施制度，以便按月記錄潛在股價敏感數據，監察持續披露責任。董事會進一步提升企業管治常規就對外貸款制定政策監測借貸水平。此外，本公司常位法律顧問史密夫律師事務所每年至少兩次為董事和相關高管提供上市規則、法規要求、執法個案的培訓。

問責和審核

董事編製財務報表的責任

董事會負責編製並准時刊發財務報表。編製財務報表時，合理及謹慎地判斷及估算以確保有關法律法規已獲遵守，香港現行的適用會計準則已獲採納，適當的會計政策持續地予以應用以及持續經營基準已獲確認。

核數師聲明和酬金

核數師主要職責為就財務報表核數其作出報告，致股東之核數師報告載於本年報第82至83頁。

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

於期內，就核數師（包括附屬公司法定的核數師）向本集團提供之核數及非核數費用服務應付核數師之費用如下：

Nature of Services	服務性質	Amount 金額 (HK\$'000) (港幣千元)
Audit services	核數服務	
– for the audit of the Group	– 集團審計	6,292
– for the statutory audits of the PRC subsidiaries	– 國內子公司法定審計	436

ACCESSIBLE AND TRANSPARENT COMMUNICATION WITH SHAREHOLDERS

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

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

Open Communications

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

Shareholders' Meetings held in the reporting period

The general meeting provides a forum for the Board to communicate with the Shareholders.

與股東緊密及具透明之溝通

除下文所述持續投資者關係努力的結果外，董事會重視與股東的溝通的重要。本公司採用多項溝通工具，包括股東週年大會、年報、各類通告、公告及通函等，確保股東明了公司的主要業務策略。

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

開明的溝通

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

於期內舉行的股東大會

股東大會為董事會與股東提供一個溝通論壇。

To facilitate enforcement of the Shareholders' rights, significant issues are dealt with under separate resolutions at the general meeting, including the election and re-election of individual Director. Details of general meeting(s) held during reporting period are summarized as follows:

為方便股東在股東大會上行使權利，重要事宜乃根據個別決議案於股東大會上處理，包括選舉及重選個別董事。總括年內舉行之股東大會如下：

Meeting 會議	Date 日期	Venue 地點	Resolutions 決議案
AGM 股東週年大會	5 Aug 2010 二零一零年 八月五日	Suite 1103, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong 香港灣仔港灣道18號 中環廣場1103室	<ol style="list-style-type: none"> To receive the audited financial statements for the year ended 31 March 2010; 省覽截至二零一零年三月三十一日止年度經審核財務報表； To declare final dividend and special dividend for the year ended 31 March 2010; 宣派截至二零一零年三月三十一止年度的末期股息和特別股息； To re-elect Directors and to authorize the Board to fix their remuneration; 重選董事並授權董事釐定彼等之薪金； To re-appoint the auditors; and 重新委任核數師；及 To grant general mandates to repurchase shares and to issue shares. 授予一般授權以購回股份及發行股份。

To facilitate communication further, Shareholders may send their enquiries which require the Board's attention to the Company Secretary at the Company's principal place of business in Hong Kong. Relevant contact information is set out on page 70 of this annual report and is also available on the Company's website www.huabao.com.hk.

為更有效溝通，股東可向本公司於香港的主要營業地點的本公司秘書致函，向董事會提出疑問。有關聯絡資料載於本年報第70頁，並刊載於本公司網站 www.huabao.com.hk。

Annual general Meeting to be held in 2011

The annual general meeting of the Company will be held at Falcon Room, Gloucester Luk Kwok, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 5 August 2011 at 9:30 a.m. In order to be entitled to attend and vote at the AGM, the Register of Members of the Company will be closed from 1 August 2011 (Monday) to 5 August 2011 (Friday), both days inclusive, during which no transfer of Shares will be effected, Shareholders are reminded that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrars, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road, Wanchai, Hong Kong not later than 4:30 p.m. on 29 July 2011 (Friday).

將於2011年內舉行的股東週年大會

本公司股東週年大會將於二零一一年八月五日（星期五）上午九時三十分假座香港灣仔告士打道72號六國酒店富萊廳舉行。為確保有權出席股東周年大會並在會上投票，本公司股東名冊將由二零一一年八月一日（星期一）至二零一一年八月五日（星期五）止（首尾兩日包括在內）暫停辦理股份過戶登記手續；所有填妥的過戶表格連同有關股票最遲須於二零一一年七月二十九日（星期五）下午四時三十分前送達本公司的股份過戶登記分處卓佳登捷時有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

Notice of the AGM and form of proxy will be sent to the Shareholders together with an explanatory statements relating to the businesses proposed to the Shareholders for approval at the AGM. Shareholders who wish to exercise their rights to vote by proxy may do so upon following instruction printed thereon and presentation of a written and dated form of proxy appointing their proxy. All shareholders are welcome to ask questions or present proposals for discussion at these meetings.

SHAREHOLDERS' RIGHTS

Shares with voting rights in the Company are ordinary shares. The number of ordinary shares as at 31 March 2011 is 3,150,050,961. Details of share capital of the Company can be found in note 16 of Notes to the Consolidated Financial Statements on page 146 of this annual report. Shareholders of the Company are classified into:

股東週年大會通告和代表委任表格連同關於股東週年大會上向股東提呈的決議案的通函將寄予股東。股東擬行使彼的權利可按照代表委任表格上的指示提交已簽名和填上日期的代表委任表格，委任代表代其於股東週年大會上投票。歡迎股東於會上提問和提供建議討論。

股東權利

賦有投票權的股份均為本公司普通股份。於二零一一年三月三十一日，已發行普通股份數目為3,150,050,961股。本公司股本載於本年報第146頁綜合財務報告附註16內。本公司股東可分為：

Category	類別	Full details can be found on the following page of this report 詳細資料載於本年報	Total Number of issued Shares held 合共持有已發行股份數目	Percentage of the issued Share capital 佔已發行股本百分比
Ms. CHU Lam Chiu (Note 1)	朱林瑤女士 (附註1)	Page 77 第77頁	1,187,679,415	37.703%
Directors of the Company	本公司董事	Page 77 第77頁	1,950,000	0.062%
Substantial Shareholders (Note 2)	主要股東 (附註2)	Page 78 第78頁	911,379,634	28.932%
			2,101,009,049	66.697%
Public	公眾人士		1,049,041,912	33.303%
			3,150,050,961	100.000%

Notes:

附註

- As defined in the Listing Rules, any person (including a holder of depositary receipts) who is or group of persons (including any holder of depositary receipts) who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers and Share Repurchase as being the level for triggering a mandatory general offer) or more of the voting power at general meeting of the Company;
 - Pursuant to Section 336 of the SFO, corporations and/or persons hold interest or short positions in 5% or more issued share capital of the Company.
- 按上市規則釋義，任何有權在本公司股東大會上行使或控制行使30%（或《收購守則》不時規定會觸發強制性公開要約所需的其他百分比）或30%以上投票權的人士（包括預托證券持有人）；
 - 根據證監條例第336條，企業和／或人士持有本公司已發行股本5%或以上權益或淡倉。

The Company's Bye-laws provide that shareholders holding not less than one-tenth of the Company's issued share capital carrying voting rights shall have the right to request the Board to call for a special meeting to discuss a specified business transaction. To request such a meeting, individuals must send a written notice to the Company's principal place of business in Hong Kong at least 21 days before the proposed date of the meeting. This procedure also applies to any proposals to be tabled at shareholders' meeting for approval.

MERGERS & ACQUISITIONS

Details of the mergers and acquisitions of the Company carried out during the reporting period can be found on page 71 of this annual report.

CONTINUING CONNECTED TRANSACTIONS

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

ATTENDANCE RECORD

Attendance Record of Board regular meetings and Board Committees meeting held during the reporting period are set out below:

按本公司章程，持有本公司賦有投票權的繳足股本不少於十分之一的股東可向董事會或公司秘書致函，要求召開股東特別大會，以處理該等要求列明的事項。為此，股東須在建議召開的特別大會前至少二十一天以書面通知送到本公司香港主要營業地。此程序將適用於須經股東大會批准的任何建議。

收購合併

於期內，本公司收購合併詳情載於本年報第71頁。

持續關連交易

本公司之持續關連交易詳情載於本年報第79頁。

出席記錄

下表顯示各董事於年內出席董事會及董事委員會會議的詳情：

		Board regular Meetings 董事會 定期會議	Audit Committee Meetings 審核 委員會會議	Remuneration Committee Meetings 薪酬 委員會會議
No. of meeting held	會議次數	5	2	1
Executive Directors	執行董事			
Ms. CHU Lam Yiu (<i>Chairman</i>)	朱林瑤女士 (<i>主席</i>)	5/5	N/A不適用	N/A不適用
Mr. LAU Chi Tak (<i>CEO</i>)	劉志德先生 (<i>總裁</i>)	5/5	N/A不適用	N/A不適用
Mr. POON Chiu Kwok	潘昭國先生	5/5	N/A不適用	N/A不適用
Mr. WANG Guang Yu	王光雨先生	5/5	N/A不適用	N/A不適用
Mr. XIA Li Qun (<i>CFO</i>)	夏利群先生 (<i>財務總監</i>)	5/5	N/A不適用	1/1
Mr. XIONG Qing	熊卿先生	5/5	N/A不適用	N/A不適用
Independent Non-executive Directors	獨立非執行董事			
Mr. LEE Luk Shiu	李祿兆先生	5/5	2/2	N/A不適用
Ms. MA Yun Yan	麻雲燕女士	5/5	2/2	1/1
Mr. MAK Kin Kwong	麥建光先生	5/5	2/2	1/1
Average Attendance Rate	平均出席率	100%	100%	100%

Investor Relations Report

投資者關係報告

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

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

Investor Relations Review

During this reporting period, in order to develop continuously and maintain investor relations communications to ensure that the most updated information would be transmitted to investors in an accurate and fair manner, the Group organized various activities proactively and aggressively through different channels to conduct effective and satisfactory communications under stringent expenses. Details of these activities during the previous year are as follows:

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

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

投資者關係工作回顧

在本報告期內，本集團為持續發展及維持投資者關係溝通，以確保最新訊息能準確公平地傳遞至投資者，本集團更主動且積極透過不同渠道進行各項活動，務求在節約開支的情況下發揮事半功倍的良好溝通，上年度的活動詳情如下：

Details of the activities	活動詳情	Number of participations (approximately) 參與次數 (約)
Non-deal roadshows in Mainland China and overseas	中國內地以及海外非交易路演	7 (including Hong Kong, Beijing, Shanghai, Singapore, New York, Boston and London, etc.) (包括香港、北京、上海、新加坡、紐約波士頓、及倫敦等地)
Investment conferences	投資者會議	16
One-on-one and group meetings	一對一及小組會議	108
Teleconferencing	電話會議	52
Plant visits and reverse roadshows	廠房參觀及反向路演	31

• Annual General Meetings

It is important that the Shareholders have access to clear and meaningful data which enables them to have a constructive dialogue with, and increases their engagement in, the Company. Shareholders can raise any questions and comments on the performance or future business directions of the Company and on any resolutions to be considered at the AGM and SGM. The Chairman and representatives from the Audit Committee were present and available to answer questions raised at the AGM during the year.

• 股東週年大會

對股東而言，能夠取得清晰及主要數據十分重要，他們可藉此建立有效溝通，及增加參與，本公司事務。股東可就本公司之表現、未來業務方針及於股東週年大會及股東特別大會將予審議之任何決議案提出任何詢問及發表評論。年內，本公司主席及審核委員會之代表已出席股東週年大會，並解答所提出的問題。

- **Interim Results Presentation**

Interim Results Presentation was held after the interim results announcement in November 2010, at which the management availed themselves to answer questions such as regarding the Group's operational and financial performances.
- **International Roadshows and Investment Conferences**

The Company treasures every opportunity to communicate with and explain its strategies to investors and Shareholders through active participation in global investor roadshows and investors' conferences hosted by reputable investment banks, securities houses and research institutes.
- **Ongoing Communication with the Investment Community**

Regular face-to-face meetings and an ongoing schedule of teleconferencing calls with institutional investors and research analysts were held throughout the year. Questions and comments on the Company raised at the meetings were summarized and reported to the senior management team after the meetings. Regular meetings with research analysts were organized which provided a different channel for the analysts to communicate with the members of the Board. All these serve the multi-purposes of maintaining market surveillance and close contact with investors as well as gathering constructive suggestions from the capital market.
- **Company's Site Visits and Reverse Roadshows**

Site visits to the Company's major customers, R&D centres and production bases had been arranged for investors and analysts during the year which provided them on one hand the opportunities to have better understanding of the Company's businesses, technology and daily operations, and independent market surveillance on the other.
- **E-Communication via Websites of the Company and Professional Investor Relations**

The Company's website at www.huabao.com.hk contains information such as important corporate data, biographical details of Directors, organizational structure and press releases, while interim and annual reports, announcements and circulars are published on its professional investor relations website at <http://huabao.todayir.com/html/ir.php>, which enables the Company's Shareholders and members of the investor community to have timely access to the most updated information about the Group.
- **中期業績發佈會**

中期業績發佈會於二零一零年十一月之中期業績公告後舉行，當中，管理層回答有關本集團營運及財務表現等提問。
- **國際路演及投資者會議**

透過積極參與由享譽盛名的投資銀行、證券行及研究機構主持的全球投資者路演及投資者會議，本公司把握每一個機會與投資者及股東溝通及向彼等闡述其策略。
- **持續與投資社群溝通**

本公司年內定期與機構投資者及研究分析員直接會面，並不時安排與他們進行電話會議。本公司總括會議上就本公司提出的問題及作出的評論，並於會議後向高級管理團隊匯報。本公司與研究分析員定期會面，藉此為分析員提供不同渠道與董事會成員溝通。此等活動具有多重意義，既可提供市場監控，又能與投資者維持緊密聯繫，亦可收集資本市場任何建設性意見。
- **公司實地參觀及反向路演**

本公司年內為投資者及分析員安排參觀本公司主要客戶、研發中心及生產基地，一方面藉此讓他們有機會對本公司業務、科技及日常營運有更透徹了解。另一方面，亦可提供獨立市場對企業的監控。
- **透過公司網站及專業投資者關係網站進行電子溝通**

本公司網站為www.huabao.com.hk，載有重要之企業數據、董事履歷、組織架構、公司新聞等信息。此外本公司亦設有專業投資者關係網站：<http://huabao.todayir.com/html/ir.php>，刊發中期及年度報告、公告及通函，讓本公司股東及投資社群適時取得有關本集團之最新信息。

• **Other Communication Channels**

Shareholders and members of the investor community are welcome to raise enquiries through our Investor Relations Department at the Company's principal place of business in Hong Kong or via the 'Enquiry Form' on the Company website. Designated personnel are assigned for this task to ensure that all data is disclosed on a fair and non-selective basis and in compliance with the Company's policy and the relevant regulatory requirements.

• **Media Communications**

During the announcement of its results, the Group held results presentations to facilitate the access of the most updated information of the Company by investors and the public in a fair, open and timely manner. In addition, to strengthen the interactions between the Group and the media it also proactively issued press releases on a timely basis.

• **Analysts Coverage**

Subject to the compliance of relevant regulatory requirements, the Company is committed to continuous communications with research institutes in a proactive manner for transparency sake. During the reporting period, the Company was covered by 14 established and reputable research institutes as follows:

- BOCI Research Limited
- China International Capital Corporation Limited
- Citigroup Investment Research
- CLSA Research Limited
- Credit Suisse (Hong Kong) Limited
- DBS Vickers Securities
- Deutsche Bank AG
- First Shanghai Securities Limited
- Goldman Sachs Gao Hua Securities Company Limited
- HSBC
- J.P. Morgan Securities (Asia Pacific) Limited
- Macquarie Capital Securities Limited
- Nomura International (Hong Kong) Limited
- SWS Research Co., Ltd.

(shown in alphabetical order in English)

• **其他溝通渠道**

本公司歡迎股東及投資社群成員透過本公司於香港的主要營業地點投資者關係部門，或透過本公司網站內「查詢表格」向本公司查詢。本公司設有專職人員負責此項工作，以確保所有數據乃以公平及非選擇性準則披露，並符合本公司之政策及有關規管規定。

• **媒體溝通**

本集團於業績公佈時舉辦業績發佈會以加強投資者及公眾於公平、公開以及及時的情況下獲得公司的最新消息。此外，本集團亦定時主動向媒體發出新聞稿以加強相互交流。

• **分析員**

為使增加透明度，本公司一直致力在遵守有關監管規定情況下，積極與研究機構保持溝通。在報告期內，本公司獲十四間知名研究機構撰寫研究報告，該等公司如下：

- 中銀國際研究有限公司
- 中國國際金融有限公司
- 花旗銀行投資研究
- 里昂證券投資研究有限公司
- 瑞士信貸（香港）有限公司
- 星展唯高達證券
- 德意志銀行
- 第一上海證券有限公司
- 高盛高華證券有限公司
- 滙豐銀行
- 摩根大通證券（亞太）有限公司
- 麥格理資本證券股份有限公司
- 野村國際（香港）有限公司
- 申銀萬國證券研究所有限公司

(按首英文字母順序編排)

Information for investors (as at 31 March 2011)

投資者資料 (於二零一一年三月三十一日)

Board Lot Size	1,000 shares	每手買賣單位股數	1,000股
Number of shares issued	3,150,050,961 shares	已發行股份數目	3,150,050,961股
Market capitalization (based on the closing price of HKD11.96 on 31 March 2011)	HKD37.675 billion	市值 (以二零一一年三月三十一日收市價港幣11.96元計算)	港幣376.75億元
Stock Code		股份代號	
The Stock Exchange of Hong Kong Limited stock code	00336	香港聯合交易所有限公司股份代號	00336
Reuters ticker	336.HK	路透社股份代號	336.HK
Bloomberg ticker	336HK	彭博股份代號	336HK
Financial Calendar		財務日誌	
Announcement of 2010-11 Interim Results	26 November 2010 (Friday)	二零一零至一一年中期業績公佈	二零一零年十一月二十六日 (星期五)
Announcement of 2010-11 Annual Results	17 June 2011 (Friday)	二零一零至一一年全年業績公佈	二零一一年六月十七日 (星期五)
Closing date for transfer of shares	From 1 August 2011 to 5 August 2011 (Monday to Friday, both days inclusive)	股份截止過戶日期	二零一一年八月一日至五日 (星期一至星期五, 包括首尾兩日)
Annual General Meeting	5 August 2011 (Friday)	股東週年大會	二零一一年八月五日 (星期五)
Date of Payment of 2010-11 proposed Final Dividend	17 October 2011 (Monday) on or about	派發建議宣派二零一零至一一年度末期股息日期	二零一一年十月十七日 (星期一) 或前後
Financial Year end date	31 March	財政年度結算日	三月三十一日

Investor Relations Contacts

For inquiries, please contact:

Investor Relations Department
Huabao International Holdings Limited
Suite 3008
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Telephone: (852) 2185 1233

Fax: (852) 2511 8229

E-mail: jason.wong@huabao.com.hk

Investor Relations website: <http://huabao.todayir.com/html/ir.php>

投資者關係聯絡

如有查詢，請聯繫：

香港
灣仔
港灣道18號
中環廣場
3008室
華寶國際控股有限公司
投資者關係部

電話：(852) 2185 1233

傳真：(852) 2511 8229

電郵：jason.wong@huabao.com.hk

投資者關係網站：<http://huabao.todayir.com/html/ir.php>

The Board presents its report together with the audited financial statements for the year ended 31 March 2011.

Mergers & Acquisitions

In September 2010, the Group completed an investment of 60% equity interest in Yunnan Huaxiangyuan, which is principally engaged in the manufacturing and sale of natural flavouring oil, including eucalyptus oil, citronella oil, wintergreen oil and geranium oil, etc. in the PRC, at a cash consideration of approximately HKD4,314,000.

In November 2010, the Group entered into an acquisition agreement with independent third parties and acquired 100% equity interest in Guangdong Jinye Group, which is principally engaged in the R&D, manufacturing and sales of reconstituted tobacco leaves in the PRC, at a cash consideration of approximately HKD1,329 million. The acquisition was completed in January 2011.

Principal Activities

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 34 to the consolidated financial statements.

Segment Information

An analysis of the Group's performance for the year by business segment is set out in note 5 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 March 2011 are set out in the consolidated income statement on page 86 of the annual report.

The Board declared an interim dividend of HK7.2 cents (2010: HK6.0 cents and a special dividend of HK2.8 cents) per Share in cash amounting to a total of about HKD226,789,000, were paid on 25 February 2011.

The Board proposes to declare a final dividend of HK7.98 cents (2010: HK6.78 cents and a special dividend of HK5.5 cents) per share in cash, about HKD251 million in aggregate, for the year ended 31 March 2011 which are expected to be paid on or about 17 October 2011 (Monday) to Shareholders whose names appear on the Register of Members of the Company as at 5 August 2011 (Friday), subject to Shareholders' approval in the forthcoming annual general meeting to be held on 5 August 2011. Together with the dividend declared and the proposed final dividend, the dividend distribution for the financial year ended 31 March 2011 amounted to HK15.18 cents (2010: HK12.78 cents and a special dividend of HK8.3 cents) per share.

董事會謹此提呈其報告及截至二零一一年三月三十一日止年度之經審核財務報表。

收購合併

於二零一零年九月，本集團完成投資於雲南華香源60%股權，代價約為現金港幣4,314,000元。雲南華香源於中國境內主要從事生產及銷售天然香料油，如桉葉油、香茅油、冬青油及香葉油等。

於二零一零年十一月，本集團與獨立第三方簽訂收購協議收購廣東金葉集團100%股權，代價約為約港幣13.29億元。廣東金葉集團於中國境內主要從事研發、生產和銷售煙草薄片。收購於二零一一年一月份完成。

主要業務

本公司之主要業務為投資控股，其主要附屬公司之業務載於綜合財務報表附註34。

分部資料

本年度本集團按業務分部劃分之表現分析載於綜合財務報表附註5。

業績及股息

本集團截至二零一一年三月三十一日止年度之業績載於年報第86頁之綜合收益表。

董事會已於二零一一年二月二十五日派付現金中期股息每股7.2港仙（二零一零年：6.0港仙及特別股息2.8港仙），共約港幣226,789,000元。

董事會建議向於二零一一年八月五日（星期五）名列本公司股東名冊之股東宣派就截至二零一一年三月三十一日止年度之現金末期股息每股7.98港仙（二零一零年：6.78港仙和特別股息5.5港仙），共約港幣2.51億元，並預期於二零一一年十月十七日（星期一）或前後派發，但有待於二零一一年八月五日（星期五）舉行的股東週年大會上獲股東批准。連同已派發的中期股息，截至二零一一年三月三十一日止年度之股息分派總額為每股15.18港仙（二零一零年：12.78港仙和特別股息8.3港仙）。

Close of Register of Members

Shareholders are reminded that in order to qualify for the proposed final dividend and be entitled to attend and vote at the AGM, the Register of Members of the Company will be closed from 1 August 2011 (Monday) to 5 August 2011 (Friday), both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrars, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road, Wanchai, Hong Kong not later than 4:30 p.m. on 29 July 2011 (Friday).

Reserves

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 88 and in note 18 to the consolidated financial statements.

Distributable Reserves

As at 31 March 2011, the distributable reserves of the Company amounted to HKD1,890,918,000 (2010: HKD1,481,138,000).

Donations

Charitable and other donations made by the Group during the year amounted to HKD137,912.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group are set out in note 6 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in note 16 to the consolidated financial statements.

Pre-Emptive Rights

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

Five Year Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 177.

暫停辦理股份過戶手續

為確保獲派建議之末期股息及有權出席股東週年大會並在會上投票，特提示股東本公司將由二零一一年八月一日（星期一）至二零一一年八月五日（星期五）止（首尾兩日包括在內）暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一一年七月二十九日（星期五）下午四時三十分前送達本公司的股份過戶登記分處卓佳登捷時有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

儲備

本集團及本公司於年內之儲備變動載於年報第88頁之綜合權益變動表及綜合財務報表附註18。

可供分派之儲備

於二零一一年三月三十一日，本公司之可供分派儲備為港幣1,890,918,000元（二零一零年：港幣1,481,138,000元）。

捐款

本集團在本年度內作出之慈善及其他捐款合共港幣137,912元。

物業、機器及設備

本集團物業、機器及設備之變動詳情載於綜合財務報表附註6。

股本

本公司之股本變動詳情載於綜合財務報表附註16。

優先購買權

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

五年財務摘要

本集團過去五個財政年度之業績及資產與負債概要載於年報第177頁。

Share Options

As per a resolution passed at the special general meeting held on 22 September 2006, the Company adopted a share option scheme ('Share Option Scheme'). As at 31 March 2011, the share options granted by the Company pursuant to the Share Option Scheme which are valid and outstanding amounted to 40,790,000 shares, represents approximately 1.29% of the Shares issued. The following is a summary of the Share Option Scheme:

(a) Purpose of the Scheme

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

(b) Participants of the Scheme

The Board has absolute discretion to grant share option to any participant.

(c) Maximum number of shares issuable under the Scheme

The total number of share options to be granted under the Share Option Scheme shall not exceed 10% of the issued ordinary share capital of the Company as at 22 September 2006. Upon approval by the Shareholders, the Company may renew the Scheme Mandate Limit, provided that each renewal shall not exceed 10% of the total number of issued Shares as at the date of approval by the Shareholders, and a circular regarding the proposed renewal of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules. The aggregate maximum number of Shares which may be issued upon exercise of share options granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

購股權

根據本公司於二零零六年九月二十二日舉行的股東特別大會上通過的決議案，本公司採納購股權計劃（「購股權計劃」）。於二零一一年三月三十一日，本公司根據購股權計劃所授出而仍然有效及未被行使的購股權合共40,790,000份，佔已發行普通股1.29%。購股權計劃的摘要載列如下：

(a) 計劃之目的

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

(b) 計劃的參與人士

董事會擁有絕對酌情權，可向任何參與者授出購股權。

(c) 計劃中可予發行股份總數最高上限

根據購股權計劃批授的購股權數目，不得超逾二零零六年九月二十二日本公司已發行普通股股本的10%。在獲得股東批准後，本公司可更新計劃授權限額，惟每一次更新的計劃授權限額，均不得超逾股東批准更新限額該日已發行普通股總數之10%；及須遵照上市規則第17章有關條文規定之方式將建議更新計劃授權限額之通函寄發予股東，該通函其中載有上述條文所規定之資料。因按照購股權計劃及本公司任何其他購股權計劃授出之購股權獲行使及將獲行使，而將予發行之最多普通股數目不可超逾不時已發行普通股總數之30%。

(d) Maximum entitlement of each participant

The maximum number of Shares (issued and to be issued) upon exercise of options (whether exercised, cancelled or outstanding) granted to any participants in any 12-month period under the Share Option Scheme and any other share option scheme of the Company shall not exceed 1% of the total number of ordinary Shares in issue from time to time. Any excess over 1% requires the formal approval by Shareholders through an ordinary resolution at a general meeting at which the relevant participant and his associates shall abstain from voting and the Company shall issue a circular pursuant to relevant provisions of Chapter 17 of the Listing Rules.

(e) Time for exercise of options

The grantee may subscribe for ordinary Shares during such period as may be determined by the Board (the said period shall not in whatever case be later than the last day of the 10-year period after the day on which the offer relating to the option is duly approved by the Board in accordance with the Share Option Scheme (subject to early termination)).

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

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

(g) Acceptance of option offer and payment

The grantee may accept the offer of the share option within 21 days from the date of the offer letter issued by the Company. The grantee shall pay HKD1 as consideration for accepting the offer of the share option.

(h) Basis for determining the exercise price

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

(d) 計劃中各參與人士可獲授權益上限

根據本公司購股權計劃及任何其他購股權計劃而於任何12個月期間向任何參與者所授出之購股權（無論已行使、已注銷或尚未行使者），其有關之普通股最多數目（包括已發行及將予發行股份數目）將不可超逾不時已發行普通股總數之1%。如授出之數目超逾1%，則必須經股東於股東大會上以普通決議案正式批准，有關參與者及其聯繫人士則須放棄在大會上投票，而本公司亦須按照上市規則第17章有關條文之規定發出通函。

(e) 行使購股權之期限

承授人可於董事會釐定之期內認購普通股（該期間無論如何最遲於董事會根據購股權計劃正式批准有關購股權建議當日後十年期間之最後一日屆滿（可提前終止））。

(f) 購股權可行使前須持有之最短期限

除非董事另行決定並於向承授人授出購股權之建議中表明，否則購股權計劃並無條文規定購股權持有人在承授後需持有任何最短期間方可行使購股權。

(g) 接納購股權的期限及付款

承授人可於本公司發出的建議函件當日起計21日內接納購股權建議，而接納批授購股權建議時，須支付港幣1元的代價。

(h) 釐定行使價的基準

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

(i) The life of the Scheme

The Share Option Scheme will remain in force for 10 years starting from 22 September 2006.

(i) 計劃的尚餘有效期

購股權計劃於二零零六年九月二十二日起計十年內有效。

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

於年內，根據購股權計劃批授、行使、注銷及失效的購股權詳情如下：

Grantee 承授人	Grant Date 授出日期	Exercise Price 行使價	Exercisable Period 可行使日期	Number of Share Options 購股權數目				Balance as at 31 March 2011 於二零一一年三月三十一日結餘	
				Balance as at 1 April 2010 於二零一零年四月一日結餘	Granted during the year 年內批授	Exercised during the year 年內行使	Cancelled during the year 年內註銷		Lapsed during the year 年內失效
		HKD 港幣							
Executive Directors 執行董事									
Mr. LAU Chi Tak 劉志德先生	14 April 2008 二零零八年四月十四日	6.39	14/4/2008-13/4/2018	7,000,000	-	-	-	7,000,000	
Mr. POON Chiu Kwok 潘昭國先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	3,300,000	-	-	-	3,300,000	
Mr. WANG Guang Yu 王光雨先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	3,700,000	-	1,000,000	-	2,700,000	
Mr. XIA Li Qun 夏利群先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	5,250,000	-	-	-	5,250,000	
Mr. XIONG Qing 熊卿先生	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	3,600,000	-	-	-	3,600,000	
	14 April 2008 二零零八年四月十四日	6.39	14/4/2008-13/4/2018	3,400,000	-	-	-	3,400,000	
Independent Non-Executive Directors 獨立非執行董事									
Mr. LEE Luk Shiu 李祿兆先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	400,000	-	200,000	-	200,000	
Ms. MA Yun Yan 麻雲燕女士	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	800,000	-	-	-	800,000	
Other employees 其他僱員									
	10 October 2006 二零零六年十月十日	3.09	10/10/2006-9/10/2016	16,920,000	-	9,120,000	-	200,000	
	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	5,250,000	-	5,250,000	-	-	
	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	12,600,000	-	5,660,000	-	6,940,000	
Total 合計				62,220,000	-	21,230,000	-	200,000	40,790,000

Directors

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

Executive Directors:

Ms. CHU Lam Yiu (*Chairman*)
Mr. LAU Chi Tak (*CEO*)
Mr. POON Chiu Kwok
Mr. WANG Guang Yu
Mr. XIA Li Qun (*CFO*)
Mr. XIONG Qing

Independent Non-executive Directors:

Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. MAK Kin Kwong

In accordance with Bye-law 87(1) and (2) of the Company's bye-laws, Messrs. MAK Kin Kwong, POON Chiu Kwok and XIONG Qing shall retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Directors' Service Contracts

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

Directors' Interests in Contracts of Significance

Other than disclosed in note 32 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company, its ultimate holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Businesses Competing with the Group

None of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business of the Group.

董事

年內及截至本報告日期本公司之董事如下：

執行董事：

朱林瑤女士 (*主席*)
劉志德先生 (*總裁*)
潘昭國先生
王光雨先生
夏利群先生 (*財務總監*)
熊卿先生

獨立非執行董事：

李祿兆先生
麻雲燕女士
麥建光先生

根據本公司之公司細則第87(1)及(2)條，麥建光先生，潘昭國先生和熊卿先生將於應屆股東週年大會輪值告退，惟彼等符合資格，並願膺選連任。

董事服務合約

在應屆股東週年大會上候選連任之董事概無與本公司訂有任何本公司不可於一年內免付賠償（法定賠償除外）而終止之服務合約。

董事之重大合約權益

除綜合財務報表附註32所披露者外，本公司、其最終控股公司或其任何附屬公司並無訂立任何涉及本集團之業務，而本公司董事直接或間接在其中擁有重大權益，並且於年結日或年內任何時間有效之重大合約。

董事之同業競爭業務

並無任何董事及其各自之聯繫人擁有與本集團構成或可能構成同業競爭的任何業務之權益。

Biographical Details of Directors and Senior Management

Biographical details of directors and senior management as at 31 March 2011 are set out on pages 45 to 50 of the annual report.

Directors' Interests in Shares, Underlying Shares and Debentures

At 31 March 2011, the interests of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

(a) Long positions in ordinary shares of HKD0.10 each of the Company

Name of Directors 董事姓名	Capacity 身份	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued Share capital 佔已發行 股本百分比
CHU Lam Yiu 朱林瑤	Held through controlled corporation* 透過受控公司持有*	1,187,679,415	37.703%
XIA Li Qun 夏利群	Beneficial owner 實益持有人	1,750,000	0.056%
LEE Luk Shiu 李祿兆	Beneficial owner 實益持有人	200,000	0.006%

* 1,187,679,415 ordinary shares of the Company are respectively held by Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited and Real Elite Investments Limited. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid five companies.

(b) Interests in share options of the Company

The interests of the Directors in the share options of the Company are detailed in the 'Share Options' section stated above.

Save as disclosed above, as at 31 March 2011, none of the Directors nor their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its subsidiaries or associated companies as defined in the SFO.

董事及高級管理層履歷

於二零一一年三月三十一日，董事及高級管理層的履歷載於年報第45頁至50頁。

董事於股份、相關股份及債券之權益

於二零一一年三月三十一日，董事及彼等之聯繫人士於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有本公司根據證券及期貨條例第352條規定所存置之登記冊所記錄之權益；或擁有根據上市規則所載的標準守則而須知會本公司及聯交所之權益如下：

(a) 本公司每股面值港幣0.10元之普通股好倉

Number of issued Shares held 持有已發行 股份數目	Percentage of the issued Share capital 佔已發行 股本百分比
1,187,679,415	37.703%
1,750,000	0.056%
200,000	0.006%

* 本公司之1,187,679,415股乃分別由 Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited and Real Elite Investments Limited共同持有。朱林瑤女士為此五間公司的唯一實益擁有人。

(b) 本公司購股權之權益

董事之購股權權益已詳列於以上「購股權」一節內。

除上文所披露者外，於二零一一年三月三十一日，董事及彼等之聯繫人士概無於本公司或其任何附屬公司或相聯法團（定義見證券及期貨條例）之任何股份、相關股份或債券中擁有任何權益或淡倉。

Directors' Rights to Acquire Shares or Debentures

Other than disclosed in note 17 to the consolidated financial statements, at no time during the year was the Company, its ultimate holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Management Contracts

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

Interests of Substantial Shareholders

As at 31 March 2011, other than the interests disclosed in the section headed 'Directors' interests in shares, underlying shares and debentures', the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following persons held interests or short positions in 5% or more issued share capital of the Company.

Long Position in ordinary shares of HKD0.10 each of the Company

Name of Substantial Shareholders 主要股東名稱	Capacity 身份	Number of issued Shares held 持有已發行 股份數目	Percentage of the issued Share capital 佔已發行 股本百分比
FMR LLC	Investment manager 投資經理	249,586,461	7.92%
JP Morgan Chase & CO ^(Note) (附註)	Beneficial owner 實益持有人	13,526,518	
	Investment manager 投資經理	47,884,754	
	Custodian 託管人	96,207,631	5.00%
Lazard Asset Management LLC	Investment manager 投資經理	188,984,221	6.00%
Wellington Management Company, LLP	Investment manager 投資經理	157,620,949	5.00%
ZFIC, Inc.	Investment manager 投資經理	157,569,100	5.00%

Note: The interest of JP Morgan Chase & Co. included a lending pool of 96,207,631 Shares.

董事認購股份或債券之權利

除於綜合財務報表附註17所披露者外，本公司、其最終控股公司或其任何附屬公司於期內任何時間均無參與任何安排，致使本公司之董事可藉收購本公司或任何其他法團之股份或債券而獲益。

管理合約

概無於年內訂立或存有任何涉及本公司整體業務或任何重要業務之管理及行政工作之合約。

主要股東之權益

於二零一一年三月三十一日，除於「董事於股份、相關股份及債券之權益」一節所披露之權益外，本公司根據證券及期貨條例第336條存置之主要股東登記冊顯示，下列人士持有本公司已發行股本5%或以上權益或淡倉。

本公司每股面值港幣0.10元之普通股好倉

附註：JP Morgan Chase & Co.的權益包括96,207,631股股份的借貸倉。

Major Customers and Suppliers

For the year ended 31 March 2011, the percentage of turnover attributable to the Group's five largest customers accounted for approximately 48% and the largest customer contributed approximately 27% to the turnover of the Group, and the percentage of purchases attributable to the Group's five largest suppliers accounted for approximately 22% and the largest supplier contributed approximately 12% to the purchases of the Group.

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

Continuing Connected Transactions

Sale of tobacco flavour products to Hongta Tobacco Group and its associates

On 18 February 2009, the Group and Hongta Tobacco Group entered into a framework agreement ('2009 Framework Agreement') pursuant to which the Group shall continually sell tobacco flavour products to Hongta Tobacco Group and its associates for a period from 1 April 2009 to 31 March 2012. Hongta Tobacco Group is an indirect holding company of Yunnan Tianhong Flavour & Fragrance Co., Ltd., which in turn is a substantial shareholder of an indirect non-wholly owned subsidiary of the Company. Pursuant to the Listing Rules, all the transactions conducted between the Group and Hongta Tobacco Group under the 2009 Framework Agreement constituted continuing connected transactions of the Group and subject to reporting, announcement, approval by independent shareholders and annual review as required by the Listing Rules. Pursuant to the 2009 Framework Agreement, the price for the products will be agreed from time to time between the parties by reference to the prevailing market price at the relevant time. Such price shall be no more favourable than those offered by the Group to its other independent customers for similar product types in its ordinary and usual course of business. The upper limits of annual amounts of continuing connected transactions under the 2009 Framework Agreement for the three years ending 31 March 2012 are RMB66,000,000, RMB86,000,000 and RMB112,000,000 ('Annual Caps') respectively. The Company has obtained a waiver from the Stock Exchange to approve the entering into of the 2009 Framework Agreement, the conduct of the continuing connected transactions and the Annual Caps on the basis of a written independent shareholders' approval in lieu of holding a shareholders' meeting of the Company under Rule 14A.43 of the Listing Rules.

主要客戶及供貨商

截至二零一一年三月三十一日止年度內，本集團五位最大客戶佔本集團營業額之百分比約為48%，而最大客戶則約為27%；本集團五位最大供貨商佔本集團採購額之百分比約為22%，而最大供貨商則約為12%。

本公司董事或其任何聯繫人士或任何股東（就董事所知，其擁有逾5%本公司已發行股本），概無擁有本集團五大客戶及供貨商之任何權益。

持續關連交易

銷售煙用香精香料產品予紅塔煙草集團及其聯繫人

於二零零九年二月十八日，本集團與紅塔煙草集團訂立有關本集團持續向紅塔煙草集團及其聯繫人自二零零九年四月一日起至二零一二年三月三十一日為止銷售煙用香精香料產品之框架協議（「二零零九年框架協議」）。紅塔煙草集團乃本公司間接非全資附屬公司，雲南天宏香精香料有限公司的間接控股公司，乃其主要股東。根據上市規則，二零零九年框架協議所涉及的本集團與紅塔煙草集團間進行之交易均構成本集團之持續關連交易，須遵守上市規則的規定申報、公告、經獨立股東批准和年度審核。根據二零零九年框架協議，雙方不時參考在相關時刻當時的市場價格釐訂貨品價格。該價格將不低於本集團在一般及日常業務向其他獨立客戶提供類似貨品的價格。二零零九年框架協議內持續關連交易的每年交易額於截至二零一二年三月三十一日止三個年度設定上限分別為人民幣66,000,000元、人民幣86,000,000元和人民幣112,000,000元（「年度上限」）。本公司已根據上市規則第14A.43條從聯交所取得豁免，以獨立股東書面批准方式批准訂立二零零九年框架協議、進行持續關連交易及年度上限而毋須召開本公司股東大會。

Annual review of continuing connected transactions

For the year ended 31 March 2011, the tobacco flavour products sold by the Group to Hongta Tobacco Group (together with its subsidiaries and associates) is RMB25,075,888.

The aforesaid continuing connected transaction has been reviewed by the INEDs of the Company. The INEDs confirm that the aforesaid connected transactions have been entered into:

- (i) in the ordinary and usual course of business of the Company;
- (ii) either on normal commercial terms or on terms no less favourable to the Company than terms available to independent third parties; and
- (iii) in accordance with the terms of the relevant agreement, and are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company has engaged the independent auditor to report on the Group's above-mentioned continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued an unqualified letter containing his findings and conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Purchase, Sale or Redemption of Listed Securities

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

Legal Proceedings

As at 31 March 2011, the members of the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

持續關連交易的年度審核

截至二零一一年三月三十一日止年度，本集團向紅塔煙草集團（連同彼等的附屬公司和聯營公司）銷售之煙用香精香料產品約為人民幣25,075,888元。

上述持續關連交易已由本公司的獨立非執行董事審閱。根據香港會計師公會祇獨立非執行董事確認上述關連交易：

- (i) 屬本公司的一般及日常業務；
- (ii) 是按照一般商業條款進行，或其條款不遜於本公司從獨立第三方可獲取的條款；及
- (iii) 是根據有關的協議條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。

根據香港會計師公會發佈的香港鑑證業務準則3000號「歷史財務資料審核或審閱以外的鑑證工作」並參考實務說明740號「香港上市規則規定的持續關連交易的核數師函件」，本公司獨立核數師已受聘對本集團上述之持續關連交易作出報告。根據上市規則第14A.38條，獨立核數師已發出無保留函件，並載有其結果和結論。本公司已將核數師函件副本呈送給聯交所。

購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

法律訴訟

於二零一一年三月三十一日，本集團成員公司並無涉及或任何未完結或面臨的重大訴訟、仲裁事項。

Public Float

Based on the information that is publicly available to the Company and within the best belief and knowledge of the Directors, the Company has maintained a sufficient public float of the Company's securities during the reporting period and up to the date of this report as required under the Listing Rules.

AUDITORS

The financial statements for the year ended 31 March 2011 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

By Order of the Board
CHU Lam Yiu
Chairman

Hong Kong, 17 June 2011

公眾持股量

於本報告期內及截至本報告日可供本公司查閱之公眾數據以及就董事所知和所信，本公司已維持上市規則所規定之本公司證券之足夠公眾持股量。

核數師

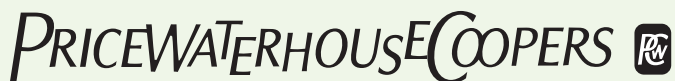
截至二零一一年三月三十一日止年度之財務報表已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，但表示願意於本公司臨近舉行的股東週年大會上應聘連任。

承董事會命
朱林瑤
主席

香港，二零一一年六月十七日

Independent Auditor's Report

獨立核數師報告



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUABAO INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Huabao International Holdings Limited (the 'Company') and its subsidiaries (together, the 'Group') set out on pages 84 to 176, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated income statement, 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 a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

獨立核數師報告

致華寶國際控股有限公司股東

(於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審計列載於第84至176頁華寶國際控股有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表。此綜合財務報表包括於二零一一年三月三十一日的綜合及公司財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據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》的披露規定編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編制綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見，並按照百慕達一九八一年《公司法》第90條僅向整體股東報告。除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 June 2011

我們已根據香港會計師公會頒佈的香港審計準則進行審計。該等準則要求我們遵守道德規範，並規劃及執行審核，以合理確定綜合財務報表是否不存有任何重大錯誤陳述。

審計涉及執行程序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審核程序，但目的並非對公司內部控制的有效性發表意見。審核亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零一一年三月三十一日的事務狀況及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一一年六月十七日

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 March 2011

(All amounts in HK dollar thousands unless otherwise stated)

於二零一一年三月三十一日

(除另有指明者外，所有金額均以港幣千元列示)

		As at 31 March 於三月三十一日		
		Note 附註	2011 二零一一年	2010 二零一零年
ASSETS				
Non-current assets				
	Property, plant and equipment	6	536,373	301,798
	Land use rights	7	194,697	67,684
	Intangible assets	8	2,879,958	1,602,659
	Investments in associates	10	61,009	6,236
	Available-for-sale financial assets	11	38,067	-
	Deferred income tax assets	12	42,800	50,544
			3,752,904	2,028,921
Current assets				
	Inventories	13	467,961	235,294
	Trade and other receivables	14	1,030,565	660,117
	Short-term time deposits	15	-	230,886
	Cash and cash equivalents	15	1,676,410	1,678,640
			3,174,936	2,804,937
Total assets			6,927,840	4,833,858
EQUITY				
Capital and reserves attributable to the Company's equity holders				
	Share capital		315,005	312,882
	Reserves	18	677,318	410,403
	Retained earnings			
	- Proposed final dividend	19, 28	251,374	213,193
	- Proposed special dividend	19, 28	-	172,944
	- Others	19	3,796,953	2,680,682
			5,040,650	3,790,104
Non-controlling interests			255,213	128,103
Total equity			5,295,863	3,918,207
LIABILITIES				
Non-current liabilities				
	Borrowings	20	3,562	-
	Deferred income tax liabilities	12	102,830	108,870
			106,392	108,870
Current liabilities				
	Borrowings	20	740,000	250,236
	Trade and other payables	21	688,276	486,242
	Current income tax liabilities		97,309	70,303
			1,525,585	806,781
Total liabilities			1,631,977	915,651
Total equity and liabilities			6,927,840	4,833,858
Net current assets			1,649,351	1,998,156
Total assets less current liabilities			5,402,255	4,027,077

The notes on pages 90 to 176 are an integral part of these consolidated financial statements.

第90至176頁的附註為本綜合財務報表的整體部份。

On behalf of the Board

代表董事會

Ms. CHU Lam Yiu
朱林瑤女士
Chairman
主席

Mr. XIA Li Qun
夏利群先生
Director
董事

Statement of Financial Position

財務狀況表

As at 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

於二零一一年三月三十一日
(除另有指明者外，所有金額均以港幣千元列示)

		As at 31 March 於三月三十一日		
		Note 附註	2011 二零一一年	2010 二零一零年
ASSETS	資產			
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司之投資	9(a)	1,245,083	1,245,083
Current assets	流動資產			
Trade and other receivables	貿易及其他應收款項	14	473	473
Amounts due from subsidiaries	應收附屬公司款項	9(b)	2,301,893	1,280,246
Cash and cash equivalents	現金及現金等價物	15	13,489	35,503
			2,315,855	1,316,222
Total assets	總資產		3,560,938	2,561,305
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備			
Share capital	股本	16	315,005	312,882
Reserves	儲備	18	742,767	655,017
Retained earnings	保留盈利			
– Proposed final dividend	– 擬派末期股息	19, 28	251,374	213,193
– Proposed special dividend	– 擬派特別股息	19, 28	–	172,944
– Others	– 其他	19	1,351,353	806,810
Total equity	總權益		2,660,499	2,160,846
LIABILITIES	負債			
Current liabilities	流動負債			
Borrowings	貸款	20	740,000	240,000
Amounts due to subsidiaries	應付附屬公司款項	9(b)	157,871	140,356
Trade and other payables	貿易及其他應付款項	21	2,568	20,103
			900,439	400,459
Total liabilities	總負債		900,439	400,459
Total equity and liabilities	總權益及負債		3,560,938	2,561,305

The notes on pages 90 to 176 are an integral part of these financial statements.

第90至176頁的附註為本財務報表的整體部份。

On behalf of the Board

代表董事會

Ms. CHU Lam Yiu
朱林瑤女士
Chairman
主席

Mr. XIA Li Qun
夏利群先生
Director
董事

Consolidated Income Statement

綜合收益表

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Sales	營業額	5	2,852,173	2,366,403
Cost of goods sold	銷售成本	23	(731,714)	(579,568)
Gross profit	毛利		2,120,459	1,786,835
Other income	其他收益	22	122,675	36,237
Selling and marketing expenses	銷售及市場推廣開支	23	(81,040)	(73,057)
Administrative expenses	行政費用	23	(290,388)	(233,326)
Operating profit	營運盈利		1,871,706	1,516,689
Finance income	財務收入		24,692	15,761
Finance costs	融資成本		(14,029)	(1,508)
Finance income – net	財務收入 – 淨額	25	10,663	14,253
Share of (loss)/profit of associates	應佔聯營公司(虧損)/盈利	10	(1,255)	707
Profit before income tax	除稅前盈利		1,881,114	1,531,649
Income tax expense	所得稅	26	(249,256)	(162,236)
Profit for the year	本年度盈利		1,631,858	1,369,413
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		1,604,400	1,340,085
Non-controlling interests	非控制性權益		27,458	29,328
			1,631,858	1,369,413
Earnings per share for profit attributable to the Company's equity holders for the year (expressed in HK cents per share)	年內本公司權益持有人應佔的每股盈利 (以每股港仙計)			
– Basic	– 基本	27(a)	51.01	43.15
– Diluted	– 攤薄	27(b)	50.59	42.58
Dividends	中期及末期股息	28	478,163	400,662
Special dividend	特別股息	28	–	260,429
			478,163	661,091

The notes on pages 90 to 176 are an integral part of these consolidated financial statements. 第90至176頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Profit for the year	本年度盈利	5	1,631,858	1,369,413
Other comprehensive income:	其他全面收益：			
Fair value gains on available-for-sale financial assets	可供出售金融資產之公允值收益	11	755	–
Exchange differences on translating foreign operations	海外業務之匯兌差額		175,417	13,174
Other comprehensive income for the year, net of tax	本年度除稅後其他全面收益		176,172	13,174
Total comprehensive income for the year, net of tax	本年度除稅後全面收益總額		1,808,030	1,382,587
Total comprehensive income attributable to:	應佔全面收益總額：			
Equity holders of the Company	本公司權益持有人		1,773,599	1,352,907
Non-controlling interests	非控制性權益		34,431	29,680
			1,808,030	1,382,587

The notes on pages 90 to 176 are an integral part of these consolidated financial statements. 第90至176頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

	Note 附註	Attributable to equity holders of the Company 本公司權益持有人應佔				Non- controlling interests 非控制性權益	Total equity 總權益
		Share capital 股本	Reserves 儲備	Retained earnings 保留盈利	Total 總計		
Balance at 1 April 2009	於二零零九年四月一日	308,480	248,458	2,278,879	2,835,817	93,789	2,929,606
Exchange differences	匯兌調整	-	12,822	-	12,822	352	13,174
Profit for the year	本年度盈利	-	-	1,340,085	1,340,085	29,328	1,369,413
Total comprehensive income for the year ended 31 March 2010	截至二零一零年三月三十一日止年度的全面收益總額	-	12,822	1,340,085	1,352,907	29,680	1,382,587
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：						
Dividends paid to non-controlling interests	向非控制性權益派付的股息	-	-	-	-	(6,287)	(6,287)
Appropriations from net profit	自純利撥付	18,19	4,496	(4,496)	-	-	-
Combination of Faraway International Limited and Long State International Limited and their subsidiary F&G Botswana (Proprietary) Limited ('F&G Group')	合併遠威國際有限公司及朗域國際有限公司及其附屬公司 ('F&G集團')	-	(4,211)	-	(4,211)	-	(4,211)
Acquisition of Qingdao Qingda Product Co., Inc., ('Qingdao Qingda')	收購青島青大物產股份有限公司 ('青島青大')	-	-	-	-	10,921	10,921
Final and special dividend for the year ended 31 March 2009	截至二零零九年三月三十一日止年度之末期及特別股息	19	-	(272,695)	(272,695)	-	(272,695)
Interim and special dividend for the 6 months ended 30 September 2009	截至二零零九年九月三十日止六個月之中期及特別股息	19	-	(274,954)	(274,954)	-	(274,954)
Employee share option scheme	僱員購股權計劃：						
- Value of employee services	- 僱員服務價值	23	12,605	-	12,605	-	12,605
- Exercise of share options	- 行使購股權	17	4,402	136,233	140,635	-	140,635
Total transactions with owners	與擁有人交易總額	4,402	149,123	(552,145)	(398,620)	4,634	(393,986)
Balance at 31 March 2010	於二零一零年三月三十一日	312,882	410,403	3,066,819	3,790,104	128,103	3,918,207
Balance at 1 April 2010	於二零一零年四月一日	312,882	410,403	3,066,819	3,790,104	128,103	3,918,207
Fair value gains on available-for-sale financial assets	可供出售金融資產公允價值淨收益	-	755	-	755	-	755
Exchange differences	匯兌調整	-	168,444	-	168,444	6,973	175,417
Profit for the year	本年度盈利	-	-	1,604,400	1,604,400	27,458	1,631,858
Total comprehensive income for the year ended 31 March 2011	截至二零一一年三月三十一日止年度的全面收益總額	-	169,199	1,604,400	1,773,599	34,431	1,808,030
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：						
Dividends paid to non-controlling interests	向非控制性權益派付的股息	-	-	-	-	(9,933)	(9,933)
Appropriations from net profit	自純利撥付	18,19	9,966	(9,966)	-	-	-
Acquisition of Yunnan Hua Xiang Yuan Flavours Limited ('Yunnan Huaxiangyuan')	收購雲南華香源香料有限公司 ('雲南華香源')	29	-	-	-	2,880	2,880
Acquisition of Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited ('Guangdong Jinye') and its subsidiary and affiliated companies ('Guangdong Jinye Group')	收購廣東省金葉煙草薄片技術開發有限公司 ('廣東金葉') 及其附屬及聯營公司 ('廣東金葉集團')	29	-	-	-	71,115	71,115
Capital injection to Yunnan Huaxiangyuan	注資至雲南華香源	-	-	-	-	6,510	6,510
Capital injection to Xiamen Amber Perfumery Company Limited ('Xiamen Amber')	注資至廈門琥珀香料有限公司 ('廈門琥珀')	-	-	-	-	22,107	22,107
Final and special dividend for the year ended 31 March 2010	截至二零一零年三月三十一日止年度之末期及特別股息	19	-	(386,137)	(386,137)	-	(386,137)
Interim dividend for the 6 months ended 30 September 2010	截至二零一零年九月三十日止六個月之中期股息	19	-	(226,789)	(226,789)	-	(226,789)
Employee share option scheme	僱員購股權計劃：						
- Value of employee services	- 僱員服務價值	23	4,123	-	4,123	-	4,123
- Exercise of share options	- 行使購股權	17	2,123	83,627	85,750	-	85,750
Total transactions with owners	與擁有人交易總額	2,123	97,716	(622,892)	(523,053)	92,679	(430,374)
Balance at 31 March 2011	於二零一一年三月三十一日	315,005	677,318	4,048,327	5,040,650	255,213	5,295,863

The notes on pages 90 to 176 are an integral part of these consolidated financial statements. 第90至176頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Cash flows from operating activities 經營活動之現金流量				
Cash generated from operations	營運產生之現金	30	1,645,859	1,538,570
Income tax paid	已付所得稅		(239,529)	(152,610)
Net cash generated from operating activities	營運活動產生之現金淨額		1,406,330	1,385,960
Cash flows from investing activities 投資活動之現金流量				
Acquisition of subsidiaries	收購附屬公司	29	(1,321,781)	(112,170)
Capital injection in associate	注資聯營公司		(30,085)	-
Purchases of property, plant and equipment	購入物業、機器及設備		(44,570)	(32,061)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項		927	606
Proceeds from disposal of an associate	出售聯營公司所得款項		-	3,911
Short-term time deposits withdraw/ (placed)	提取/(存入)短期定期存款		230,886	(230,886)
Purchases of intangible assets	購入無形資產		-	(1,168)
Interests received	已收利息		30,043	13,606
Dividends received	已收股息		-	512
Net cash used in investing activities	投資活動所用之現金淨額		(1,134,580)	(357,650)
Cash flows from financing activities 融資活動之現金流量				
Dividends paid to shareholders	向股東支付股息		(619,130)	(547,649)
Receipts from the issue of shares	發行新股所得款項		22,107	-
Proceeds from issue of shares in connection with exercise of share options	行使購股權而發行新股所得款項		66,928	159,485
Repayment of short-term borrowings	償還短期貸款		(699,127)	-
Short-term bank borrowings	短期銀行借貸		894,348	240,000
Interest paid	已付利息		(16,309)	(1,508)
Repayment to a shareholder	償還股東		(10,000)	(326,919)
Net cash used in financing activities	融資活動所用之現金淨額		(361,183)	(476,591)
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額		(89,433)	551,719
Cash and cash equivalents at beginning of the year	年初現金及現金等價物		1,678,640	1,126,735
Effects of exchange rate changes on cash and cash equivalents	匯率差異對現金及現金等價物的影響		87,203	186
Cash and cash equivalents at end of the year	年終現金及現金等價物	15	1,676,410	1,678,640

The notes on pages 90 to 176 are an integral part of these consolidated financial statements.

第90至176頁的附註為本綜合財務報表的整體部份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

1. GENERAL INFORMATION

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

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the 'Stock Exchange').

The Company is an investment holding company. The Company and its subsidiaries (the 'Group') are mainly engaged in the production, distribution and sale of flavours and fragrances and reconstituted tobacco leaves in the People's Republic of China (the 'PRC'). Ms. Chu Lam Yiu ('Ms. Chu'), who is the Chairman of the Board of Directors, holds approximately 38% equity interest in the Company as at 31 March 2011, through five limited companies incorporated in the British Virgin Islands and solely beneficially owned by her, namely Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited and Real Elite Investments Limited, and is the single largest shareholder of the Company.

These consolidated financial statements are presented in thousands of units of HK dollars ('HKD'000') unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17 June 2011.

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

1. 一般資料

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

本公司的股份主要於香港聯合交易所有限公司（「聯交所」）上市。

本公司為投資控股公司。本公司及其附屬公司（「本集團」）之業務主要在中華人民共和國（「中國」）生產、分銷及銷售香精香料和煙草薄片。朱林瑤女士（「朱女士」）乃本公司之董事局主席，於二零一一年三月三十一日，透過五家於英屬處女群島註冊成立的並由朱女士唯一實益擁有的有限公司Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited及Real Elite Investments Limited, 持有本公司約38%之權益，為本公司的單一最大股東。

本綜合財務報表除另有說明者外，均以港幣千元（「港幣千元」）列示。本綜合財務報表已於二零一一年六月十七日獲董事會批准刊發。

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ('HKFRS') issued by the Hong Kong Institute of Certified Public Accountants (the 'HKICPA'). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) *The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2010 and are relevant to the Group:*

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after 1 July 2009.

2. 主要會計政策摘要

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

2.1 編製基準

本公司綜合財務報表乃根據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」），並按歷史成本法編制，且就可供出售金融資產而作出修訂。

編制符合香港財務報告準則的財務報表須使用若干關鍵會計估算，管理層亦須於應用本集團會計政策過程中行使其判斷，而涉及高度的判斷或高度複雜性之範疇，或涉及對綜合財務報表作出重大假設和估算的範疇，在附註4中披露。

(a) *下列的新訂及準則修改首次強制應用於二零一零年四月一日開始的財政年度且與本集團相關：*

- 香港財務報告準則第3號（修訂）—「業務合併」，以及香港會計準則第27號「綜合和獨立財務報表」、香港會計準則第28號「於聯營公司之投資」及香港會計準則第31號「於合營企業之權益」的其後修改，將適用於收購日期為二零零九年七月一日或之後開始的首個年度報告期間開始之時或之後的業務合併。

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

- (a) *The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2010 and are relevant to the Group: (continued)*

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The revised standard was applied to the acquisition of the controlling interests mentioned in Note 29. The Group has chosen to recognise the non-controlling interest at the non-controlling interest's proportionate share of the acquiree's net assets rather than fair value.

- HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

- (a) 下列的新訂及準則修改首次強制應用於二零一零年四月一日開始的財政年度且與本集團相關：
(續)

此項修訂準則繼續對業務合併應用購買法，但與香港財務報告準則第3號相比，有若干重大更改。例如，收購業務的所有款項必須按收購日期的公允價值記錄，而分類為債務的或有付款其後須在全面收益表重新計量。在非控制性權益被收購時可選擇按公允價值或按非控制性權益應佔被收購方淨資產的比例計量。所有收購相關成本作費用支銷。此項修訂準則已應用於附註29內所述之控制性權益之收購。本集團已選擇按非控制性權益應佔被收購方之淨資產的比例以確認非控制性權益，而不是按公允價值。

- 香港會計準則第27號(修訂)規定，如控制權沒有改變，則與非控制性權益進行的所有交易的影響必須在權益中列報，而此等交易將不再導致商譽或盈虧。由於非控制性權益沒有虧絀結餘；沒有主體權益在主體失去控制權後仍然保留的交易，亦沒有與非控制性權益進行交易，故此香港會計準則第27號(修訂)對本年度沒有任何影響。

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) *The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2010 and are relevant to the Group: (continued)*

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The amendment does not result in a material impact on the Group's consolidated financial statements.
- HKAS 36 (amendment), 'Impairment of assets', effective from 1 January 2010. The amendment clarifies that the largest cash-generating unit (group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).
- HKAS 38 (amendment), 'Intangible assets', effective from 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

(a) 下列的新訂及準則修改首次強制應用於二零一零年四月一日開始的財政年度且與本集團相關：
(續)

- 香港會計準則第17號(修訂本)「租賃」刪去了有關租賃土地分類的具體指引，從而消除了與租賃分類一般指引的不一致性。因此，租賃土地必須根據香港會計準則第17號的一般原則，以分類為融資或經營租賃，即不論租賃是否差不多將資產所有權的全部風險和報酬轉移至承租人。香港會計準則第17號(修訂本)已根據修訂本之特定生效日期及過渡性條文，自二零一零年一月一日開始之年度期間追溯應用。此修改不會對本集團的綜合財務報表造成重大影響。
- 香港會計準則第36號(修訂本)「資產減值」(由二零一零年一月一日起生效)。此修訂本澄清了就減值測試目的，商譽應分配到至最大現金產生單元(或單元組)為香港財務報告準則第8號「經營分部」第5節定義的經營分部(即在總匯類似經濟特質的經營分部之前)。
- 香港會計準則第38號(修訂本)「無形資產」由二零一零年一月一日起生效。此修改澄清在業務合併中購入無形資產公允價值的計量指引，而假如每項無形資產有類似的可使用年期，容許將無形資產組合為單一資產。

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) *The following new and amended standards, and interpretations are mandatory for the first time for the financial year beginning 1 April 2010, but are not currently relevant or do not have significant impact to the Group's operations (although they may affect the accounting for future transactions and events):*

- HKFRS 1 (revised), 'First-time adoption of HKFRSs', effective from 1 July 2009.
- HK(IFRIC) 17, 'Distribution of Non-Cash Assets to owners', effective from 1 July 2009.
- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement', 'Eligible hedge items', effective from 1 July 2009.
- HKAS 1 (amendment), 'Presentation of financial statements', effective from 1 January 2010.
- HKFRS 2 (amendment), 'Group cash-settled share-based payment transactions', effective from 1 January 2010.
- HK-Int 5, 'Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause'.
- First annual improvements project (2008) published in October 2008 by the HKICPA.
 - HKFRS 5, 'Non-current assets held for sale and discontinued operations', and consequential amendment to HKFRS 1.

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

(b) 下列的新訂準則、修改準則及詮釋於二零一零年四月一日開始的財政年度首次強制應用，但現與本集團業務無關或無重大影響（雖然其可能會影響未來的交易和事項的會計記賬）：

- 香港財務報告準則第1號（修訂）「首次採納香港財務報告準則」（由二零零九年七月一日起生效）。
- 香港（國際財務報告詮釋委員會）— 詮釋17「向所有者分派非現金資產」（由二零零九年七月一日起生效）。
- 香港會計準則第39號（修訂本）「金融工具：確認和計量」[合資格套期項目]（由二零零九年七月一日起生效）。
- 香港會計準則第1號（修訂本）「財務報表的呈列」（由二零一零年一月一日起生效）。
- 香港財務報告準則第2號（修訂本）「集團現金結算的以股份為基礎的支付交易」（由二零一零年一月一日起生效）。
- 香港詮釋5「財務報表的呈列— 借款人對有償還要求條款之有期貸款之分類」。
- 香港會計師公會在二零零八年十月頒佈的首個年度改進項目（二零零八）：
 - 香港財務報告準則第5號「持有待售非流動資產及終止經營」及香港會計準則第1號的相應修改

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) *The following new and amended standards, and interpretations are mandatory for the first time for the financial year beginning 1 April 2010, but are not currently relevant or do not have significant impact to the Group's operations (although they may affect the accounting for future transactions and events): (continued)*

- Second annual improvements project (2009) published in May 2009 by the HKICPA.
 - HKFRS 5, 'Disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations'.
 - HKAS 39, 'Financial instruments: Recognition and measurement'.
 - HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.
 - HKFRS 2, 'Group cash-settled share-based payment transactions', and consequential amendments to HKFRS 3.
 - HK(IFRIC)-Int 9 'Reassessment of embedded derivatives' and consequential amendments to HKFRS 3.
 - HKFRS 8, 'Disclosure of information about segment assets'.
 - HKAS 1, 'Presentation of financial statements'.
 - HKAS 7, 'Cash flow statement'.
 - HK(IFRIC)18, 'Transfers of assets from customers'.

2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

(b) 下列的新訂準則、修改準則及詮釋於二零一零年四月一日開始的財政年度首次強制應用，但現與本集團業務無關或無重大影響（雖然其可能會影響未來的交易和事項的會計記賬）：(續)

- 香港會計師公會在二零零九年五月頒佈的第二個年度改進項目（二零零九）：
 - 香港財務報告準則第5號「有關持有待售非流動資產（或處置組）或終止經營規定的披露」
 - 香港會計準則第39號「金融工具：確認和計量」
 - 香港（國際財務報告詮釋委員會）— 詮釋16「對沖海外業務淨投資」
 - 香港財務報告準則第2號「集團現金結算的以股份為基礎的支付交易」及香港財務報告準則第3號的相應修改
 - 香港（國際財務報告詮釋委員會）— 詮釋9「嵌入衍生工具的重估」及香港財務報告準則第3號的相應修改
 - 香港財務報告準則第8號「關於分部資產的披露信息」
 - 香港會計準則第1號「財務報表的呈列」
 - 香港會計準則第7號「現金流量表」
 - 香港（國際財務報告詮釋委員會）— 詮釋18「自客戶轉讓資產」

For the year ended 31 March 2011
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) *The following new standards, amendments to standards and interpretations are not yet effective and have not been early adopted by the Group:*

- 'Classification of rights issues' (amendment to HKAS 32), effective from 1 February 2010.
- HK(IFRIC)-Int 19, 'Extinguishing financial liabilities with equity instruments', effective from 1 July 2010.
- HKFRS 1 and HKFRS 7, effective from 1 July 2010.
- HKAS 24 (revised), 'Related party disclosures', effective from 1 January 2011.
- 'Prepayments of a minimum funding requirement' (amendments to HK(IFRIC)-Int 14), effective from 1 January 2011.
- HKAS 12 (amendment), 'Deferred tax: Recovery of underlying assets', effective from 1 January 2012.
- HKFRS 9, 'Financial instruments', effective from 1 January 2013.

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2. 主要會計政策摘要 (續)

2.1 編製基準 (續)

(c) *下列仍未生效而本集團亦無提早採納的準則、修改及對現有準則的詮釋：*

- 香港會計準則第32號的修訂本：「供股分類」，由二零一零年二月一日起生效。
- 香港（國際財務報告詮釋委員會）—詮釋19「以權益工具取代金融負債」，由二零一零年七月一日起生效。
- 香港財務報告準則第1號及香港財務報告準則第7號，由二零一零年七月一日起生效。
- 香港會計準則第24號（修訂）「關聯方披露」，由二零一一年一月一日起生效。
- 香港（國際財務報告詮釋委員會）—詮釋14的修訂本：「最低資金規定的預付款」，由二零一一年一月一日起生效。
- 香港會計準則第12號（修訂本）：「遞延稅項：收回相關資產」，由二零一二年一月一日起生效。
- 香港財務報告準則第9號「金融工具」，由二零一三年一月一日起生效。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 主要會計政策摘要 (續)

2.1 Basis of preparation (continued)

2.1 編製基準 (續)

(c) *The following new standards, amendments to standards and interpretations are not yet effective and have not been early adopted by the Group: (continued)*

(c) 下列仍未生效而本集團亦無提早採納的準則、修改及對現有準則的詮釋：(續)

- Third annual improvements project (2010) published in May 2010 by the HKICPA.
 - HKFRS 3, 'Business combinations'.
 - HKFRS 1, 'First time Adoption of International Financial Reporting Standards'.
 - HKFRS 7, 'Financial instruments: Disclosures'.
 - HKAS 1, 'Presentation of financial statements'.
 - HKAS 27, 'Consolidated and separate financial statements'.
 - HKAS 34, 'Interim financial reporting'.
 - HK(IFRIC)-Int 13, 'Customer loyalty programmes'.

- 香港會計師公會在二零一零年五月頒佈的第三個年度改進項目(二零一零)：
 - 香港財務報告準則第3號「業務合併」
 - 香港財務報告準則第1號「首次採納國際財務報告準則」
 - 香港財務報告準則第7號「金融工具：披露」
 - 香港會計準則第1號「財務報表的呈列」
 - 香港會計準則第27號「綜合及獨立財務報表」
 - 香港會計準則第34號「中期財務報告」
 - 香港(國際財務報告詮釋委員會)－詮釋13「客戶忠誠度計劃」

Management does not anticipate that the application of the revised standards will result in a material impact on the Group's consolidated financial statements.

管理層預期該等修訂準則的應用不會對本集團的綜合財務報表有重大影響。

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(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Apart from the application of merger accounting on those common control combinations, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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(除另有指明者外，所有金額均以港幣千元列示)

2. 主要會計政策摘要 (續)

2.2 綜合賬目

綜合財務報表包括本公司及其所有附屬公司截至三月三十一日止之財務報表。

(a) 附屬公司

附屬公司指本集團有權管控其財務及營運政策的所有實體(包括特殊目的實體)，且一般附帶超過一半投票權之股權。當評定本集團是否控制另一實體時，目前可行使或可轉換之潛在投票權的存在及影響均予考慮。附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

除對共同控制下的實體合併採用合併會計法的情況外，收購會計法乃用作本集團收購附屬公司的入賬方法。收購附屬公司的轉讓代價為本集團所轉讓資產、所產生負債及所發行的股權的公允值。所轉讓代價包括或有代價安排產生的任何資產或負債的公允值。收購的相關成本在產生時支銷。於業務合併時所收購可識別的資產及所承擔的負債及或然負債，初步按收購日的公允值計量。按逐項收購基準，本集團可按公允價值或按非控制性權益應佔被收購方淨資產的比例，計量被收購方的非控制性權益。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(a) 附屬公司 (續)

於附屬公司之投資乃按成本扣除減值列賬。成本經調整以反映或有對價之修改所產生的對價變動。成本亦包括投資的直接歸屬成本。附屬公司的業績由本公司按已收及應收股息入賬。

轉讓的對價，被收購方任何非控制性權益金額，以及被收購方任何之前權益在購買日期的公允價值，超過本集團應佔所收購可辨認資產淨值公允值的數額，列為商譽。就廉價收購而言，若該數額低於所購入附屬公司資產淨值的公允價值，該差額直接在綜合收益表中確認。

集團內公司之間的交易、交易的結餘及未實現盈利予以對銷。未實現虧損亦予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

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(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(b) Application of merger accounting

The consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs on the basis that they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognized for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented on the basis that the entities had been combined at the previous closing date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealized gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred.

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(除另有指明者外，所有金額均以港幣千元列示)

2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(b) 同一控制下合併的合併會計法

當共同控制企業合併發生時，綜合財務報表包括被合併實體的財務報表，就如同被合併實體在開始處於控制所有者的共同控制下就已經被合併。

從控制方的角度，被合併的實體的淨資產以賬面值合併。在共同控制企業合併中產生的商譽以及收購方應佔被收購方可辨認資產，負債及或然負債的公允值超過成本的金額不予確認。

綜合收益表包括每一個合併實體的經營成果，而其期間為財務報表最早的披露日期與合併實體開始處於共同控制之日兩者較短期間，而不考慮共同控制企業合併日。

綜合財務報表中的比較數據，已假設實體已於上一個結算日或首次受到共同控制時(以較短者為準)呈列。

在這些實體中採用統一的會計政策。集團內合併實體的所有交易、餘額及在交易中獲得的未實現收益在合併中對銷。

交易成本，包括專業費、註冊費、向提供股東資訊發生的費用，將單個業務合併起來發生的成本或損失等其他與採用共同權益會計核算的共同控制企業合併有關的成本於發生時費用化。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(c) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

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

2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(c) 與非控制性權益的交易

本集團將其與非控制性權益進行之交易視為與本集團權益擁有者進行的交易。收購自非控制性權益，所支付的任何代價與相關應佔所收購附屬公司淨資產賬面值的差額，在權益中反映。向非控制性權益的出售的盈虧亦於權益中記賬。

當集團不再擁有控制權或重大影響力，在實體的任何保留權益重新計量至公允價值，賬面值的變動在損益中確認。就其後續入賬列作聯營公司、合營公司或金融資產之保留權益而言，公允值指初始賬面值。此外，之前在其他綜合全面收益表中確認的任何金額猶如本集團已直接出售有關資產和負債。這可能意味著之前在其他全面收益表中確認的金額重新分類至損益。

倘聯營公司持有的權益被削減但仍保留重大影響力，只有按比例將之前在其他全面收益表中確認的金額重新分類至損益（如適用）。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other consolidated comprehensive income is recognized in other consolidated comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

Dilution gains and losses arising in investments in associates are recognized in the consolidated income statement.

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(除另有指明者外，所有金額均以港幣千元列示)

2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(d) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。於聯營公司之投資以權益法入賬。初始以成本確認。本集團於聯營公司之投資包括收購時已識辨之商譽(扣除任何累計減值虧損)。

本集團應佔收購後聯營公司的盈利或虧損於綜合收益表內確認，而應佔收購後的其他綜合全面收益表變動則於其他綜合全面收益表內確認。投資賬面值會根據累計之收購後的變動而作出調整。如本集團應佔一家聯營公司之虧損等於或超過其在該聯營公司之權益，包括任何其他無抵押應收款，本集團不會進一步確認虧損，除非本集團已代聯營公司承擔責任或作出付款。

本集團與其聯營公司之間交易的未實現盈利按集團在聯營公司權益的數額對銷。除非交易提供所轉讓資產減值之證據，否則未實現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

在聯營公司的攤薄盈虧於綜合收益表內確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(e) Jointly controlled entity

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the jointly controlled entity's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the jointly controlled entity that result from the Group's purchase of assets from the jointly controlled entity until it re-sells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

2. 主要會計政策摘要 (續)

2.2 綜合賬目 (續)

(e) 共同控制實體

本集團在共同控制實體的權益按比例合併法入賬。本集團將其應佔共同控制實體的個別收益和費用、資產和負債及現金流量，分別按本集團財務報表中相類似的報表項目以項對項基準合併。本集團向共同控制實體銷售資產確認按照投入的比例確認收益或損失。本集團不確認向共同控制實體購買資產而獲得的收益或損失，直到資產轉售予獨立第三方。然而，倘虧損顯示流動資產的可變現淨值有減值現象，此交易虧損會即時確認。

2.3 分部報告

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

2.4 外幣換算

(a) 功能和列賬貨幣

本集團各實體之財務報表所包括的項目，乃按該實體經營所在的主要經濟環境的貨幣（「功能貨幣」）計量。本綜合財務報表以港幣列示，此乃本公司的功能貨幣及本集團的列賬貨幣。

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(All amounts in HK dollar thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between transaction differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

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(除另有指明者外，所有金額均以港幣千元列示)

2. 主要會計政策摘要 (續)

2.4 外幣換算 (續)

(b) 交易及結餘

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

與借款和現金及現金等價物有關的匯兌盈虧在綜合收益表內的「財務收入或成本」中列報。所有其他匯兌盈虧在綜合收益表內的「其他收益 – 淨額」中列報。

被分類為可供出售且以外幣為單位的貨幣性證券的公允價值變動，按照證券的攤銷成本變動與該證券賬面值的其他變動所產生的換算差額進行分析。與攤銷成本變動有關的換算差額確認為盈虧，賬面值的其他變動則於其他全面收益中確認。

非貨幣性金融資產（例如分類為可供出售的權益）的換算差額包括在其他全面收益中。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 主要會計政策摘要 (續)

2.4 Foreign currency translation (continued)

2.4 外幣換算 (續)

(c) Group companies

(c) 集團公司

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

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

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of the gain or loss on sale.

在綜合賬目時，換算海外業務的淨投資，以及換算借款及其他指定作為該等投資套期的貨幣工具所產生的匯兌差額列入其他全面收益表內。當售出或清理部份海外業務時，該等匯兌差額在綜合收益表確認為出售盈虧的一部份。

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

收購海外實體產生的商譽及公允價值調整視為該海外實體的資產和負債，並按收市匯率換算。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment

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

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

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

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

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

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

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

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2. 主要會計政策摘要 (續)

2.5 物業、機器及設備

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

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

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

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

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

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

出售盈虧乃比較所得款項與賬面值而釐定，在收益表內的其他收益淨額中確認。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 主要會計政策摘要 (續)

2.6 Land use rights

Land use rights are up-front payments to acquire long-term interests in the usage of land. They are stated at cost and charged to the consolidated income statement over the remaining period of the lease on a straight-line basis, net of any impairment losses.

2.6 土地使用權

土地使用權是為在使用土地時獲取長期利益而預先支付的款項。土地使用權所預付租賃款在租賃期內按照直線法扣除任何減值虧損在綜合收益表中支銷。

2.7 Intangible assets

2.7 無形資產

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(a) 商譽

商譽指收購成本超過收購當日本集團應佔所收購附屬公司及聯營公司可識辨資產公允值之數額。收購附屬公司所產生之商譽計入「無形資產」內。收購聯營公司所產生之商譽則計入「聯營公司之投資」，作為整體結餘的一部份，並每年就減值進行測試。分開確認的商譽每年就減值進行測試，並按成本減累計減值虧損列賬。商譽的減值虧損不會撥回。出售某個實體的盈虧包括與被出售實體有關的商譽的賬面值。

Goodwill is allocated to cash-generating units ('CGUs') for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

就減值測試而言，商譽會分配至現金產生單位。此項分配是對預期可根據經營分部確認之商譽產生的業務合併中得益的現金產生單位或現金產生單位的組別而作出的。

(b) Customer relationships and non-competition agreement

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

(b) 客戶關係及非同業競爭協議

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

(c) *Trademarks and licenses*

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

(d) *Computer software*

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

(e) *Patent*

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

2.8 Impairment of non-financial assets

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

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2. 主要會計政策摘要 (續)

2.7 無形資產 (續)

(c) *商標及許可證*

分開購入的商標及許可證按歷史成本列賬。在業務合併中購入的商標及許可證按購買日的公允值列賬。商標及許可證使用權具有有限可使用年期，按成本減累計攤銷和累計減值虧損列賬。攤銷以直線法以商標及許可證的成本按其估計可使用年期10至20年計算。

(d) *電腦軟件*

購入的電腦軟件牌照按購入及使該特定軟件達到可使用時所產生的成本作資本化處理。此等成本按估計可使用年期(三至五年)攤銷。

(e) *專利*

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

2.8 非金融資產的減值

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables', 'short-term time deposits' and 'cash and cash equivalents' in the statement of financial position.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2. 主要會計政策摘要 (續)

2.9 金融資產

2.9.1 分類

本集團將其金融資產分為以下類別：貸款及應收款項及可供出售之金融資產。分類視乎購入財務資產之目的。管理層在初始確認時確定其財務資產的分類。

(a) 貸款及應收款

貸款及應收款為固定或可釐定付款且沒有在活躍市場上報價的非衍生金融資產。此等款項包括在流動資產內，但若由結算日起計超過12個月到期者，則分類為非流動資產。貸款及應收款列示於財務狀況表中「貿易及其他應收款項」、「短期定期存款」及「現金及現金等價物」內。

(b) 可供出售金融資產

可供出售金融資產為非衍生工具，被指定作此類別或並無分類為任何其他類別。除非投資到期或管理層有意在結算日後12個月內出售該項投資，否則此等資產列在非流動資產內。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as 'other gains – net'.

Dividends on available-for-sale equity instruments are recognized in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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2. 主要會計政策摘要 (續)

2.9 金融資產 (續)

2.9.2 確認和計量

常規購入及出售的金融資產在交易日確認—交易日指本集團承諾購入或出售該資產之日。對於並非按公允值透過損益記賬的所有金融資產，其投資初始按公允值加交易成本確認。當從資產收取現金流量的權利經已到期或經已轉讓，而本集團已將擁有權的所有風險和回報實際轉讓時，金融資產即終止確認。可供出售金融資產其後按公允價值列賬。貸款及應收款其後利用實際利息法按攤銷成本列賬。

被分類為可供出售的貨幣性及非貨幣性證券的公允價值變動在其他全面收益中確認。

當分類為可供出售的證券售出或減值時，在權益中確認的累計公允價值調整列入收益表內作為「其他收益—淨額」。

可供出售權益工具的股息，當本集團收取有關款項的權利確定時，在綜合收益表內確認為其他收益的一部份。

2.10 抵銷金融工具

當有法定可執行權力抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; or
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

2. 主要會計政策摘要 (續)

2.11 金融資產減值

(a) 以攤銷成本列賬的資產

本集團於每個結算日評估是否存在客觀證據證明某一金融資產或某一組金融資產出現減值。只有當存在客觀證據證明於首次確認資產後發生一宗或多宗事件導致出現減值(「虧損事項」)，而該宗(或該等)虧損事項對該項或該組金融資產的估計未來現金流量構成的影響可以合理估計，有關的金融資產或金融資產組才算出現減值及產生減值虧損。

本集團用來確定減值虧損的客觀證據條件包括：

- 發行人或承擔人出現重大財政困難；
- 違反合約如逾期或拖欠償還利息或本金；
- 本集團基於與借款人的財政困難有關的經濟或法律原因，向借款人提供一般放款人不會考慮的特惠條件；
- 借款有可能破產或進行其他財務重組；
- 因為財政困難而使該金融資產的活躍市場不再存在；或
- 可觀察的資料顯示金融資產組合自初始確認入賬後，其估計之未來現金流量出現重大的跌幅，儘管有關跌幅尚未能在該組合的個別金融資產內確定，包括：
 - i. 該組合的借款人的還款狀況出現逆轉；或
 - ii. 與該組合逾期還款相關的全國性或地方經濟狀況。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of financial assets (continued)

(a) *Assets carried at amortised cost (continued)*

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

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2. 主要會計政策摘要 (續)

2.11 金融資產減值 (續)

(a) *以攤銷成本列賬的資產 (續)*

本集團首先評估是否存在減值的客觀證據。

以貸款及應收款類別，其虧損金額乃根據資產賬面值與按金融資產原實際利率貼現而估計之未來現金流量（不包括仍未產生的日後信用虧損）的現值兩者的差額計量。資產賬面值予以削減及虧損金額則在綜合收益表確認。如貸款按浮動利率計息，計量任何減值虧損的貼現率為按合同釐定的即期實際利率。在實際應用中，集團可按某工具可觀察的市價作為公允值的基礎計量其減值。

如在較後期間，減值虧損金額減少，同時客觀地與減值在確認後才發生的事件相關（例如債務人的信貸評級改善），則之前已確認的減值虧損在綜合收益表撥回。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 主要會計政策摘要 (續)

2.11 Impairment of financial assets (continued)

2.11 金融資產減值 (續)

(b) Assets classified as available-for-sale

(b) 可供出售資產

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its costs is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the separate consolidated income statement. Impairment losses recognized in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement.

本集團於每個結算日評估是否存在客觀證據證明某一金融資產或某一組金融資產出現減值。至於分類為可供出售的權益投資，證券公允值的大幅度或長期跌至低於其成本值，亦是資產已經減值的證據。若可供出售金融資產存在此等證據，累計虧損一按收購成本與當時公允值的差額，減該金融資產之前在損益確認的任何減值虧損計算一自權益中剔除並在獨立的綜合收益表記賬。在獨立的綜合收益表確認的權益工具的減值虧損不會透過獨立的綜合收益表撥回。

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

當從附屬公司，聯營公司或共同控制實體收取之股息而股息超過該附屬公司、聯營公司或共同控制實體在股息宣佈期間的總全面收益時，或獨立財務報表投資的賬面值超過被投資方淨資產（包括商譽）的綜合財務報表內的賬面值，則必須對有關投資進行減值測試。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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2. 主要會計政策摘要 (續)

2.12 存貨

存貨按成本及可變現淨值兩者中的較低者列賬。成本按加權平均法釐定。製成品及在製品的成本主要包括原材料、直接勞工、其他直接成本及相關的生產開支(根據正常營運能力)。這不包括貸款成本。可變現淨值乃按正常業務過程中的估計售價，減去適用的變動銷售開支計算。

2.13 貿易及其他應收款項

貿易應收賬款為在日常經營活動中就商品銷售而應收客戶的款項。如貿易及其他應收款的收回預期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動資產；否則作為非流動資產呈列。

貿易及其他應收款項最初以公允值確認，其後以實際利息法按攤銷成本扣除減值撥備計量。

2.14 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款及其他短期高流動性投資。

2.15 股本

普通股列為權益。

直接歸屬於發行新股或購股權的新增成本在權益中列為所得款的減少(扣除稅項)。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 主要會計政策摘要 (續)

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the consolidated income statement in the year in which they are incurred.

2.16 借款

借款按公允價值並扣除產生的交易費用為初始確認。借款其後按攤銷成本列賬；所得款（扣除交易成本）與贖回價值的任何差額利用實際利率法於借款期間內在收益表確認。

設立貸款融資時支付的費用倘部份或全部融資將會很可能提取，該費用確認為貸款的交易費用。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部份或全部融資將會很可能被提取，則該費用資本化作為流動資金服務的預付款，並按有關的融資期間攤銷。

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則貸款分類為流動負債。

2.17 借款成本

規定實體將直接與購買、構建或生產一項符合資本化條件的資產（需要一段很長時間籌備以供使用或出售）有關的借款成本資本化為該資產的部份成本。

所有其他的借款成本都在發生時計入發生年度的綜合收益表。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries, associates and jointly controlled entity operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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2. 主要會計政策摘要 (續)

2.18 貿易應付款

貿易應付賬款為在日常經營活動中從供應商購買商品或服務而應支付的債務。如貿易應付款的支付日期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動負債；否則作為非流動負債呈列。

貿易應付款初步以公允值確認，其後利用實際利息法按攤銷成本計量。

2.19 當期及遞延所得稅

本期間的稅項支出包括當期和遞延稅項。稅項在綜合收益表中確認，但與其他全面收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他全面收益或在權益中確認。

當期所得稅支出根據本公司、其附屬公司、聯營公司及共同控制實體營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax (continued)

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint controlled entity and associates, except where the timing of the reversal of the temporary difference is within the control of the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. 主要會計政策摘要 (續)

2.19 當期及遞延所得稅 (續)

遞延所得稅以負債法就資產與負債的稅基與資產和負債在綜合財務報表的賬面值之差額產生的暫時差異確認。然而，若遞延所得稅來自在交易（不包括企業合併）中對資產或負債的初步確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延稅項採用在結算日前已頒佈或實質上頒佈，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期會將適用之稅率（及法例）而釐定。

遞延所得稅資產於有可能出現未來應課稅溢利抵銷暫時差額時方會確認。

遞延所得稅按投資於附屬公司、共同控制實體及聯營公司產生之暫時差額而作出撥備，但假若本集團可以控制暫時差異之撥回時間，而暫時差異在可預見將來有可能不會撥回則除外。

當有法定可執行權利將當期稅項資產與當期稅項負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅實體或不同課稅實體但有意向以淨值基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee benefits

(a) Pension obligations

The Group operates the Mandatory Provident Fund Scheme ('MPF Scheme') in Hong Kong which is generally funded through payments to insurance companies under defined contribution plan. It pays contributions to administered pension insurance plans on a mandatory, contractual or voluntary basis. Moreover, all the employees of the Group's entities incorporated in the Mainland China of the PRC (the 'Mainland China') participate in employee social security plans, including pension, medical, housing and other welfare benefits, organized and administered by the local governments. The Group also makes defined contribution to retirement schemes managed by the insurance company in accordance with German regulation and rules for the employees of the subsidiary located in Germany. The Group has no further payment obligations once these contributions have been paid. The contributions are recognized as employees benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

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2. 主要會計政策摘要 (續)

2.20 僱員福利

(a) 退休金責任

本集團於香港設有強制性公積金計劃(「強積金計劃」)，該計劃一般透過根據定額供款向保險公司付款而注資。本集團向管理退休保險計劃作出強制、合約或自願性質供款。此外，所有身為本集團於中華人民共和國註冊成立實體之僱員，均已參與由地方政府組織及管理之僱員社會保障計劃，涵蓋退休金、醫療、房屋及其他社會福利。本集團根據德國相關法律和法規為設立於德國的附屬公司之合資格僱員根據定額供款退休計劃向有關保險公司作出供款。本集團的香港公司一經繳付供款後再無進一步付款責任。供款於應付時確認為僱員福利開支，並可由歸屬前離開計劃的僱員所放棄的全數供款撇減。預付供款按照現金退款或未來款項減少而確認為資產。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee benefits (continued)

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, including any market performance conditions and the impact of any non-vesting conditions, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2. 主要會計政策摘要 (續)

2.20 僱員福利 (續)

(b) 以股份支付之酬金

本公司設有一項按權益償付，以股份支付酬金的計劃。為換取購股權的授出而獲得的僱員服務，按其公允值確認為開支。於歸屬期內列作開支的總金額，乃參照已授出的購股權之公允值釐定，不包括任何非市場歸屬條件（例如盈利能力及銷售增長目標）的影響。非市場既定條件包括在有關預期可予行使購股權數目的假設內。費用的總金額在歸屬期間內確認，歸屬期間指將符合所有特定可行權條件的期間。於各結算日，本集團會修訂其對預期可予以行使的購股權數目的估計。本集團在損益表確認對原來估計數字修訂（如有）的影響並對權益作相應調整。

在購股權行使時，本公司發行新股份。當購股權獲行使時，已收取所得款項（扣除任何直接應佔交易成本）均列入股本（面值）及股份溢價中。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognized when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assumed.

Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognized using the original effective interest rate.

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2. 主要會計政策摘要 (續)

2.21 收益確認

收益指本集團在通常活動過程中出售貨品的已收或應收代價的公允值。收益在扣除增值稅、退貨、回扣和折扣，以及對銷集團內部銷售後列賬。

當收益的數額能夠可靠計量、未來經濟利益很有可能流入有關實體，而本集團每項活動均符合具體條件時（如下文所述），本集團便會將收益確認。本集團會根據其往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

(a) 貨品銷售

銷售貨品於本集團實體送交貨品予客戶，客戶接受該產品，銷售額能夠可靠計量以及有關應收款的收回可合理確保時確認入賬。

當產品已付運予至指定地點，過時和損失風險已轉讓予客戶，而客戶已根據銷售合同接收產品、或所有接收條款已作廢，或本集團有客觀證據顯示所有接收條款已經履行後，貨品交付才算產生。

(b) 利息收入

利息收入採用實際利息法按時間比例基準確認入賬。倘應收款項出現減值時，本集團會將賬面值撇減至可收回款額，即估計的未來現金流量按該工具之原有效利率貼現值，並繼續將貼現計算並確認為利息收入。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 主要會計政策摘要 (續)

2.21 Revenue recognition (continued)

2.21 收益確認 (續)

(c) *Dividend income*

(c) *股息收入*

Dividend income is recognized when the right to receive payment is established.

股息收入在收取款項的權利確定時確認。

2.22 Research and development costs

2.22 研發成本

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

研究費用於產生時確認為支出。倘開發中項目(有關設計及測試全新或經改良產品)所產生之費用，符合下列條件的確認為無形資產：

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) the management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

- (a) 產品技術上可行並可完成該無形資產並能出售或使用；
- (b) 管理層有意完成該無形資產並出售或使用；
- (c) 有能力使用或出售該無形資產；
- (d) 可證明該無形資產如何為將來產生經濟效益；
- (e) 足夠的技術、財務及其他資源可完成開發及使用或出售該無形資產；及
- (f) 於開發該無形資產時的成本能可靠計量。

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

資本化的研發費用計入無形資產並在資產達到可使用狀態時採用直線法在使用壽命內開始攤銷，使用年限不會超過5年。

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

其他研發費用於產生時如不符合上述條件的均會確認為費用。過往確認作費用之開發成本在其後期間並不確認為資產。

Development assets are tested for impairment annually.

研發資產每年進行減值測試。

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.24 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the final dividends are approved by the Company's shareholders and interim dividends are approved by the Company's Board of Directors.

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(除另有指明者外，所有金額均以港幣千元列示)

2. 主要會計政策摘要 (續)

2.23 經營租賃

凡資產擁有權的大部份風險及回報仍歸出租人所有的租賃，均列作經營租賃。根據經營租賃的付款（扣除出租人給予的任何優惠）在租期內以直線法於綜合收益表支銷。

2.24 政府補貼

當能夠合理地保證本集團符合所有附帶條件而將收取政府補貼時，政府提供的補貼按公允值確認入賬。

與成本有關之政府補貼遞延入賬，按擬補償成本之相應期間在綜合收益表確認。

與購買物業、機器及設備有關之政府補貼列入非流動負債作為遞延收入，按有關資產之預計年期以直線法在綜合收益表確認。

2.25 股息分派

向本公司股東分派的末期股息在股息獲本公司股東批准的期間內，中期股息在獲本公司董事會批准的期間內，於本集團和本公司的財務報表內列為負債。

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3. FINANCIAL RISK MANAGEMENT

3. 財務風險管理

3.1 Financial risk factors

3.1 財務風險因素

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk, and fair value interest rate risk), credit risk and liquidity risk. The Group does not have any significant price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

本集團的活動面對多項財務風險：市場風險（包括貨幣風險、現金流量之利率風險及公允值之利率風險）、信貸風險及流動性風險。本集團無重大的價格風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求儘量減低對本集團財務表現的潛在不利影響。

Risk management is carried out under the policies approved by the Board of Directors (the 'Board'). The Group identifies and evaluates financial risks in close co-operations with its operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing of excess liquidity.

風險管理按照董事會批准的政策執行、確定和評估財務風險。集團經營單位緊密合作以確定和評估財務風險。董事會為整體風險管理訂定指引，亦為若干特定範疇提供政策，例如貨幣風險、利率風險和信貸風險，以及投資剩餘的流動資金。

(a) Market risk

(a) 市場風險

(i) Foreign exchange risk

The Group mainly operates in Hong Kong and the Mainland China and is exposed to foreign exchange risk primarily with respect to Renminbi ('RMB'). The exchange rate of HKD against RMB is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group did not have significant exposure to foreign exchange risk as the entities of the Group mainly earn their profits in RMB and the value of RMB has been appreciating against HKD.

(i) 貨幣風險

本集團主要於香港及中國內地經營，主要貨幣風險為人民幣匯率風險。人民幣兌港幣之匯率須遵守中國政府頒佈之外匯管制條例及規例。由於本集團各公司主要獲取人民幣收益且人民幣對港幣尚在升值，故本集團並無重大貨幣風險。

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3. FINANCIAL RISK MANAGEMENT (continued)

3. 財務風險管理 (續)

3.1 Financial risk factors (continued)

3.1 財務風險因素 (續)

(a) Market risk (continued)

(a) 市場風險 (續)

(i) Foreign exchange risk (continued)

Should RMB be strengthened/weakened by 5% against HKD during the year ended 31 March 2011, with all other factors remaining unchanged, the profit after income tax for the year and equity would be affected as follows:

(i) 貨幣風險 (續)

截至二零一一年三月三十一日止年度內，假若人民幣兌港幣升值／貶值5%，而所有其他因素維持不變，則對除稅後盈利及權益的影響如下：

		Change of profit after income tax for the year increase/(decrease) 對除稅後盈利的影響 增加/(減少)		Change of equity as at 31 March increase/(decrease) 於三月三十一日對權益的 影響增加/(減少)	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
Group	本集團				
- Strengthened by 5%	- 升值5%	47,352	9,431	216,351	90,759
- Weakened by 5%	- 貶值5%	(47,352)	(9,431)	(216,351)	(90,759)
Company	本公司				
- Strengthened by 5%	- 升值5%	-	-	-	-
- Weakened by 5%	- 貶值5%	-	-	-	-

(ii) Cash flow and fair value interest rate risk
Other than deposits held in banks, the Group does not have significant interest-bearing assets. Fluctuation of market rates does not have a significant impact to the Group's performance.

(ii) 現金流量及公允值之利率風險
除存放於銀行的存款以外，本集團並無重大計息資產。市場利率的變動對本集團的表現無重大影響。

The Group's exposure to changes in interest rates is mainly attributable to its borrowings which are at floating rates, and expose the Group to cash flow interest-rate risk.

集團面臨的利率變動風險主要來自按浮動利率發行的貸款，令本集團承受現金流量利率風險。

At 31 March 2011, if interest rates on borrowings had been 2 percentage points higher/lower, with all other variables held constant, there would be no material impact to the profit for the year.

於二零一一年三月三十一日，在其他因素不變的情況下，若借款利率上升／下降兩個百分點，對本年盈利並無重大影響。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, credit exposure to customers and related parties arising from outstanding receivables.

As at the reporting dates, all the Group's bank deposits are placed in high quality financial institutions without significant exposure to credit risk.

The Group currently sells substantially all its flavours, fragrances and reconstituted tobacco leaves products in the PRC domestic market. Credit is granted for a period up to 6 months to the major customers. The credit period is determined according to an assessment made on the financial conditions and past payment history of these customers with the approval obtained from senior management. As at 31 March 2011, the 5 largest debtors accounted for 48% (2010: 35%) of total trade receivables balance of the Group.

The directors are of the view that most customers with outstanding balances as at 31 March 2011 are either existing customers with long cooperation history with the Group and/or reputable companies in the industry. The risk of credit default is considered to be low and accordingly, the provision for doubtful debts as at 31 March 2011 amounting to approximately HKD3,407,000 (2010: HKD2,215,000) is considered adequate to cover any significant potential credit risk.

The Company also recorded some balances due from subsidiaries. The directors do not consider that there is significant credit risk arising from these balances in light of the past repayment history and operations of these subsidiaries.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

信貸風險是按照組合方式管理。信貸風險主要來自存放於銀行及其他財務機構的存款及現金及現金等價物、信貸予客戶及關聯人士之未償付的應收款項。

於結算日，本集團所有的銀行存款均存放於優質及無重大信貸風險的財務機構。

本集團現時主要於中國本地市場銷售其食用香精香料，日用香精香料及煙草薄片產品。授予主要客戶的信貸期為6個月。信貸期的確定乃根據該客戶的財務條件及過往付款紀錄評估得出並獲得高級管理層的核准。於二零一一年三月三十一日，五大客戶佔本集團總貿易應收款項結餘約48% (二零一零年：35%)。

董事認為於二零一一年三月三十一日大多數的存在未償還結餘的客戶多數為與本集團具有長期合作關係的現有客戶及／或於其行業具有良好信譽的客戶。故信貸風險相對較低，於二零一一年三月三十一日約港幣3,407,000元 (二零一零年：港幣2,215,000元) 的減值撥備足夠覆蓋任何重大潛在的信貸風險。

就應收附屬公司款項，在考慮其以往還款情況及業務狀況後，管理層亦不預期其存在重大信貸風險。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Cash flow forecast is performed in the operating entities of the Group. The Company monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and that the Group does not breach borrowing covenants on its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and if applicable, external regulatory or legal requirements – for example, currency restrictions.

As at 31 March 2011 and 2010, except for an insignificant amount of long-term borrowing, all borrowing and trade and other payables of the Group and the Company were with maturity date within 1 year.

As at 31 March 2011 and 2010, the Group's net debt is 0, which is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The operating cash inflows of the Group are sufficient for investing activities including acquisition of new businesses.

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(除另有指明者外，所有金額均以港幣千元列示)

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動性風險

現金流量預測是在集團的經營主體執行。本公司監控集團的流動資金需求的滾動預測，確保有足夠資金應付經營需要，但同時確保集團不違反其借款條款。此等預測考慮了集團債務融資計劃、條款遵從、符合內部財務狀況表比率目標，及外部的監管或法例規定 – 例如貨幣限制 (如適用)。

於二零一一年及二零一零年三月三十一日，除一筆不重大的長期貸款外，本集團及本公司所有的貸款、貿易及其他應付賬款的到期日皆在1年內到期。

於二零一一年及二零一零年三月三十一日，本集團之債務淨額為零。債務淨額乃由總借貸 (包括流動及非流動貸款) 減去現金及現金等價物計算得出。

3.2 資金風險管理

本集團的資金管理政策目的是保障集團能繼續營運，以為股東提供回報和為其他權益持有人提供利益，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本返還、發行新股或出售資產以減低債務。

本集團經營活動產生的現金流可足夠用於投資活動包括收購新業務。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The Group adopts the amendments to HKFRS 7 'Financial statements: disclosures' for financial instruments that are measured in the consolidated statements of financial position at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted price (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 March 2011, the Group has available-for-sale financial assets that are grouped under Level 3.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

3. 財務風險管理 (續)

3.3 公允價值估計

本集團採納香港財務報告準則第7號「金融工具－披露」的修訂，其規定在綜合財務狀況表內的財務工具按公允價值計量並需按下列公允價值計量架構披露公允價值計量層次：

- 相同資產或負債在活躍市場的報價（未經調整）（第一層）。
- 除第1層所包括的報價外，可觀察的資產或負債的輸入值可直接（即如價格）或間接（即由價格衍生）（第二層）。
- 資產或負債的輸入值並非依據可觀察的市場數據（即不可觀察輸入值）（第三層）。

於二零一一年三月三十一日，本集團持有可供出售金融資產並列入第三層。

4. 關鍵會計估計及判斷

估算和判斷會被持續評估，並基於過往經驗及其他因素，包括在有關情況下相信對未來事件的合理預測。

本集團為未來作出估算及假設。所得之會計估計如其定義，很少與相關的實際結果相符。涉及導致資產及負債之賬面值可能於下一個財政年度內須作出重大調整之估計及假設如下：

(a) 商譽減值之估計

根據附註2.8所述的會計政策，本集團每年測試商譽是否出現減值。現金產生單位的可收回金額按照使用價值計算而釐定。此等計算均需利用估算（附註8）。

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Impairment of goodwill (continued)

Should the budgeted gross margin used in the value-in-use calculation for the CGUs of flavours, fragrances and reconstituted tobacco leaves be 10 percentage points lower than management's estimates at 31 March 2011 respectively, the Group will not need to recognize impairment of goodwill.

If the estimated pre-tax discount rate applied to the cash flows of the CGUs had been 1 percentage point higher than management's estimates, the Group will not need to recognize an impairment of goodwill.

(b) Dividends policy of subsidiaries

On 16 March 2007, National People's Congress approved the Corporate Income Tax Laws of the PRC (hereinafter 'the New CIT Laws') which has become effective from 1 January 2008. According to the relevant regulations of the new CIT Laws, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its overseas investors, it will be subject to withholding income tax. The applicable withholding income tax rate varies with the origin of the overseas investors.

The Group's PRC subsidiaries have accumulated significant distributable profits from 1 January 2008. The directors of the Company estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate holding companies. Deferred income tax liabilities had been provided based on 5% of the estimated profits to be remitted to Hong Kong.

As at 31 March 2011, deferred income tax liabilities of HKD91,493,000 (31 March 2010: HKD43,246,000) have not been recognized for the withholding tax that would be payable on the unremitted profits of certain PRC subsidiaries. The directors of the Company have determined not to distribute these earnings in the foreseeable future.

The directors of the Company will regularly review the fund requirements of the Group and thus revise the dividend distribution policy of its subsidiaries from time to time.

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(除另有指明者外，所有金額均以港幣千元列示)

4. 關鍵會計估計及判斷 (續)

(a) 商譽減值之估計 (續)

如果食用香精香料，日用香精香料及煙草薄片的現金產生單位的使用價值計算中所使用的預計毛利率較管理層在二零一一年三月三十一日估計的分別下降10個百分點，本集團無需對商譽確認減值。

如在現金產生單位的貼現現金流量所應用的估計稅前貼現率較管理層的估計增加1個百分點，本集團無需對商譽確認減值。

(b) 附屬公司之股息政策

於二零零七年三月十六日，全國人民代表大會通過了《中華人民共和國企業所得稅法》(「企業所得稅法」)，並於二零零八年一月一日起生效。根據企業所得稅法的有關規定，中國國內之外商投資企業向境外投資者分派自二零零八年一月一日起產生的盈利作為股息，需要徵收所得稅，並根據外商投資者所處之不同地區適用不同的所得稅率。

本集團於中國大陸的附屬公司已向其境外母公司分配自二零零八年一月一日起產生的大部份盈利。本公司董事預計會將某些中國大陸子公司之盈利派發股息予其於香港的直接母公司。已根據預計派發予香港的股息的5%確認遞延所得稅負債。

某些中國大陸附屬公司之盈利於截止二零一一年三月三十一日止年度未派發股息予香港的直接母公司可能產生的遞延所得稅負債為港幣91,493,000元(二零一零年：港幣43,246,000元)。在可預見的將來，本公司董事決定暫不分配此部份盈利。

本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息分派政策。

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

5. SEGMENT INFORMATION

The Group has organized its operations into three main operating segments:

- (1) Flavours;
- (2) Fragrances; and
- (3) Reconstituted tobacco leaves.

The chief operating decision-makers have been identified as the executive directors (the 'Executive Directors'). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from the operation perspective and assess the performance of flavours, fragrances and reconstituted tobacco leaves segments. Flavours include research and development, production and sale of flavours products. Fragrances include research and development, production and sale of fragrances products. Reconstituted tobacco leaves include research and development, production and sale of reconstituted tobacco leaves. The Executive Directors assesses the performance of the operating segments based on a measure of operating profit.

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

5. 分部資料

本集團的經營分為三項主要營運分部：

- (1) 食用香精香料；
- (2) 日用香精香料；及
- (3) 煙草薄片。

主要經營決策者明確為執行董事（「執行董事」），執行董事檢討本集團的內部報告以評估表現及分配資源。管理層按照此報告以決定營運分部。

執行董事從經營活動角度考慮業務及評估食用香精香料、日用香精香料及煙草薄片之分部業務表現。食用香精香料業務包括研發、生產及銷售食用香精香料產品。日用香精香料業務包括研發、生產及銷售日用香精香料產品。煙草薄片業務包括研發、生產及銷售煙草薄片產品。執行董事根據營運盈利的計量評估營運分部之表現。

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截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

5. SEGMENT INFORMATION (continued)

The segment information for the year ended 31 March 2011 is presented below:

5. 分部資料 (續)

截至二零一一年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2011					Total
		截至二零一一年三月三十一日止年度					
		Flavours	Fragrances	Reconstituted tobacco leaves	Total segments	Corporate	Total
		食用香精香料	日用香精香料	煙草薄片	分部總計	總部	總計
Total turnover	總營業額	2,609,161	160,362	86,759	2,856,282	–	2,856,282
Inter-segment sales	分部間銷售	(4,099)	(10)	–	(4,109)	–	(4,109)
Net turnover/ segment sales	淨營業額/ 分部收入	2,605,062	160,352	86,759	2,852,173	–	2,852,173
Segment result	分部業績	1,837,579	30,632	14,905	1,883,116	(11,410)	1,871,706
Finance income	財務收入						24,692
Finance costs	融資成本						(14,029)
Finance income – net	財務收入 – 淨額						10,663
Share of loss of associates	應佔聯營公司虧損						(1,255)
Profit before income tax	除稅前盈利						1,881,114
Income tax expense	所得稅						(249,256)
Profit for the year	本年度盈利						1,631,858

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

5. SEGMENT INFORMATION (continued)

5. 分部資料 (續)

		As at 31 March 2011 於二零一一年三月三十一日					
		Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Segment assets	分部資產	4,695,066	237,689	1,980,688	6,913,443	14,397	6,927,840

The segment information for the year ended 31 March 2010 is presented below:

截至二零一零年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2010 截至二零一零年三月三十一日止年度					
		Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Total turnover	總營業額	2,291,077	75,499	–	2,366,576	–	2,366,576
Inter-segment sales	分部間銷售	(167)	(6)	–	(173)	–	(173)
Net turnover/ Segment sales	淨營業額/ 分部收入	2,290,910	75,493	–	2,366,403	–	2,366,403
Segment result	分部業績	1,519,994	18,669	–	1,538,663	(21,974)	1,516,689
Finance income	財務收入						15,761
Finance costs	融資成本						(1,508)
Finance income – net	財務收入 – 淨額						14,253
Share of profit of associates	應佔聯營公司盈利						707
Profit before income tax	除稅前盈利						1,531,649
Income tax expense	所得稅						(162,236)
Profit for the year	本年度盈利						1,369,413

		As at 31 March 2010 於二零一零年三月三十一日					
		Flavours 食用香精香料	Fragrances 日用香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Segment assets	分部資產	4,638,964	156,316	–	4,795,280	38,578	4,833,858

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

5. SEGMENT INFORMATION (continued)

Segment result represents the profit earned by each segment without inclusion of unallocated expenses, finance costs and finance income. This is the measure reported to chief operating decision markers for the purposes of resource allocation and assessment of segment performance.

The total of non-current assets, other than investments and deferred tax assets, of the Group as at 31 March 2011 and 2010 are mainly located in the PRC.

Revenues from external customers are derived from the sales of flavours, fragrances and reconstituted tobacco leaves to customers mainly located in the PRC.

Revenue derived from sales made to one single external customer amounted to 27% of the Group's total revenue. These revenues are attributable to flavours segment.

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

5. 分部資料 (續)

分部業績是代表各分部之盈利，當中並沒有包括未分類支出、融資成本及財務收入。此分部業績主要是為分配資源和評估各分部之表現而向營運決策者呈列的方式。

除投資和遞延所得稅資產以外，於二零一一年及二零一零年三月三十一日本集團的非流動資產總額主要位於國內。

來自外部客戶的收入主要來自銷售食用與日用香精香料及煙草薄片予國內客戶。

來源於最大外部客戶的收入佔集團總收入的27%。這些收入是由食用香精香料分部產生的。

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截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

6. PROPERTY, PLANT AND EQUIPMENT – GROUP

6. 物業、機器及設備 – 本集團

	Note	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment 傢俬、裝置及設備	Leasehold improvements 租賃裝修	Construction in progress 在建工程	Total 總計	
	附註	樓宇	機器及設備	汽車					
At 1 April 2009	於二零零九年四月一日								
Cost	成本	227,696	100,082	32,919	68,402	5,453	4,184	438,736	
Accumulated depreciation	累計折舊	(57,831)	(30,578)	(20,890)	(37,008)	(2,580)	-	(148,887)	
Net book amount	賬面淨值	169,865	69,504	12,029	31,394	2,873	4,184	289,849	
Year ended 31 March 2010	截至二零一零年三月三十一日止年度								
Opening net book amount	年初賬面淨值	169,865	69,504	12,029	31,394	2,873	4,184	289,849	
Reclassification	重分類	(269)	269	-	-	-	-	-	
Additions	添置	-	3,619	2,180	4,053	1,646	20,563	32,061	
Transfers	轉移	1,092	2,794	1,776	624	-	(6,286)	-	
Acquisition of Maoming Kebi Flavour & Fragrance Limited ('Maoming Kebi')	收購茂名市科比香精香料有限公司 (「茂名科比」)	8	-	-	-	-	-	8	
Acquisition of Qingdao Qingda	收購青島青大	4,056	5,005	341	141	-	-	9,543	
Disposals	出售	(214)	(41)	(53)	(49)	-	-	(357)	
Depreciation	折舊	(9,980)	(9,338)	(3,764)	(7,305)	(1,074)	-	(31,461)	
Exchange differences	匯兌調整	240	320	(143)	2,174	(448)	12	2,155	
Closing net book amount	年終賬面淨值	164,798	72,132	12,366	31,032	2,997	18,473	301,798	
At 31 March 2010	於二零一零年三月三十一日								
Cost	成本	233,870	112,605	36,819	75,720	6,461	18,473	483,948	
Accumulated depreciation	累計折舊	(69,072)	(40,473)	(24,453)	(44,688)	(3,464)	-	(182,150)	
Net book amount	賬面淨值	164,798	72,132	12,366	31,032	2,997	18,473	301,798	
Year ended 31 March 2011	截至二零一一年三月三十一日止年度								
Opening net book amount	年初賬面淨值	164,798	72,132	12,366	31,032	2,997	18,473	301,798	
Additions	添置	1,917	3,706	4,856	17,605	1,346	24,764	54,194	
Transfers	轉移	15,441	11,878	757	186	237	(28,499)	-	
Acquisition of Yunnan Huaxiangyuan*	收購雲南華香源*	29	2,544	65	-	-	-	4,691	
Acquisition of Guangdong Jinye Group	收購廣東金葉集團	29	83,021	3,034	3,351	5,027	29,230	202,293	
Disposals	出售	-	(482)	(370)	(119)	-	-	(971)	
Depreciation	折舊	23	(12,518)	(4,592)	(8,665)	(1,408)	-	(42,420)	
Exchange differences	匯兌調整	-	5,708	430	7,431	151	2,077	16,788	
Closing net book amount	年終賬面淨值		260,911	153,700	16,546	50,821	8,350	46,045	536,373
At 31 March 2011	於二零一一年三月三十一日								
Cost	成本		357,734	307,199	45,525	107,693	46,045	877,574	
Accumulated depreciation	累計折舊		(96,823)	(153,499)	(28,979)	(56,872)	-	(341,201)	
Net book amount	賬面淨值		260,911	153,700	16,546	50,821	46,045	536,373	

* As at 31 March 2011, buildings with a carrying amount of approximately HKD2,945,000 was pledged for the Group's bank borrowings amounting to HKD3,562,000.

* 於二零一一年三月三十一日，樓宇的賬面淨值約港幣2,945,000乃為本集團之銀行貸款約港幣3,562,000作抵押。

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截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

6. PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

Depreciation was expensed in the following categories:

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Manufacturing overheads	製造費用	18,319	11,019
Selling and marketing expenses	銷售及推廣開支	1,693	1,489
Administrative expenses	行政費用	22,408	18,953
Total depreciation	折舊總額	42,420	31,461

7. LAND USE RIGHTS – GROUP

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analyzed as follows:

		As at 31 March 於三月三十一日	
		2011 二零一一年	2010 二零一零年
Outside Hong Kong, held on: Leases between 10 to 50 years	在香港境外按以下年期持有： 10至50年的租約	194,697	67,684

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Beginning of the year	年初	67,684	58,515
Acquisition of Qingdao Qingda	收購青島青大	–	10,415
Acquisition of Yunnan Huaxiangyuan*	收購雲南華香源*	958	–
Acquisition of Guangdong Jinye Group	收購廣東金葉集團	121,996	–
Amortization	攤銷	(2,795)	(1,430)
Exchange differences	匯兌調整	6,854	184
End of the year	年終	194,697	67,684

* As at 31 March 2011, land with a carrying amount of approximately HKD965,000 was pledged for the Group's bank borrowings amounting to HKD3,562,000.

6. 物業、機器及設備 – 本集團 (續)

折舊按以下分類支銷：

7. 土地使用權 – 本集團

本集團於土地使用權的權益為預付經營租金，其賬面淨值分析如下：

* 於二零一一年三月三十一日，土地的賬面值約港幣965,000元乃為本集團之銀行貸款約港幣3,562,000作抵押。

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(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

8. INTANGIBLE ASSETS – GROUP

8. 無形資產 – 本集團

		Goodwill	Trademarks and licences	Customer relationships	Non-competition agreement	Computer Software	Patents	Total
	Note附註	商譽 (a)	商標及許可證 (b)	客戶關係	非競爭協議	電腦軟件	專利	總計
At 1 April 2009	於二零零九年四月一日							
Cost	成本	1,290,248	17,483	235,532	4,577	625	236	1,548,701
Accumulated amortization	累計攤銷	-	(4,273)	(36,341)	(706)	(215)	(15)	(41,550)
Net book amount	賬面淨值	1,290,248	13,210	199,191	3,871	410	221	1,507,151
Year ended 31 March 2010	截至二零一零年三月三十一日止年度							
Opening net book amount	年初賬面淨值	1,290,248	13,210	199,191	3,871	410	221	1,507,151
Additions	添置	-	-	-	-	1,060	108	1,168
Acquisition of Maoming Kebei	收購茂名科比	109,650	-	5,139	82	-	-	114,871
Acquisition of Qingdao Qingda	收購青島青大	244	-	1,416	194	-	-	1,854
Amortization	攤銷	-	(1,405)	(24,533)	(494)	(153)	(34)	(26,619)
Exchange differences	匯兌調整	3,915	40	274	5	-	-	4,234
Closing net book amount	年終賬面淨值	1,404,057	11,845	181,487	3,658	1,317	295	1,602,659
At 31 March 2010	於二零一零年三月三十一日							
Cost	成本	1,404,057	17,539	242,490	4,888	1,687	345	1,671,006
Accumulated amortization	累計攤銷	-	(5,694)	(61,003)	(1,230)	(370)	(50)	(68,347)
Net book amount	賬面淨值	1,404,057	11,845	181,487	3,658	1,317	295	1,602,659
Year ended 31 March 2011	截至二零一一年三月三十一日止年度							
Opening net book amount	年初賬面淨值	1,404,057	11,845	181,487	3,658	1,317	295	1,602,659
Additions	添置	-	-	-	-	11	-	11
Acquisition of Guangdong Jinye Group	收購廣東金葉集團	1,079,606	108,595	14,063	-	-	18,782	1,221,046
Amortization	攤銷	-	(3,812)	(26,117)	(494)	(296)	(2,487)	(33,206)
Exchange differences	匯兌調整	86,049	423	3,212	5	50	(291)	89,448
Closing net book amount	年終賬面淨值	2,569,712	117,051	172,645	3,169	1,082	16,299	2,879,958
At 31 March 2011	於二零一一年三月三十一日							
Cost	成本	2,569,712	126,905	263,166	4,888	1,728	18,899	2,985,298
Accumulated amortization	累計攤銷	-	(9,854)	(90,521)	(1,719)	(646)	(2,600)	(105,340)
Net book amount	賬面淨值	2,569,712	117,051	172,645	3,169	1,082	16,299	2,879,958

Amortization is included in administrative expenses in the consolidated income statement.

攤銷包括在綜合收益表的行政費用內。

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截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

8. INTANGIBLE ASSETS – GROUP (continued)

- (a) Goodwill is mainly attributable to the anticipated profitability of operations, the anticipated future operating synergies and enlarged market value. Goodwill is allocated to the Group's CGUs identified mainly according to the operating segments.

The goodwill is allocated as follows:

		As at 31 March 於三月三十一日							
		2011 二零一一年				2010 二零一零年			
		Reconstituted tobacco			Total	Reconstituted tobacco			Total
		Flavours	Fragrances	leaves		Flavours	Fragrances	leaves	
		食用香精香料	日用香精香料	煙草薄片	總計	食用香精香料	日用香精香料	煙草薄片	總計
Goodwill	商譽	1,405,750	52,291	1,111,671	2,569,712	1,353,939	50,118	-	1,404,057

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a ten-year period (2010: ten-year period) as management believes that the cash flow of the Group is comparatively stable and a forecasted period longer than five years is feasible. Cash flows beyond the ten-year period are extrapolated using the estimated growth rates below. The growth rate does not exceed the long-term average growth rate for the businesses in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

8. 無形資產 – 本集團 (續)

- (a) 商譽主要由經營活動的預期盈利狀況、預期的未來經營協同效應和擴大的市場份額決定。本集團之商譽主要根據其業務分部分配至多個現金產生單位。

商譽分配的摘要呈列如下：

每個現金產生單位的可收回金額乃以使用價值計算。由於管理層認為集團的現金流相對穩定，可以預測較長時間（超過五年）的現金流，上述採用計算基於管理層已批准的十年期財務預算而預計之稅前貼現現金流量計算（二零一零年：10年期）。超逾十年期的現金流量使用的預計年增長率列示如下。該增長率不會超過現金產生單位之業務分部營運的長期平均增長率。

使用價值計算的主要假設如下：

		As at 31 March 於三月三十一日					
		2011 二零一一年			2010 二零一零年		
		Flavours	Fragrances	Reconstituted tobacco leaves	Flavours	Fragrances	Reconstituted tobacco leaves
		食用香精香料	日用香精香料	煙草薄片	食用香精香料	日用香精香料	煙草薄片
Gross margin	毛利率	75%	20%-25%	45%-58%	75%	40%	Not applicable 不適用
Growth rate	增長率	5%	5%	3%	5%	5%	Not applicable 不適用
Discount rate	貼現率	13.5%	13.5%	15%	13.5%	13.5%	Not applicable 不適用

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8. INTANGIBLE ASSETS – GROUP (continued)

- (a) (continued)
These assumptions have been used for the analysis of each CGU within the operating segment.

Management determined budgeted gross margin based on past performance and their expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

After assessing the cash flow projections of the various CGUs, the directors considered that there is no impairment of the goodwill as at 31 March 2011 and 2010.

- (b) Trademarks represent the Peacock and Xinghu trademarks.

9. INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES – COMPANY

- (a) Investments in subsidiaries

Investments at cost – unlisted shares 投資按成本值—非上市股份

- (b) The balances with subsidiaries are unsecured, interest-free, denominated in HKD and repayable on demand. The fair value of the balances with subsidiaries approximate to their carrying value. None of the balances is either past due or impaired.

8. 無形資產 – 本集團 (續)

- (a) (續)
此假設已沿用於營運分部中的每個現金產生單位的分析內。

管理層根據過往的業績及其對市場發展的預期確定預計毛利率。所用的貼現率為稅前並反映有關分部的特定風險。

在評價多個現金產生單位的現金流預測後，本集團之董事認為於二零一一年及二零一零年三月三十一日商譽並無減值。

- (b) 商標乃指孔雀及星湖牌商標。

9. 於附屬公司之投資及與其之結餘 – 本公司

- (a) 附屬公司之投資

As at 31 March
於三月三十一日

2011 二零一一年	2010 二零一零年
1,245,083	1,245,083

- (b) 附屬公司之結餘乃無抵押、免息、以港幣為單位及須於要求時償還。附屬公司之結餘的賬面值與公允值相若。沒有結餘已逾期或減值。

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10. INVESTMENTS IN ASSOCIATES – GROUP

10. 於聯營公司之投資 – 本集團

		Year ended 31 March 截至三月三十一日止年度	
		Note 附註	
		2011 二零一一年	2010 二零一零年
Beginning of the year	年初	6,236	9,233
Share of (loss)/profit of associates	應佔聯營公司 (虧損)/盈利	30 (1,255)	707
Gain on disposal of Weihai Huayuan Green Industry Co Ltd. ('Weihai Huayuan')	出售威海華元綠色產業有限公司(「威海華元」) 盈利	30 –	740
Acquisition of Guangdong Jinye Group	收購廣東金葉集團	25,464	–
Capital injection in Guizhou Huangguoshu Jinye Technology Co Ltd. ('Guizhou Hangguoshu')	注資貴州黃果樹金葉科技有限公司(「貴州黃果樹」)	30,085	–
Proceeds from disposal of Weihai Huayuan	出售威海華元所得款	–	(3,911)
Dividends declared	宣派股息	(475)	(512)
Exchange differences	匯兌調整	954	(21)
End of the year	年終	61,009	6,236

The results, assets (including goodwill) and liabilities of the Group's associates, which are all unlisted, as at 31 March 2011 are as follows:

於二零一一年三月三十一日，本集團之聯營公司(非上市公司)之業績、資產(包括商譽)和負債如下：

Name	Country of incorporation	Assets	Liabilities	Revenues	Net profit/ (loss) for the year	% Interests indirectly held	Principal activities
名稱	註冊成立國家	資產	負債	收益	本年度淨盈利/(虧損)	間接所持權益百分比	主要業務
Henan Jinrui Flavours Co. Ltd. ('Henan Jinrui')	PRC 中國	RMB 人民幣	RMB 人民幣	RMB 人民幣	RMB 人民幣	25%	Production and sale of tobacco flavours and fragrances and fine chemicals products
河南金瑞香精香料有限公司(「河南金瑞」)		38,416,000	16,439,000	29,529,000	1,047,000		生產及銷售煙用香精香料及精細化工產品
Guizhou Huangguoshu	PRC 中國	RMB 人民幣	RMB 人民幣	RMB 人民幣	RMB 人民幣	30%	Pre-operating
貴州黃果樹		155,206,000	243,000	–	(4,412,000)		籌備開業中

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(除另有指明者外，所有金額均以港幣千元列示)

11. AVAILABLE FOR SALE FINANCIAL ASSETS – GROUP

11. 可供出售金融資產 – 本集團

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Beginning of the year	年初	–	–
Acquisition of Guangdong Jinye Group:	收購廣東金葉集團：		
– Hunan Jinye Reconstituted Tobacco Leaves Limited Liability Company	– 於湖南金葉煙草薄片有限責任公司	11,624	–
– Shanghai Tobacco Group Taichuang Haiyan Reconstituted Tobacco Leaves Company Limited	– 於上海煙草集團太倉海煙煙草薄片有限公司	24,969	–
Net fair value change recorded in equity	公允淨值變動記入權益	755	–
Exchange differences	匯兌差額	719	–
End of the year	年終	38,067	–

Available-for-sale financial assets include:

可供出售金融資產包括：

		As at 31 March 於三月三十一日	
		2011 二零一一年	2010 二零一零年
Unlisted equity investments: at fair value	非上市權益投資：公允值	38,067	–

Available-for-sale financial assets are all denominated in RMB.
None of these financial assets is impaired.

可供出售金融資產以人民幣計值。沒有金融資產已減值。

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截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

12. DEFERRED INCOME TAX ASSETS/LIABILITIES – GROUP

The movement in the deferred income tax is as follows:

12. 遞延所得稅資產／負債 – 本集團

遞延所得稅變動如下：

		Note	Deferred income		Total	
			tax assets 遞延所得稅資產	Deferred income tax liabilities 遞延所得稅負債		
			Unrealized profits arising from intra-group sales 集團內公司間銷售所產生的集團內未變現盈利	Valuation surplus of assets and recognition of intangible assets 資產評估盈餘及無形資產的確認	Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC 於中國國內的公司預期匯出的股息所產生之預提所得稅	
At 1 April 2009	於二零零九年四月一日		31,055	58,985	34,828	93,813
Acquisition of Maoming Kebi	收購茂名科比		–	1,305	–	1,305
Acquisition of Qingdao Qingda	收購青島青大		–	2,673	–	2,673
Recognized in the income statement	於收益表確認	26	19,341	(5,171)	12,509	7,338
Exchange differences	匯兌調整		148	78	3,663	3,741
At 31 March 2010	於二零一零年三月三十一日		50,544	57,870	51,000	108,870
Acquisition of Guangdong Jinye Group	收購廣東金葉集團	29	–	20,483	–	20,483
Recognized in the income statement	於收益表確認	26	(10,496)	(6,064)	(21,272)	(27,336)
Exchange differences	匯兌調整		2,752	1,154	(341)	813
At 31 March 2011	於二零一一年三月三十一日		42,800	73,443	29,387	102,830

Deferred income tax assets are recognized for temporary differences arising from the unrealized profits from intra-group sales, and calculated under the liability method using the tax rate which are enacted or substantively enacted by the balance sheet date.

集團內公司間銷售所產生的集團內未變現盈利確認為遞延所得稅資產，其金額以負債法按結算日已生效或已實質生效的稅率計算暫時性差額確定。

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12. DEFERRED INCOME TAX ASSETS/LIABILITIES – GROUP (continued)

Deferred income tax liabilities are arisen from the valuation surplus of property, plant and equipment, land use rights and intangible assets, and recognition of intangible assets as a result of acquisition of subsidiaries; and withholding income tax on dividends expected to be remitted abroad by group entities incorporated in the PRC.

Pursuant to the Corporate Income Tax Laws of the PRC approved by the National People's Congress on 16 March 2007, a 10% withholding tax is levied on dividends remitted from the PRC entities to overseas investors with effect from 1 January 2008. A lower withholding tax rate of 5% is applied to Hong Kong investors as there is a tax treaty arrangement between the PRC and Hong Kong. The directors of the Company estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies. Therefore, deferred income tax liabilities had been provided based on 5% of the estimated profits to be remitted to Hong Kong. The directors of the Company will review the funding requirements of the Group from time to time and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 31 March 2011, deferred income tax liabilities of HKD91,493,000 (31 March 2010: HKD43,246,000) have not been recognized for the withholding tax that would be payable on the unremitted profits of certain PRC subsidiaries.

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

12. 遞延所得稅資產／負債 – 本集團 (續)

遞延所得稅負債乃由於本公司收購或合併附屬公司所導致之物業、機器及設備，土地使用權和無形資產的評估盈餘及無形資產的確認而產生，及集團內於中國註冊成立的公司預期匯出境外的股息所產生之預提所得稅。

根據全國人民代表大會於二零零七年三月十六日通過的中國企業所得稅法，由二零零八年一月一日起，中國國內企業向外商投資企業分派股息，需按10%之稅率徵收所得稅。基於中國及香港有特別稅務協定，故中國大陸企業向香港投資企業分派股息，可享有較優惠的稅率5%徵收。本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港之直接母公司。因此，遞延所得稅負債乃按預計匯出香港之盈利以5%的稅率計算。本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息政策。

二零一一年三月三十一日，本集團並未就若干中國大陸附屬公司之未匯出盈利須予支付的預提所得稅確認遞延所得稅負債港幣91,493,000 (二零一零年：港幣43,246,000元)。

遞延所得稅資產及負債的分析如下：

		As at 31 March 於三月三十一日	
		2011 二零一一年	2010 二零一零年
Deferred income tax assets:	遞延所得稅資產		
– to be recovered within 12 months	– 在十二個月內收回部份	42,800	50,544
Deferred income tax liabilities:	遞延所得稅負債		
– to be recovered after more than 12 months	– 在超過十二個月後收回部份	65,698	53,999
– to be recovered within 12 months	– 在十二個月內收回部份	37,132	54,871
		102,830	108,870

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13. INVENTORIES – GROUP

At cost:	按成本：
Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

		2011	2010
		二零一一年	二零一零年
		426,569	186,578
		4,116	4,378
		37,276	44,338
		467,961	235,294

The cost of inventories recognized as expense and included in cost of goods sold for the year ended 31 March 2011 amounted to approximately HKD636,819,000 (2010: HKD544,194,000).

13. 存貨 – 本集團

As at 31 March
於三月三十一日

截至二零一一年三月三十一日止年度之存貨成本確認為費用並計入銷售成本的金額約為港幣636,819,000元(二零一零年：港幣544,194,000元)。

14. TRADE AND OTHER RECEIVABLES

			As at 31 March			
			於三月三十一日			
			Group		Company	
			本集團		本公司	
		Note	2011	2010	2011	2010
		附註	二零一一年	二零一零年	二零一一年	二零一零年
Trade receivables	貿易應收款項	14(b)	653,504	519,895	–	–
Less: Provision for impairment of receivables	減：應收款項減值撥備		(3,407)	(2,215)	–	–
Trade receivables – net	貿易應收款項 – 淨額		650,097	517,680	–	–
Notes receivable	應收票據		175,304	89,487	–	–
Prepayments and other receivables	預付款項及其他應收款項	14(a)	192,139	36,727	473	473
Advances to staff	員工墊款		3,519	4,404	–	–
Others	其他		9,506	11,819	–	–
			1,030,565	660,117	473	473

14. 貿易及其他應收款項

(a) Except for prepayment of HKD32,598,000, the Group's trade and other receivables balances are financial assets categorized under 'loans and receivables'. All trade and other receivables are either repayable within one year or on demand. Accordingly, the fair values of the trade and other receivables approximate to their carrying values. This amount included approximately HKD135,623,000 of receivable due from the former shareholder of the newly acquired Guangdong Jinye Group.

(a) 除預付賬款港幣32,598,000元外，本集團之貿易及其他應收款分類為「貸款和應收款項」。所有貿易及其他應收款項乃於一年內或於通知時清還。故貿易及其他應收款項賬面值與公允值相若。此金額包括應收新收購之廣東金葉集團之前股東約港幣135,623,000元。

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(除另有指明者外，所有金額均以港幣千元列示)

14. TRADE AND OTHER RECEIVABLES (continued)

- (b) The credit period generally granted to customers ranges from 0 to 180 days. The ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) from invoice dates as at the balance sheet dates is as follows:

		As at 31 March 於三月三十一日 Group 本集團	
		2011 二零一一年	2010 二零一零年
0 – 90 days	0至90日	592,568	457,936
91 – 180 days	91至180日	39,637	44,546
181 – 360 days	181至360日	10,863	10,535
Over 360 days	360日以上	10,436	6,878
		653,504	519,895

As at 31 March 2011, trade receivables of HKD650,097,000 (2010: HKD517,680,000) were fully performing.

After considering the credit period, trade receivables are assessed for impairment. As at 31 March 2011, trade receivables of HKD17,892,000 (2010: HKD15,198,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of the past due trade receivables is as follows:

		As at 31 March 於三月三十一日 Group 本集團	
		2011 二零一一年	2010 二零一零年
Past due up to 180 days	逾期至180日	10,863	10,535
Past due over 180 days	逾期超過180日	10,436	6,878
		21,299	17,413

14. 貿易及其他應收款項 (續)

- (b) 授予客戶的信貸期一般為0至180日。於結算日，貿易應收款項（包括關聯人士的貿易應收款項）根據發票日期的賬齡分析如下：

於二零一一年三月三十一日，貿易應收款港幣650,097,000元（二零一零年：港幣517,680,000元）已全數獲得履行。

信用期滿後，已對貿易應收款項進行減值評估。於二零一一年三月三十一日，貿易應收款項港幣17,892,000元（二零一零年：港幣15,198,000元）經已逾期但並無減值。此等款項涉及多個最近沒有拖欠還款記錄的獨立客戶。此等貿易應收款的逾期賬齡分析如下：

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14. TRADE AND OTHER RECEIVABLES (continued)

(b) (continued)

As at 31 March 2011, trade receivables of HKD3,407,000 (2010: HKD2,215,000) were impaired and fully provided. The individually impaired receivables mainly relate to customers which had ceased cooperation with the Group and were not in a position for repayment. These receivables are all aged over one year.

The carrying amounts of the Group's trade receivables (including amounts due from related parties which are trade in nature) are denominated in the following currencies:

		As at 31 March 於三月三十一日	
		Group 本集團	
		2011 二零一一年	2010 二零一零年
HKD	港幣	80	-
United States Dollar ('USD')	美元	5,078	3,039
RMB	人民幣	648,346	516,856
		653,504	519,895

Movements of the provision for impairment of trade receivables were as follows:

		Year ended 31 March 截至三月三十一日止年度	
		Group 本集團	
		2011 二零一一年	2010 二零一零年
Beginning of the year	年初	2,215	1,989
Provision for impairment on trade receivables	貿易應收款減值撥備	1,192	119
Exchange differences	匯兌調整	-	107
End of the year	年終	3,407	2,215

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

14. 貿易及其他應收款項 (續)

(b) (續)

於二零一一年三月三十一日，貿易應收款港幣3,407,000元（二零一零年：港幣2,215,000元）經已減值及全數撥備。個別減值的應收款項主要來自與集團終止合作關係及無還款能力的客戶。上述應收款項賬齡均超過一年。

本集團的貿易應收款的賬面值（包括關聯人士的貿易應收款項）以下列貨幣為單位：

		As at 31 March 於三月三十一日	
		Group 本集團	
		2011 二零一一年	2010 二零一零年
HKD	港幣	80	-
United States Dollar ('USD')	美元	5,078	3,039
RMB	人民幣	648,346	516,856
		653,504	519,895

貿易應收款減值撥備的變動如下：

		Year ended 31 March 截至三月三十一日止年度	
		Group 本集團	
		2011 二零一一年	2010 二零一零年
Beginning of the year	年初	2,215	1,989
Provision for impairment on trade receivables	貿易應收款減值撥備	1,192	119
Exchange differences	匯兌調整	-	107
End of the year	年終	3,407	2,215

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(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

14. TRADE AND OTHER RECEIVABLES (continued)

(b) (continued)

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

14. 貿易及其他應收款項 (續)

(b) (續)

對已減值應收款撥備的設立和撥回已包括在綜合收益表中「行政費用」內。計入撥備賬戶中的數額一般會在預期無法收回額外現金時撇銷。

貿易及其他應收款項內的其他類別沒有包含已減值資產。

在報告日期，信貸風險的最高風險承擔為上述每類應收款項的賬面值。本集團不持有任何作為抵押的抵押品。

15. CASH AND BANK BALANCES – GROUP AND COMPANY

15. 銀行及庫存現金—本集團及本公司

		As at 31 March 於三月三十一日			
		Group 本集團		Company 本公司	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
Short-term time deposits	短期定期存款	–	230,886	–	–
Cash and cash equivalents	現金及現金等價物	1,676,410	1,678,640	13,489	35,503
		1,676,410	1,909,526	13,489	35,503

Cash and bank balances are denominated in the following currencies:

銀行及庫存現金以下列外幣金額列示：

		As at 31 March 於三月三十一日			
		Group 本集團		Company 本公司	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
RMB	人民幣	1,643,471	1,845,110	–	–
HKD	港幣	25,454	58,047	13,489	35,503
USD	美元	4,213	4,637	–	–
Euro and others	歐元及其他	3,272	1,732	–	–
		1,676,410	1,909,526	13,489	35,503

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(除另有指明者外，所有金額均以港幣千元列示)

15. CASH AND BANK BALANCES – GROUP AND COMPANY (continued)

As at 31 March 2011, the Group's and the Company's maximum exposure to credit risk of cash and cash equivalents is their carrying value.

15. 銀行及庫存現金—本集團及本公司 (續)

於二零一一年三月三十一日，本集團及本公司面對的來自現金及現金等價物的最高信貸風險乃其賬面價值。

16. SHARE CAPITAL – GROUP AND COMPANY

16. 股本—本集團及本公司

Ordinary shares of HKD0.10 each
每股面值港幣0.10元之普通股

		Note 附註	Number of shares 股份數目	HKD'000 港幣千元
Authorized:	法定：			
At 1 April 2009, 31 March 2010 and 31 March 2011	於二零零九年四月一日、 二零一零年三月三十一及 二零一一年三月三十一日		5,000,000,000	500,000
Issued and fully paid:	已發行及繳足：			
At 1 April 2009	於二零零九年四月一日		3,084,805,961	308,480
Exercise of share options	行使購股權	17	44,015,000	4,402
At 31 March 2010	於二零一零年三月三十一日		3,128,820,961	312,882
At 1 April 2010	於二零一零年四月一日		3,128,820,961	312,882
Exercise of share options	行使購股權	17	21,230,000	2,123
At 31 March 2011	於二零一一年三月三十一日		3,150,050,961	315,005

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17. SHARE OPTION SCHEME

On 10 October 2006 and 25 October 2006, the Group granted 97,200,000 and 30,400,000 share options with an exercise price of HKD3.09 per share and vesting periods of 0 to 3 years to employees and directors respectively. On 17 October 2007, the Group granted 13,900,000 and 3,600,000 share options with an exercise price of HKD6.65 per share and vesting periods of 0.5 to 3 years to employees and a director respectively. On 14 April 2008, the Group granted 10,400,000 share options to two directors with an exercise price of HKD6.39 per share and vesting periods of 0 to 3 years. The options have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash. The fair value of the share options was determined using the Black-Scholes valuation model. Share option compensation expense recognized in the consolidated income statement is shown in Note 23.

Movements in the number of share options outstanding during the year and their related weighted average exercise prices are as follows:

17. 購股權計劃

於二零零六年十月十日及二零零六年十月二十五日，本集團分別授出97,200,000及30,400,000股購股權，行使價為每股港幣3.09元及歸屬期為0至3年，予現有僱員及董事。及於二零零七年十月十七日，本集團分別授出13,900,000及3,600,000股購股權，行使價為每股港幣6.65元及歸屬期為半年至3年，予現有僱員及一名董事。及於二零零八年四月十四日，本集團授予現有兩名董事10,400,000股購股權，行使價為每股港幣6.39元及歸屬期為0至3年。合同規定購股權的期限為十年。本集團無法律義務或合同回購及以現金支付購股權。購股權的公允價值由Black-Scholes評估模型確認。在綜合收益表裏確認的購股權報酬費用列於附註23。

於年內，未行使的購股數目之變動及其相關之加權平均行使價列示如下：

		Year ended 31 March 截至三月三十一日止年度				
		2011 二零一一年		2010 二零一零年		
		Weighted average exercise price in HKD per share 加權平均 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數 以千計)	Weighted average exercise price in HKD per share 加權平均 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數 以千計)	
		Note 附註				
Beginning of the year	年初		4.57	62,220	3.98	108,435
Exercised	已行使	16,17(a)	4.04	(21,230)	3.20	(44,015)
Forfeited	失效	17(b)	3.09	(200)	3.09	(2,200)
End of the year	年終		4.85	40,790	4.57	62,220

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17. SHARE OPTION SCHEME (continued)

- (a) The weighted average share price immediately before the share option exercised dates was HKD10.13 (2010: HKD7.96) per share.
- (b) These represented share options forfeited due to resignation of employees.

Share options outstanding as at 31 March 2011 are analyzed as follows:

17. 購股權計劃 (續)

- (a) 緊接購股權行使日期之前的加權平均收市價為每股港幣10.13元(二零一零年：港幣7.96元)。
- (b) 購股權失效是由於員工離職。

於二零一一年三月三十一日未行使購股權之分析如下：

Grantee	被授予人	Exercise price in HKD per share 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數以千計)	Expiry date 失效日期
Directors	董事	3.09	12,250	24 October 2016 2016年10月24日
		6.65	3,600	16 October 2017 2017年10月16日
		6.39	10,400	13 April 2018 2018年4月13日
Employees	僱員	3.09	7,600	9 October 2016 2016年10月9日
		6.65	6,940	16 October 2017 2017年10月16日
At 31 March 2011	於二零一一年三月三十一日		40,790	

Out of the 40,790,000 (2010: 62,220,000) share options outstanding as at 31 March 2011, 38,190,000 (2010: 52,645,000) share options are currently exercisable.

於二零一一年三月三十一日，未行使的40,790,000(二零一零年：62,220,000)股購股權當中，38,190,000(二零一零年：52,645,000)股購股權於現在可予行使。

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18. RESERVES

18. 儲備

		GROUP 本集團							
		Contributed surplus	Merger reserve	Share premium	Capital reserve	Share-based compensation reserve	Exchange reserve	Other reserves	Total
Note						以股份為基礎 的酬金儲備			
附註		實繳盈餘	合併儲備	股份溢價	資本儲備	的酬金儲備	換算儲備	其他儲備	總計
At 1 April 2009	於二零零九年 四月一日	288,191	(612,949)	145,202	1,677	71,109	227,543	127,685	248,458
Combination of F&G Group	合併F&G集團	-	(4,211)	-	-	-	-	-	(4,211)
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	4,496	4,496
Employee share option scheme	僱員購股權計劃								
- Value of employee services	一僱員服務價值	23	-	-	-	12,605	-	-	12,605
- Exercise of share options	一行使購股權	-	-	159,428	-	(23,195)	-	-	136,233
Exchange differences	匯兌調整	-	-	-	-	-	12,822	-	12,822
At 31 March 2010	於二零一零年 三月三十一日	288,191	(617,160)	304,630	1,677	60,519	240,365	132,181	410,403
At 1 April 2010	於二零一零年 四月一日	288,191	(617,160)	304,630	1,677	60,519	240,365	132,181	410,403
Fair value gains on available-for-sale financial assets	可供出售金融資產 公允淨收益	-	-	-	-	-	-	755	755
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	9,966	9,966
Employee share option scheme	僱員購股權計劃								
- Value of employee services	一僱員服務價值	23	-	-	-	4,123	-	-	4,123
- Exercise of share options	一行使購股權	-	-	100,532	-	(16,905)	-	-	83,627
Exchange differences	匯兌調整	-	-	-	-	-	168,444	-	168,444
At 31 March 2011	於二零一一年 三月三十一日	288,191	(617,160)	405,162	1,677	47,737	408,809	142,902	677,318

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18. RESERVES (continued)

18. 儲備 (續)

		COMPANY 本公司					
	Note	Contributed surplus	Share premium	Capital reserve	Share-based compensation reserve	Total	
	附註	實繳盈餘	股份溢價	資本儲備	以股份為基礎的酬金儲備	總計	
At 1 April 2009	於二零零九年四月一日	288,191	145,202	1,677	71,109	506,179	
Employee share option scheme	僱員購股權計劃						
- Value of employee services	- 僱員服務價值	23	-	-	12,605	12,605	
- Exercise of share options	- 行使購股權		159,428	-	(23,195)	136,233	
At 31 March 2010	於二零一零年三月三十一日	288,191	304,630	1,677	60,519	655,017	
At 1 April 2010	於二零一零年四月一日	288,191	304,630	1,677	60,519	655,017	
Employee share option scheme	僱員購股權計劃						
- Value of employee services	- 僱員服務價值	23	-	-	4,123	4,123	
- Exercise of share options	- 行使購股權		100,532	-	(16,905)	83,627	
At 31 March 2011	於二零一一年三月三十一日	288,191	405,162	1,677	47,737	742,767	

19. RETAINED EARNINGS

19. 保留盈利

		Year ended 31 March 截至三月三十一日止年度			
		Group 本集團		Company 本公司	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
Beginning of the year	年初	3,066,819	2,278,879	1,192,947	1,208,384
Profit for the year	本年度盈利	1,604,400	1,340,085	1,022,706	532,212
Appropriations from net profit	自純利撥付	(9,966)	(4,496)	-	-
Final and special dividend for the year ended 31 March 2009	截至二零零九年三月三十一日止年度之末期及特別股息	-	(272,695)	-	(272,695)
Interim and special dividend for the six months ended 30 September 2009	截至二零零九年九月三十日止六個月之中期及特別股息	-	(274,954)	-	(274,954)
Final and special dividend for the year ended 31 March 2010	截至二零一零年三月三十一日止年度之末期及特別股息	(386,137)	-	(386,137)	-
Interim dividend for the six months ended 30 September 2010	截至二零一零年九月三十日止六個月之中期股息	(226,789)	-	(226,789)	-
End of the year	年終	4,048,327	3,066,819	1,602,727	1,192,947

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19. RETAINED EARNINGS (continued)

The profit contributable to equity holders of the Company is dealt within the financial statements of the Company to the extent of HKD1,022,706,000 (2010: HKD532,212,000)

19. 保留盈利 (續)

盈利歸屬於本公司權益持有人在本公司財務報表中處理的數額為港幣1,022,706,000元(二零一零年：港幣532,212,000元)。

20. BORROWINGS

20. 貸款

		As at 31 March 於三月三十一日			
		Group 本集團		Company 本公司	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
	Note 附註				
Non-current	非流動				
– Secured bank loans	—有抵押 (a)	3,562	–	–	–
Current	流動				
– Secured bank loans	—有抵押	–	10,236	–	–
– Unsecured bank loans	—無抵押 (b)	740,000	240,000	740,000	240,000
		740,000	250,236	740,000	240,000
Total borrowings	總貸款	743,562	250,236	740,000	240,000

(a) The bank loan is secured by a pledge of land (note 7) and buildings (note 6) located in Yunnan Province owned by the subsidiary, Yunnan Huaxiangyuan. The loans are denominated in RMB and are repayable by March 2013. During the year, the average interest rate is 6.72% per annum.

(a) 有抵押銀行貸款乃由附屬公司雲南華香源所持有的位於雲南省的土地(附註7)及樓宇(附註6)作為抵押。該貸款以人民幣為單位並需於二零一三年三月前清還。於年內，該貸款平均利息為每年6.72厘。

(b) The unsecured bank loans are denominated in HKD and are repayable within one year. During the year, the average interest rate is 2.08% per annum.

(b) 無抵押銀行貸款以港幣為單位，並需於一年內到期償還。於年內，該貸款平均利息為每年2.08厘。

The carrying amounts of the Group's borrowings approximate their fair values.

貸款的的賬面值與公允值相近。

Interest expense on bank borrowings for the year ended 31 March 2011 amounted to HKD13,734,000 (2010: HKD1,508,000), including HKD2,215,000 (2010: nil) capitalized in properties.

截至二零一一年三月三十一日止年度的銀行貸款利息開支為港幣13,734,000元(二零一零年：港幣1,508,000元)，其中港幣2,215,000元(二零一零年：無)於年內資本化為物業。

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21. TRADE AND OTHER PAYABLES

21. 貿易及其他應付款項

As at 31 March
於三月三十一日

		Group 本集團		Company 本公司	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
	Note 附註				
Trade payables	貿易應付款項	21(a)	303,913	237,303	–
Non-trade payables to related parties	非貿易應付關聯人 士款項	32(c)	123,985	133,985	–
Wages payable	應付工資		11,984	8,913	–
Other taxes payable	其他應付稅項		51,350	42,153	–
Accrued expenses	應計開支		8,995	4,732	2,275
Advances from customers	客戶預付款		4,122	1,915	–
Other payables	其他應付款項	21(c)	183,927	57,241	20,103
			688,276	486,242	2,568
					20,103

Except for other taxes payable of HKD51,350,000 and advances from customers of HKD4,122,000, trade and other payables balances are financial liabilities categorized under 'financial liabilities measured at amortized cost'. The fair values of trade and other payables approximate their carrying values.

除其他應付稅款港幣51,350,000元及客戶預付款港幣4,122,000元外，貿易及其他應付款項被分類為按攤銷成本計量的金融負債。貿易及其他應付款項的公允價值與其賬面值相若。

(a) The ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) as at the closing dates are as follows:

(a) 於結算日貿易應付款項（包括關聯人士的貿易應付款項）的賬齡分析如下：

		As at 31 March 於三月三十一日	
		Group 本集團	
		2011 二零一一年	2010 二零一零年
0 – 90 days	0至90日	211,891	185,073
91 – 180 days	91至180日	62,177	33,744
181 – 360 days	181至360日	7,664	1,094
Over 360 days	360日以上	22,181	17,392
		303,913	237,303

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(除另有指明者外，所有金額均以港幣千元列示)

21. TRADE AND OTHER PAYABLES (continued)

- (b) The carrying amounts of the Group's trade payables (including amounts due to related parties which are trade in nature) are denominated in the following currencies:

		As at 31 March 於三月三十一日	
		Group 本集團	
		2011 二零一一年	2010 二零一零年
HKD	港幣	1,741	-
EUR	歐元	5,187	6,853
USD	美元	14,462	16,372
RMB	人民幣	282,523	214,078
		303,913	237,303

- (c) This amount included approximately HKD140,530,000 (2010: Nil) of payable due to the former shareholder of the newly acquired Guangdong Jinye Group.

21. 貿易及其他應付款項 (續)

- (b) 本集團的貿易應付款(包括關聯人士的貿易應付款項)的賬面值以下列貨幣為單位：

- (c) 此金額包括應付款予新收購之廣東金葉集團之前股東約港幣140,530,000元(二零一零年：無)。

22. OTHER INCOME

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Sales of raw materials	出售原材料	1,522	808
Government grants	政府津貼	59,901	30,751
Exchange gain – net	匯兌收益 – 淨額	56,150	1,924
Gain on disposal of an associate	出售一間聯營公司之盈利	-	740
Others	其他	5,102	2,014
		122,675	36,237

22. 其他收益

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23. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analyzed as follows:

23. 按性質分類的開支

費用包括銷售成本、銷售及市場推廣開支及行政費用，分析如下：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Depreciation, excluding amounts included in research and development	折舊（不包括計入研究及發展的金額）	6	35,540	25,417
Amortization	攤銷	7,8	36,001	28,049
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動		7,324	(7,860)
Raw materials and consumables used	已用原材料及消耗品		629,495	527,615
Provision for impairment on trade receivables	貿易應收款之減值撥備	14(b)	1,192	119
Lease rentals	租金		10,669	6,638
Auditor's remuneration	核數師酬金		6,728	5,457
Travelling expenses	差旅開支		22,046	20,060
Entertainment expenses	娛樂開支		17,183	19,401
Employee benefit expenses, excluding share option compensation expenses and amounts included in research and development	僱員及福利開支（不包括購股權報酬費用及計入研究發展的金額）	24	103,923	83,063
Share option compensation expenses	購股權報酬費用	18,24	4,123	12,605
Research and development	研究及發展			
– Employee benefit expenses	– 僱員及福利開支	24	41,036	32,829
– Depreciation	– 折舊	6	6,880	6,044
– Others	– 其他		73,626	44,198
Delivery expenses	運輸開支		23,552	18,743
Utilities	公共設施開支		21,687	13,309
Motor vehicle expenses	汽車費用開支		9,809	8,016
Others	其他		52,328	42,248
Total cost of goods sold, selling and marketing expenses and administrative expenses	總銷售成本、銷售及市場推廣開支和行政費用		1,103,142	885,951

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24. EMPLOYMENT BENEFIT EXPENSES

24. 僱員福利開支

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Wages, salaries and bonus	工資、薪酬及獎金		119,160	95,143
Pension costs – defined contribution plans	退休金一定額供款計劃	24(a)	15,400	12,457
Share options granted to directors and employees	授予董事及僱員之購股權	23,30	4,123	12,605
Others	其他		10,399	8,292
			149,082	128,497

(a) Retirement scheme benefit

The Group operates a MPF Scheme for all the eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HKD1,000 per employee and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of each employee's monthly salaries up to a maximum of HKD1,000 (the 'mandatory contributions'). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65 years old, death or total incapacity.

Moreover, the Group makes defined contribution to retirement schemes managed by the local governments in the Mainland China. It is the local governments' responsibility to pay the retirement pension to those staff who retired.

Furthermore, the Group makes defined contribution at certain percentage of monthly salary to retirement schemes managed by the insurance company in accordance with German regulation and rules. It is the insurance company's responsibility to pay the retirement pension to those retired staffs.

(a) 退休金計劃福利

本集團為香港所有合資格僱員設立強積金計劃。強積金計劃之資產與本集團所持者獨立分開。

根據強積金計劃，每名僱員須按月薪5%（最高供款額為港幣1,000元）作出供款，並可選擇作出額外供款。僱主亦須按每名僱員月薪5%（最高供款額為港幣1,000元）作出供款（「強制供款」）。僱員可於六十五歲退休、身故或完全喪失工作能力時收取僱主作出之全部強制供款。

此外，本集團根據合資格員工的基本薪金若干百分比向中國地方政府所管理的退休金計劃作出定額供款。地方政府責任向該等退休僱員支付退休金。

另本集團亦根據德國的相關法律和法規向合資格員工按月薪的若干百分比向有關保險公司作出供款。保險公司有責任向該等退休僱員支付退休金。

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24. EMPLOYMENT BENEFIT EXPENSES (continued)

(b) Directors' emoluments

The remuneration of each director for the year ended 31 March 2011 is set out below:

Name of director 董事姓名	2011 二零一一年					2010 二零一零年				
	Fees 袍金	Salaries 薪金	Employer's contribution to pension scheme 僱主就退休 計劃供款	Share options granted to directors 授予董事之 購股權	Total 總計	Fees 袍金	Salaries 薪金	Employer's contribution to pension scheme 僱主就退休 計劃供款	Share options granted to directors 授予董事之 購股權	Total 總計
<i>Executive director:</i> Ms. Chu Lam Yiu										
執行董事： 朱林瑤女士	-	-	-	-	-	-	-	-	-	-
Mr. Lau Chi Tak	-	1,500	12	1,489	3,001	-	1,500	12	3,338	4,850
劉志德先生	-	1,500	12	1,489	3,001	-	1,500	12	3,338	4,850
Mr. Poon Chiu Kwok	-	1,319	195	-	1,514	-	1,319	195	120	1,634
潘昭國先生	-	1,319	195	-	1,514	-	1,319	195	120	1,634
Mr. Wang Guang Yu	-	379	55	-	434	-	370	49	120	539
王光雨先生	-	379	55	-	434	-	370	49	120	539
Mr. Xia Li Qun	-	453	26	-	479	-	443	24	120	587
夏利群先生	-	453	26	-	479	-	443	24	120	587
Mr. Xiong Qing	-	1,430	12	1,116	2,558	-	1,430	12	2,818	4,260
熊綱先生	-	1,430	12	1,116	2,558	-	1,430	12	2,818	4,260
<i>Independent non-executive directors:</i> Mr. Lee Luk Shiu	180	-	-	-	180	180	-	-	14	194
獨立非執行 董事： 李祿兆先生	180	-	-	-	180	180	-	-	14	194
Ms. Ma Yun Yan	180	-	-	-	180	180	-	-	14	194
麻雲燕女士	180	-	-	-	180	180	-	-	14	194
Mr. Mak Kin Kwong	180	-	-	-	180	180	-	-	14	194
麥建光先生	180	-	-	-	180	180	-	-	14	194
					8,526					12,452

No directors waived any emoluments during the years ended 31 March 2011 and 2010.

During the years ended 31 March 2011 and 2010, no emoluments had been paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

24. 僱員福利開支 (續)

(b) 董事酬金

各董事於截至二零一一年三月三十一日止年度之酬金如下：

截至二零一一年及二零一零年三月三十一日止年度，無董事放棄任何酬金。

截至二零一一年及二零一零年三月三十一日止年度，本集團亦無向董事支付酬金作為加入本集團的獎勵或作為離職補償。

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24. EMPLOYMENT BENEFIT EXPENSES (continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 3 (2010: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments paid and payable to the remaining 2 (2010: 2) individuals during the year are as follows:

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Basic salaries and allowances	基本薪金及津貼	4,751	4,209
Contributions to the retirement scheme	退休福利計劃供款	110	118
Share options granted	授予購股權	218	743
		5,079	5,070

The emoluments fell within the following bands:

彼等之酬金在以下範圍：

		Number of employees 僱員人數	
		2011 二零一一年	2010 二零一零年
Emolument bands	酬金範圍		
HKD1,000,001– HKD1,500,000	港幣1,000,001至1,500,000元	1	–
HKD2,000,001– HKD2,500,000	港幣2,000,001至2,500,000元	–	1
HKD3,000,001– HKD3,500,000	港幣3,000,001至3,500,000元	–	1
HKD3,500,001– HKD4,000,000	港幣3,500,001至4,000,000元	1	–

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25. FINANCE INCOME AND FINANCE COSTS

25. 財務收入及融資成本

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Financial income:	財務收入			
Interest income on bank deposits	銀行存款利息收入	30	24,692	15,761
Financial cost:	融資成本			
Interest expenses – bank borrowings	利息費用 – 銀行貸款		(13,734)	(1,508)
Bank guarantee charge on borrowings	銀行保證費用 – 銀行借貸		(2,510)	–
Less: amounts capitalized on qualifying assets	減：合資格資產之資本化利息		2,215	–
		30	(14,029)	(1,508)
Finance income – net	財務收入 – 淨額		10,663	14,253

26. INCOME TAX EXPENSE

26. 所得稅

The amount of taxation charged to the consolidated income statements represented:

計入綜合收益表之稅項金額列示如下：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Current income tax	即期稅項			
– Hong Kong profits tax	– 香港所得稅	(a)	13,364	13,742
– PRC corporate income tax	– 中國企業所得稅	(b)	252,306	159,965
– Botswana company income tax	– 博茨瓦納企業所得稅	(d)	426	532
Deferred income tax assets	遞延所得稅資產	12	10,496	(19,341)
Deferred income tax liabilities	遞延所得稅負債	12	(27,336)	7,338
			249,256	162,236

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year.

(b) PRC corporate income tax has been calculated on the estimated assessable profit for the year at the tax rates applicable to respective companies of the Group.

(a) 香港所得稅按本年度估計應課稅盈利以稅率16.5% (二零一零年：16.5%) 撥備。

(b) 中國企業所得稅撥備按本集團在中國大陸企業於本年度的盈利以其適用的稅率而定。

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26. INCOME TAX EXPENSE (continued)

- (c) The income tax rates enacted or substantively enacted to the major subsidiaries of the Group incorporated in the PRC were as follows:

26. 所得稅 (續)

- (c) 下列為本集團於中國大陸註冊之主要企業的所得稅適用稅率明細：

	Note	April to December 2009 二零零九年 四月至十二月	January to December 2010 二零一零年 一月至十二月	January to March 2011 二零一一年 一月至三月
	附註			
Feijia Chuangye Additive (Shenzhen) Limited	飛嘉創業添加劑 (深圳) 有限公司 (ii), (iii)	0%	11%	12%
Guangdong Jinke Reconstituted Tobacco Leaves Company Limited	廣東省金科再造煙葉有限公司 (v)	N/A	15%	15%
Guangdong Jinye	廣東金葉 (v)	N/A	15%	15%
Guangdong Zhaoqing Fragrances Limited	廣東省肇慶香料廠有限公司 (v)	15%	15%	15%
Guangzhou Huabao Flavour & Fragrances Company Limited	廣州華寶香精香料有限公司 (i)	25%	25%	25%
Hua Fang Tobacco Flavours Limited	華芳煙用香料有限公司 (i)	25%	25%	25%
Huabao Food Flavours & Fragrances (Shanghai) Company Limited	華寶食用香精香料 (上海) 有限公司 (v)	15%	15%	15%
Huabao Xianghua Keji Fazhan (Shanghai) Company Limited	華寶香化科技發展 (上海) 有限公司 (i)	25%	25%	25%
Huashun Flavours (Shanghai) Company Limited	華順香料 (上海) 有限公司 (iii)	12.5%	12.5%	12.5%
Owada Flavour Technology (Guangzhou) Limited	澳華達香料科技 (廣州) 有限公司 (v)	15%	15%	15%
Qingdao Huabao Flavours & Fragrances Company Limited	青島華寶香精香料有限公司 (iii)	0%	12.5%	12.5%
Qingdao Qingda	青島青大 (i)	25%	25%	25%
Shanghai H&K Flavours & Fragrances Company Limited	上海華寶孔雀香精香料有限公司 (iii), (v)	12.5%	15%	15%
Shanghai Yinghua Flavours & Fragrances Limited	上海英華香精香料有限公司 (iii)	12.5%	12.5%	12.5%
Shanghai Zhezhan Trading Limited	上海拓展貿易有限公司 (i)	25%	25%	25%
Shangtou Tsing Hua Biochemical Engineering Company Limited ('Shantou Tsinghua')	汕頭市青華生化工程有限公司 (「汕頭青華」) (i), (v)	N/A	15%	25%
Shenzhen Dongjiang Chuangzhan Trading Limited	深圳市東江創展商貿有限公司 (ii)	20%	22%	24%
Taicang Wenhua Enterprise Company Limited	太倉文華實業有限公司 (iii)	12.5%	12.5%	12.5%
Wuxi Fuhua Flavour & Fragrance Company Limited	無錫福華香精香料有限公司 (iii)	12.5%	25%	25%
Wuxi Hua Hai Flavour Company Limited	無錫華海香料有限公司 (iii)	0%	12.5%	12.5%
Wuxi Huaxin Flavour & Fragrance Company Limited	無錫華馨香精香料有限公司 (iii)	12.5%	12.5%	12.5%
Wuxi Jiahua Flavour & Fragrance Company Limited	無錫嘉華香精香料有限公司 (iii)	12.5%	25%	25%
Xiamen Amber Fragrances Co Ltd	廈門琥珀香料有限公司 (v)	15%	15%	15%
Yunnan Huaxiangyuan	雲南華香源 (i)	N/A	25%	25%
Yunnan Tianhong Flavour & Fragrance Company Limited	雲南天宏香精香料有限公司 (iv)	15%	15%	15%

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26. INCOME TAX EXPENSE (continued)

(c) (continued)
The income tax rates are derived from various tax policies.

- (i) The Corporate Income Tax Law of the PRC stipulates the applicable income tax rate at 25% for domestic enterprises in the PRC.
 - (ii) PRC companies established before 16 March 2007 are entitled to the transitional rules announced by the State Council Circular [2007] No. 39 which stipulated that from 1 January 2008, the existing tax rate of 15% applied to some enterprises shall be increased to 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.
 - (iii) The 'two-year exemption and three-year half rate' preferential tax policy is applied. For enterprises that do not benefit from such preferential policies due to their non-profit making status, the period of time for which such policy applies shall commence from 1 January 2008.
 - (iv) Encouraged enterprises of western regions can continue to enjoy tax rate of 15% until its original policy expiry (i.e. 2011).
 - (v) The CIT Law also stipulated that the Corporate Income Tax shall be levied at the reduced rate of 15% for High/New Tech Enterprises that are specifically supported by the State. The qualification for Shantou Tsinghua expires in 2011.
- (d) Botswana company income tax has been provided at the rate of 15% (2010: 15%) on the estimated assessable profit for the year.
- (e) No provision for income tax in other jurisdictions has been made as the Group has no assessable profit in those jurisdictions during the year.

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26. 所得稅 (續)

(c) (續)
不同的所得稅稅率來自不同的政策。

- (i) 企業所得稅法規定中國國內企業的適用所得稅稅率為25%。
 - (ii) 於二零零七年三月十六日之前成立的中國大陸企業按國務院頒佈之過渡條款[2007]第39號指出，由二零零八年一月一日，部份企業應用現有的15%稅率將增加至2008年的18%、2009年的20%、2010年的22%、2011年的24%及2012年的25%。
 - (iii) 該「兩免三減半」的優惠政策正在應用。企業因未有盈利而未能受益於此優惠政策的，將由二零零八年一月一日開始應用此政策。
 - (iv) 於西部區域受鼓勵的企業可繼續享有15%的稅率直至原政策到期日(即2011年)。
 - (v) 企業所得稅法規定企業所得稅將對於受國家支持的高新技術企業適用15%的稅率。汕頭青華高新技術企業資格於2011年到期。
- (d) 博茨瓦納企業所得稅按本年度估計應課稅盈利以稅率15%(二零一零年: 15%)撥備。
- (e) 本集團於有關年度在其他司法權區並無取得應課所得稅收入，故無為其他司法權區的所得稅作出撥備。

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26. INCOME TAX EXPENSE (continued)

- (f) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rates before tax holiday applicable to respective companies of the Group as follows:

26. 所得稅 (續)

- (f) 本集團就除所得稅前盈利的稅項，與本集團旗下相關公司所在地在免稅期前適用稅率釐定的理論稅額有所不同，載列如下：

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Profit before income tax	除稅前盈利	1,881,114	1,531,649
Add/(Less): Share of results of associates	加/(減)：應佔聯營公司業績	1,255	(707)
		1,882,369	1,530,942
Tax calculated at tax rate applicable to respective group companies	按本集團旗下相關公司適用稅率計算的稅項	443,048	371,891
Effect of tax holiday	免稅期影響	(162,739)	(225,740)
Tax impact of expenses not deductible for tax purposes	不可扣稅開支之稅務影響	426	1,435
Utilization of previously unrecognized tax losses	動用先前未確認的稅務虧損	-	(140)
Withholding tax on the earnings anticipated to be remitted by subsidiaries	附屬公司預期匯出的股息所產生之預提所得稅	(21,272)	12,509
Tax losses for which no deferred income tax assets were recognized	並無確認遞延所得稅資產的稅務虧損	4,273	2,281
Tax impact on liquidation of a subsidiary	清算一間附屬公司之稅務影響	(14,480)	-
Income tax expense	所得稅	249,256	162,236

Due to the fact that the directors are not certain on whether future taxable profit would be available, the Group did not recognize deferred income tax assets of HKD12,565,000 (2010: HKD8,292,000) in respect of tax losses of certain subsidiaries of the Group amounting to HKD55,342,000 (2010: HKD39,618,000). Losses of HKD581,000, HKD2,025,000, HKD11,201,000, HKD5,907,000 and HKD15,375,000 will expire on 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 respectively, and losses of HKD20,253,000 do not have an expiry date.

因為董事無法確定於未來是否有足夠應課稅溢利彌補稅損，本集團並沒有確認部份附屬公司之可抵扣未來虧損港幣55,342,000元（二零一零年：港幣39,618,000元）的遞延所得稅資產約港幣12,565,000元（二零一零年：港幣8,292,000元）。未來可抵扣虧損金額港幣581,000元，港幣2,025,000元，港幣11,201,000元，港幣5,907,000元及港幣15,375,000元將分別在二零一二年三月三十一日，二零一三年三月三十一日，二零一四年三月三十一日，二零一五年三月三十一日及二零一六年三月三十一日失效，港幣20,253,000元的可抵扣虧損沒有到期日。

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27. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

27. 每股盈利

(a) 基本

每股基本盈利乃根據本年度本公司權益持有人應佔盈利，除以年內已發行普通股的加權平均數目計算。

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Profit attributable to equity holders of the Company	本公司股權持有人應佔盈利	1,604,400	1,340,085
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數(千計)	3,145,299	3,105,873
Basic earnings per share (HK cents per share)	每股基本盈利(每股港仙)	51.01	43.15

(b) Diluted

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding, assuming that all dilutive potential ordinary shares have been converted. For the year ended 31 March 2011, the Company has one type of dilutive potential ordinary shares, i.e. share options.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

(b) 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被轉換後，根據已發行普通股的加權平均股數計算。截至二零一一年三月三十一日止年度，本公司有一類可攤薄的潛在普通股(購股權)。

至於購股權，根據未行使購股權所附的認股權的貨幣價值，釐定按公平值(釐定為本公司股份的平均年度市價)可購入的股份數目。按以上方式計算的股份數目，與假設購股權行使而應已發行的股份數目作出比較。

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(除另有指明者外，所有金額均以港幣千元列示)

27. EARNINGS PER SHARE (continued)

(b) Diluted (continued)

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Profit attributable to equity holders of the Company	本公司股權持有人應佔盈利	1,604,400	1,340,085
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數(千計)	3,145,299	3,105,873
Adjustments for: – exercise of share options ('000)	調整： – 行使購股權(千計)	26,085	41,250
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數(千計)	3,171,384	3,147,123
Diluted earnings per share (HK cents per share)	每股攤薄盈利(每股港仙)	50.59	42.58

27. 每股盈利(續)

(b) 攤薄(續)

28. DIVIDENDS

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Interim dividend paid of HK7.2 cents (2010: HK6.0 cents) per share	已付每股中期股息7.2港仙(二零一零年：6.0港仙)	226,789	187,469
Proposed final dividend of HK7.98 cents (2010: HK6.78 cents) per share	擬派每股末期股息7.98港仙(二零一零年：6.78港仙)	251,374	213,193
		478,163	400,662
Special dividend paid: nil (2010: HK8.3 cents) per share	已付每股特別股息：無(二零一零年：8.3港仙)	–	260,429
		478,163	661,091

28. 股息

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

28. DIVIDENDS (continued)

During the year ended 31 March 2011, an interim dividend of HKD226,789,000 (HK7.2 cents per share) (2010: HK6.0 cents per share) have been paid by the Company. A final dividend of HK7.98 cents per share (2010: HK6.78 cents per share), HKD251,374,000 in aggregate (2010: HKD213,193,000), are proposed at the meeting of the Board held on 17 June 2011 which is subject to the shareholders' approval in the forthcoming annual general meeting. These consolidated financial statements do not reflect these dividends payable. The aggregate amounts of the dividends paid and proposed during 2011 and 2010 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

29. BUSINESS COMBINATIONS

(a) Acquisition of Yunnan Huaxiangyuan

On 1 September 2010, Xiamen Amber Fragrances Co., Ltd, a subsidiary of the Group, entered into an agreement with independent third parties to acquire 60% equity interests in Yunnan Huaxiangyuan, a company incorporated in the PRC at a cash consideration of approximately HKD4,314,000. The acquisition is expected to extend the Group's production line to upstream raw materials of fragrances segment.

Yunnan Huaxiangyuan is principally engaged in the manufacture and sale of flavours and fragrances in the PRC. The acquisition was completed on 1 September 2010 and Yunnan Huaxiangyuan became a subsidiary of the Group.

The acquired business contributed revenue of HKD64,793,000 and net profit after tax of HKD4,108,000 to the Group for the period from date of acquisition to 31 March 2011.

If the acquisition had occurred on 1 April 2010, the consolidated revenue and consolidated net profit after tax would have been increased by approximately HKD19,869,000 and HKD355,000, respectively and hence the consolidated income statement for the year ended 31 March 2011 would show the consolidated revenue of HKD2,872,042,000 and consolidated net profit after tax of HKD1,632,213,000.

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(除另有指明者外，所有金額均以港幣千元列示)

28. 股息 (續)

於截至二零一一年三月三十一日止年度內，本公司已支付的中期股息為港幣226,789,000元(每股港幣7.2仙)(二零一零年：每股港幣6.0仙)。而擬派發的末期股息為每股港幣7.98仙(二零一零年：每股港幣6.78仙)，共約港幣251,374,000元(二零一零年：港幣213,913,000)，在二零一一年六月十七日舉行的董事局會議建議派發，但需於臨近舉行的股東週年大會上獲股東批准。此綜合財務報表並未反映此應付股息。根據香港《公司條例》，二零一一年及二零一零年已派發及擬派發的股息總額已在綜合收益表中披露。

29. 業務合併

(a) 收購雲南華香源

於二零一零年九月一日，本集團之附屬公司，廈門琥珀香料有限公司，與獨立第三方簽署協議，以現金收購代價約為港幣4,314,000元收購一間於中國成立的公司，雲南華香源的60%權益。該收購預期會伸延本集團的生產線至日用香精香料分部的上游原材料。

雲南華香源主要在中國從事生產及銷售香精香料。該收購已於二零一零年九月一日完成而雲南華香源已成為本集團之附屬公司。

該業務自收購日至二零一一年三月三十一日止，已為本集團帶來約港幣64,793,000元的銷售收入及約港幣4,108,000元的除稅後盈利。

如該收購於二零一零年四月一日發生，本集團之綜合銷售收入和綜合除稅後盈利將分別增加約港幣19,869,000元和約港幣355,000元，而在截至二零一一年三月三十一日止年度之綜合收益表亦將會顯示綜合銷售收入約港幣2,872,042,000元和綜合除稅後盈利約港幣1,632,213,000元。

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29 BUSINESS COMBINATIONS (continued)

(b) Acquisition of Guangdong Jinye Group

On 1 November 2010, the Company, through three of its subsidiaries, Huabao Food Flavours & Fragrances (Shanghai) Company Limited ('Huabao Shanghai'), Wuxi Hua Hai Flavour Company Limited ('Wuxi Huahai') and Yunnan Tianhong Flavour & Fragrance Company Limited ('Yunnan Tianhong'), entered into an agreement with independent third parties to acquire 100% equity interests in Guangdong Jinye, a company incorporated in the PRC, and its subsidiaries and affiliated companies, at a cash consideration of approximately HKD1,329,763,000.

Guangdong Jinye Group is principally engaged in research and development, manufacturing and sales of reconstituted tobacco leaves in the PRC. The Company effectively controlled Guangdong Jinye Group since 1 November 2010.

The acquired business contributed revenue of HKD86,759,000 and net profit after tax of HKD9,382,000 to the Group for the period from date of acquisition to 31 March 2011.

If the acquisition had occurred on 1 April 2010, the consolidated revenue and consolidated net profit after tax would have been increased by approximately HKD142,578,000 and HKD22,922,000 respectively and hence the consolidated income statement for the year ended 31 March 2011 would show the consolidated revenue of HKD2,994,751,000 and consolidated net profit after tax of HKD1,654,780,000.

29. 業務合併 (續)

(b) 收購廣東金葉集團

於二零一零年十一月一日，本公司透過三間附屬公司，華寶食用香精香料(上海)有限公司(「華寶上海」)、無錫華海香料有限公司(「無錫華海」)及雲南天宏香精香料有限公司(「雲南天宏」)與獨立第三方簽署協議，以現金收購代價約為港幣1,329,763,000元收購一間於中國成立的公司，廣東金葉及其附屬及聯營公司的100%權益。

廣東金葉集團主要在中國從事煙草薄片的研發、生產及銷售。本集團已於二零一零年十一月一日有效控制廣東金葉集團。

該業務自收購日至二零一一年三月三十一日止，已為本集團帶來約港幣86,759,000元的銷售收入及約港幣9,382,000元的除稅後盈利。

如該收購於二零一零年四月一日發生，本集團之綜合銷售收入和綜合除稅後盈利將分別增加約港幣142,578,000元和約港幣22,922,000元，而在截至二零一一年三月三十一日止年度之綜合收益表亦將會顯示綜合銷售收入約港幣2,994,751,000元和綜合除稅後盈利約港幣1,654,780,000元。

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29 BUSINESS COMBINATIONS (continued)

(b) Acquisition of Guangdong Jinye Group (continued)

Details of net assets acquired and goodwill are as follows:

		Yunnan Huaxiangyuan 雲南華香源	Guangdong Jinye Group 廣東金葉集團
Purchase consideration – cash paid*	收購代價 – 現金支付*	4,314	1,329,763
Fair value of identifiable net assets acquired – shown below	收購可辨認淨資產之公允值 – 詳列下文	(4,319)	(250,157)
(Gain) on bargain purchase/goodwill (Note 8)	廉價購買(收益)/商譽 (附註8)	(5)	1,079,606

The acquisition – related costs (included in administrative expenses in the consolidated income statement for the year ended 31 March 2011) amounted to HKD1,536,000.

None of the goodwill recognised is expected to be deductible for income tax purpose.

* Out of the consideration paid for acquisition of Guangdong Jinye Group, an amount of RMB229,400,000 was kept in an escrow account under the name of the vendor, which will be released to the vendor upon expiry of the escrow period.

29. 業務合併(續)

(b) 收購廣東金葉集團(續)

收購產生之淨資產及商譽詳情如下：

	Yunnan Huaxiangyuan 雲南華香源	Guangdong Jinye Group 廣東金葉集團
Purchase consideration – cash paid*	4,314	1,329,763
Fair value of identifiable net assets acquired – shown below	(4,319)	(250,157)
(Gain) on bargain purchase/goodwill (Note 8)	(5)	1,079,606

與收購相關的成本(已包括在二零一一年三月三十一日綜合收益表之行政費用中)為港幣1,536,000元。

沒有已確認之商譽預期可在所得稅中扣除。

* 收購廣東金葉集團之收購對價中，有人民幣229,400,000元存放於賣方名下之託管資金賬戶中，該資金將於託管期到期之時解付予賣方。

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29 BUSINESS COMBINATIONS (continued)

The fair value and carrying value of assets and liabilities as at the respective acquisition dates arising from the acquisitions are as follows:

29. 業務合併 (續)

於各自的收購日，因收購而產生之資產及負債的公允價值及賬面值如下：

		Fair value 公允值		Acquiree's carrying amount 被收購方之賬面值	
		Yunnan Huaxiangyuan 雲南華香源	Guangdong Jinye Group 廣東金葉集團	Yunnan Huaxiangyuan 雲南華香源	Guangdong Jinye Group 廣東金葉集團
Net assets acquired	收購之資產淨值				
Intangible assets	無形資產	–	141,440	–	18,165
Land use right	土地使用權	958	121,996	958	109,527
Property, plant and equipment	物業、機器及設備	4,691	202,293	4,691	201,482
Investment in associates	於聯營公司之投資	–	25,464	–	25,752
Available-for-sale financial assets	可供出售金融資產	–	36,593	–	29,461
Deferred income tax assets	遞延所得稅資產	–	737	–	737
Inventories	存貨	17,063	30,254	17,063	30,254
Trade and other receivable	貿易及其他應收賬款	6,347	163,451	6,347	163,451
Cash and cash equivalents	現金及現金等價物	6,683	5,613	6,683	5,613
Borrowings	貸款	(3,427)	(287,168)	(3,427)	(287,168)
Trade and other payables	貿易及其他應付賬款	(25,116)	(88,596)	(25,116)	(88,596)
Current income tax liabilities	當期所得稅負債	–	(10,322)	–	(10,322)
Deferred income tax liabilities (Note 12)	遞延所得稅負債 (附註12)	–	(20,483)	–	–
Net assets acquired	收購資產淨值	7,199	321,272	7,199	198,356
Less: non-controlling interests#	減：非控制性權益#	(2,880)	(71,115)		
		4,319	250,157		
Outflow of cash to acquire business, net of cash acquired	收購業務之現金流出 (扣除收購之淨現金)				
Cash consideration paid	以現金支付收購代價	4,314	1,329,763		
Cash and cash equivalents in subsidiaries acquired	收購附屬公司內的 現金及現金等價物	(6,683)	(5,613)		
Net cash (inflow)/outflow on acquisition	收購的淨現金流 (入)／出	(2,369)	1,324,150		

The gross contractual amount for trade receivables approximates its fair value.

貿易應收款項總合約額與公允價值相若。

The Group has chosen to recognise the non-controlling interests at its proportionate share of the acquiree's net assets for this acquisition.

本集團已選擇按比例應佔被收購方的淨資產，來計量非控制性權益。

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30. CASH GENERATED FROM OPERATIONS

30. 經營活動產生的現金

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Profit before income tax	除稅前盈利		1,881,114	1,531,649
Adjustments for:	調整：			
– Depreciation	– 折舊	6	42,420	31,461
– Amortization	– 攤銷	7,8	36,001	28,049
– Interest expense	– 利息費用	25	14,029	1,508
– Interest income	– 利息收入	25	(24,692)	(15,761)
– Investment income	– 投資收入		(2,319)	–
– Share of loss/(profit) of an associate	– 應佔聯營公司虧損／ (盈利)	10	1,255	(707)
– Provision for impairment on trade receivables	– 貿易應收款項 減值撥備	14(b),23	1,192	119
– Loss/(Gain) on disposal of property, plant and equipment	– 出售物業、機器及 設備虧損／(盈利)		96	(249)
– Gain on bargain purchase	– 廉價購買收益		(5)	–
– Gain on disposal of an associate	– 出售聯營公司盈利	10	–	(740)
– Share option compensation expenses	– 購股權報酬費用	24	4,123	12,605
– Exchange gain-net	– 匯兌收益一淨額	22	(56,150)	(1,924)
Changes in working capital:	營運資金變動：			
– Inventories	– 存貨		(157,258)	(17,022)
– Trade and other receivables	– 貿易及其他應收款項		(224,258)	(114,439)
– Trade and other payables	– 貿易及其他應付款項		130,311	84,021
Net cash generated from operations	經營業務所得現金淨額		1,645,859	1,538,570

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

於綜合現金流量表內，出售物業、機器及設備之收入包括：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2011 二零一一年	2010 二零一零年
Net book amount	賬面淨值	6	971	357
(Loss)/Gain on disposal of property, plant and equipment	出售物業、機器及設備 (虧損)／盈利		(96)	249
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備 的所得款		875	606

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31. COMMITMENTS – GROUP

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

		As at 31 March 於三月三十一日	
		2011 二零一一年	2010 二零一零年
Property, plant and equipment:	物業、機器及設備：		
Contracted but not provided for	已簽約但未撥備	74,716	4,234

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases at the closing dates are as follows:

		As at 31 March 於三月三十一日	
		2011 二零一一年	2010 二零一零年
Land and buildings:	土地及樓宇：		
Not later than 1 year	不超過1年	8,178	7,291
Later than 1 year and not later than 5 years	超過1年但不超過5年	4,828	6,159
		13,006	13,450

31. 承擔 – 本集團

(a) 資本承擔

於結算日已簽約但仍未產生的資本開支如下：

(b) 營運租賃承擔

於結算日根據不可撤銷營運租賃，未來最低租賃付款總額如下：

32. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name
名稱

Ms. Chu
朱女士

Owada International Flavours & Fragrances (Guangzhou) Limited
(‘Owada International’)
澳華達國際香料(廣州)有限公司
(「澳華達國際」)

Henan Jinrui
河南金瑞

Weihai Huayuan
威海華元

Relationship
關係

The single largest shareholder of the Company
本公司的第一大股東

A company controlled by Ms. Chu
受朱女士控制

An associate indirectly held by the Company
本公司間接持有的聯營公司

An associate indirectly held by the Company, which was disposed of during the year ended 31 March 2010
本公司間接持有的聯營公司及於截至二零一零年三月三十一日止年度內已出售

32. 關聯人士交易

(a) 關聯人士名稱與關係

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32 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

The Group has entered into the following significant transactions with related parties:

		Year ended 31 March 截至三月三十一日止年度	
		2011 二零一一年	2010 二零一零年
Sales of goods, net of value-added tax, to:	銷售貨品，除增值稅後，予：		
– Henan Jinrui	– 河南金瑞	367	1,026
– Weihai Huayuan	– 威海華元	–	42
		367	1,068
Purchase of raw materials from:	購買材料自：		
– Weihai Huayuan	– 威海華元	–	571
Interest expense to:	利息支付予		
– Ms. Chu	– 朱女士	–	319

(c) Balances with related parties

(c) 關聯人士結餘

		As at 31 March 於三月三十一日	
		2011 二零一一年	2010 二零一零年
Balances due from related parties:	應收關聯人士結餘：		
Included in trade receivables	計入貿易應收款項	1,394	1,798
Included in trade and other receivables	計入貿易及其他應收款項		
– others (dividend receivable)	– 其他(應收股息)	1,695	1,194
Henan Jinrui	河南金瑞	3,089	2,992
Balances due to related parties:	應付關聯人士結餘：		
Included in trade payables	計入貿易應付款項		
– Owada International	– 澳華達國際	14,308	15,923
Included in non-trade payables	計入應付非貿易款項		
– Ms. Chu (note 21)	– 朱女士(附註21)	123,985	133,985

As at 31 March 2011, all the balances with related parties were unsecured, interest-free and repayable on demand.

於二零一一年三月三十一日，所有關聯人士結餘均為無抵押、免息及須於通知時清還。

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

33. INTEREST IN JOINTLY CONTROLLED ENTITY

The Group has a 49% interest in a jointly controlled entity, Yunnan Qing Tian Xiang Keji Fazhan Co. Ltd., which was established on 24 November 2009 and is principally engaged in the manufacture and sale of flavours and fragrances in the PRC. The following amounts represent the Group's 49% share of the assets and liabilities, and sales and results of the jointly controlled entity. They are included in the consolidated statement of financial position and income statement.

33. 共同控制實體

本集團於共同控制實體雲南清甜香科技發展有限公司中持有49%權益，該企業在二零零九年十一月二十四日成立及主要在中國從事生產及銷售香精香料產品。以下金額為本集團在該共同控制實體的資產和負債，以及銷售和業績中應佔的49%份額，並已列入綜合財務狀況表和收益表內：

		As at 31 March 2011 於二零一一年 三月三十一日	As at 31 March 2010 於二零一零年 三月三十一日
Assets:	資產：		
Non-current assets	非流動資產	218	30
Current assets	流動資產	6,172	5,207
		6,390	5,237
Liabilities:	負債：		
Current liabilities	流動負債	40	459
		40	459
Net assets	淨資產	6,350	4,778

		Year ended 31 March 2011 截至二零一一年 三月三十一日 止年度	For the period from date of establishment to 31 March 2010 由成立日至 二零一零年 三月三十一日
Income	收益	4,329	453
Expenses	費用	(2,623)	(690)
Profit/(Loss) before income tax	除稅前盈利／(虧損)	1,706	(237)

There are no contingent liabilities relating to the Group's interest in the jointly controlled entity, and no contingent liabilities of the jointly controlled entity itself.

本集團在該共同控制實體的權益並無涉及任何或有負債，而該共同控制實體本身亦無或有負債。

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(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

34. 主要附屬公司之詳情

Name 名稱	Place of incorporation 註冊成立地點	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Aromascape Development Centre GmbH	Germany 德國	EUR25,000 歐元25,000	–	100	Research and development of flavours & fragrances 研發香精香料
Central Link Inc. Limited ^{C1, X1} 中昇興業有限公司 ^{C1, X1}	Hong Kong 香港	HKD1 港幣1元	–	100	Investment holding, trading of fine chemicals 投資控股、精細化工產品貿易
Chemactive Investments Limited ^{C1}	British Virgin Islands 英屬處女島	USD2 美元2	100	–	Investment holding 投資控股
Feijia Chuangye Additive (Shenzhen) Limited ^{X1} 飛嘉創業添加劑(深圳)有限公司 ^{X1}	PRC* 中國*	HKD1,000,000 港幣1,000,000元	–	100	Production, technical research & development, distribution, import & export of flavours & fragrances & related business 香精香料的生產、技術開發、批發、進出口及相關配套業務
F&G (Botswana) (Proprietary) Limited	Republic of Botswana 博茨瓦納共和國	BWP100 普拉100元	–	100	Production and sales of natural extracts 生產和銷售天然提取物
Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd. 廣東省金科再造煙葉有限公司	PRC* 中國*	RMB40,000,000 人民幣40,000,000元	–	55.375	Manufacture & sale of reconstituted tobacco leaves 生產及銷售煙草薄片
Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Co., Ltd. 廣東省金葉煙草薄片技術開發有限公司	PRC* 中國*	RMB100,000,000 人民幣100,000,000元	–	100	Research & development, manufacture and sale of reconstituted tobacco leaves 研發、生產及銷售煙草薄片

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

34. 主要附屬公司之詳情 (續)

Name 名稱	Place of incorporation 註冊成立地點	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Guangdong Zhaoqing Fragrances Limited ^{L1, L2} 廣東省肇慶香料廠有限公司 ^{L1, L2}	PRC* 中國*	RMB11,000,000 人民幣11,000,000元	–	100	Manufacturing & sales of food flavours & fragrances 生產及食用銷售香精香料
Guangzhou Hanfo Food Culture Company Limited ^{X1, X2} 廣州漢方飲食文化有限公司 ^{X1, X2}	PRC* 中國*	RMB2,000,000 人民幣2,000,000元	–	100	Research, development, manufacturing & sales of flavours & fragrances 研發、生產及銷售香精香料
Guangzhou Huabao Flavour & Fragrances Company Limited ^{L1, L2, X1} 廣州華寶香精香料有限公司 ^{L1, L2, X1}	PRC* 中國*	RMB10,000,000 人民幣10,000,000元	–	100	Research, development, manufacturing & sales of flavours & fragrances 研發、生產及銷售香精香料
Hua Fang Tobacco Flavours Limited ^{C1, W1} 華芳煙用香料有限公司 ^{C1, W1}	PRC* 中國*	USD4,000,000 美元4,000,000	–	51	Manufacturing & sales of tobacco flavours & fragrances 生產及銷售煙用香精香料
Huabao Flavours & Fragrances (HK) Limited ^{C1} 華寶香精香料(香港)有限公司 ^{C1}	Hong Kong 香港	HKD3,000,000 港幣3,000,000元	–	100	Research, development, manufacturing & sales of flavours & fragrances 研發、生產及銷售香精香料
Huabao Food Flavours & Fragrances (Shanghai) Company Limited ^{W1, X1, X2} 華寶食用香精香料(上海)有限公司 ^{W1, X1, X2}	PRC* 中國*	USD10,000,000 美元10,000,000	–	100	Manufacturing & sales of tobacco flavours & fragrances 生產及銷售煙用香精香料
Huabao Industrial & Trading Development (HK) Limited ^{C1, X1} 華寶工貿發展(香港)有限公司 ^{C1, X1}	Hong Kong 香港	HKD10,000 港幣10,000元	–	100	Investment holding, trading of fine chemicals 投資控股、精細化工產品貿易

For the year ended 31 March 2011
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

34. 主要附屬公司之詳情 (續)

Name 名稱	Place of incorporation 註冊成立地點	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Huabao Xianghua Keji Fazhan (Shanghai) Company Limited ^{C1, W1, W2, X1} 華寶香化科技發展(上海)有限公司 ^{C1, W1, W2, X1}	PRC* 中國*	USD2,100,000 美元2,100,000	–	100	Research and development of flavours & fragrances 研發香精香料
Huashun Flavour (Shanghai) Limited ^{W1, W2, X1} 華順香料(上海)有限公司 ^{W1, W2, X1}	PRC* 中國*	USD1,000,000 美元1,000,000	–	100	Manufacture and sale of fine chemicals 生產及銷售精細化工產品
Owada Flavour Technology (Guangzhou) Limited ^{X1, X2} 澳華達香料科技(廣州)有限公司 ^{X1, X2}	PRC* 中國*	HKD60,000,000 港幣60,000,000元	–	100	Research, development, production and sale of tobacco flavours & fragrances 研發、生產及銷售煙用香精香料
Power Success International Development Limited ^{C1, X1} 力昇國際發展有限公司 ^{C1, X1}	Hong Kong 香港	HKD1 港幣1元	–	100	Investment holding, trading of fine chemicals 投資控股，精細化工產品貿易
Qingdao Huabao Flavours & Fragrances Co., Ltd. ^{C1, W1} 青島華寶香精香料有限公司 ^{C1, W1}	PRC* 中國*	RMB3,673,500 人民幣3,673,500元	–	70	Manufacture and sale of flavours & fragrances 生產及銷售香精香料
Qingdao Qingda Product Co., Inc. ^{X1} 青島青大物產股份有限公司 ^{X1}	PRC* 中國*	RMB12,244,900 人民幣12,244,900元	–	51	Manufacturing & sales of natural extracts 生產及銷售天然提取物
Shanghai H&K Flavours & Fragrances Company Limited ^{L1, L2, W1, X1} 上海華寶孔雀香精香料有限公司 ^{L1, L2, W1, X1}	PRC* 中國*	RMB100,000,000 人民幣100,000,000元	–	100	Manufacturing & sales of food flavours & fragrances 生產及銷售食用香精香料

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截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

34. 主要附屬公司之詳情 (續)

Name 名稱	Place of incorporation 註冊成立地點	Nominal value of issued/registered capital 已發行普通股/ 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股本權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Shanghai Yinghua Flavours & Fragrances Limited 上海英華香精香料有限公司	PRC* 中國*	HKD1,000,000 港幣1,000,000元	–	100	Sales of tobacco flavours & fragrances 銷售煙用香精香料
Sino Top Trading Limited ^{C1} 華置貿易有限公司 ^{C1}	Hong Kong 香港	HKD100 港幣100元	–	100	Trading of fine chemicals 精細化工產品貿易
Smart Sino International Limited ^{C1, X1} 華烽國際有限公司 ^{C1, X1}	Hong Kong 香港	HKD10,000 港幣10,000元	–	100	Investment holding, trading of fine chemicals 投資控股，精細化工產品 貿易
Tai Cang Wen Hua Enterprise Company Limited ^{W1, X1, X2} 太倉文華實業有限公司 ^{W1, X1, X2}	PRC* 中國*	USD1,200,000 美元1,200,000	–	100	Production and sale of tobacco flavours & fragrances 生產及銷售煙用香精香料
Wisdom Bright International Investment Limited ^{C1, X1} 智輝國際投資有限公司 ^{C1, X1}	Hong Kong 香港	HKD1 港幣1元	–	100	Investment holding, trading of fine chemicals 投資控股，精細化工產品 貿易
Wuxi Fuhua Flavour & Fragrance Company Limited ^{W1, W2, X1} 無錫福華香精香料有限公司 ^{W1, W2, X1}	PRC* 中國*	USD7,000,000 美元7,000,000	–	100	Production and sale of tobacco flavours & fragrances 生產及銷售煙用香精香料
Wuxi Hua Hai Flavour Company Limited ^{W1, W2, X1} 無錫華海香料有限公司 ^{W1, W2, X1}	PRC* 中國*	USD650,000 美元650,000	–	100	Production and sale of tobacco flavours & fragrances 生產及銷售香精香料
Wuxi Hua Xin Flavour & Fragrance Company Limited ^{W1, X1, X2} 無錫華馨香精香料有限公司 ^{W1, X1, X2}	PRC* 中國*	USD1,000,000 美元1,000,000	–	100	Production and sale of tobacco flavours & fragrances 生產及銷售煙用香精香料

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(All amounts in HK dollar thousands unless otherwise stated)

截至二零一一年三月三十一日止年度
(除另有指明者外，所有金額均以港幣千元列示)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

34. 主要附屬公司之詳情 (續)

Name 名稱	Place of incorporation 註冊成立地點	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Wuxi Jiahua Flavour & Fragrance Company Limited ^{W1, W2, X1} 無錫嘉華香精香料有限公司 ^{W1, W2, X1}	PRC* 中國*	RMB60,000,000 人民幣60,000,000元	–	100	Production and sale of tobacco flavours & fragrances 生產及銷售煙用香精香料
Xiamen Amber Fragrances Co., Ltd. ^{L1, L2} 廈門琥珀香料有限公司 ^{L1, L2}	PRC* 中國*	RMB20,000,000 人民幣20,000,000元	–	51	Research, development, production, distribution and retail of fragrances 研發、生產、批發及零售日用香精香料
Yongzhou Shan Xiang Flavour Co., Ltd. 永州山香香料有限公司	PRC* 中國*	RMB32,050,000 人民幣32,050,000元	–	67.14	Investment holding 投資控股
Yunnan Hua Xiang Yuan Flavours Limited ^{X1, X2} 雲南華香源香料有限公司 ^{X1, X2}	PRC* 中國	RMB18,300,000 人民幣18,300,000元	–	60	Manufacture and sale of flavours and fragrances 生產及銷售香精香料
Yunnan Tianhong Flavour & Fragrance Company Limited ^{C1, C2} 雲南天宏香精香料有限公司 ^{C1, C2}	PRC* 中國*	USD2,250,000 美元2,250,000	–	60	Production and sale of tobacco flavours & fragrances 生產及銷售煙用香精香料

* All entities incorporated in PRC are identified as 'limited liability company'.

* 所有於中國註冊成立的公司皆為有限責任公司。

Five Year Financial Summary

五年財務摘要

RESULTS

業績

		Year ended 31 March 截至三月三十一日止年度				2011
		2007	2008	2009	2010	二零一一年
		二零零七年	二零零八年	二零零九年	二零一零年	二零一一年
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Turnover	營業額	1,013,229	1,419,137	1,938,443	2,366,403	2,852,173
Gross Profit	毛利	704,146	1,063,148	1,462,515	1,786,835	2,120,459
Profit before income tax	除稅前盈利	578,662	904,000	1,207,346	1,531,649	1,881,114
Income tax expenses	所得稅	(1,435)	(34,384)	(82,157)	(162,236)	(249,256)
Profit for the year	本年度盈利	577,227	869,616	1,125,189	1,369,413	1,631,858

ASSETS AND LIABILITIES

資產及負債

		As at 31 March 於三月三十一日				2011
		2007	2008	2009	2010	二零一一年
		二零零七年	二零零八年	二零零九年	二零一零年	二零一一年
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Total assets	總資產	1,462,991	2,477,381	3,765,656	4,833,858	6,927,840
Total liabilities	總負債	(322,087)	(455,404)	(836,050)	(915,651)	(1,631,977)
Shareholders' funds	股東資金	1,140,904	2,021,977	2,929,606	3,918,207	5,295,863

Other Financial Information

其他財務數據

		2007	2008	2009	2010	2011
		二零零七年	二零零八年	二零零九年	二零一零年	二零一一年
Earnings per share, basic	每股盈利·基本	19.91	28.13	36.08	43.15	51.01
(HK cents)	(港仙)					
Earnings per share, diluted	每股盈利·攤薄	18.66	27.65	35.62	42.58	50.59
(HK cents)	(港仙)					
Aggregated dividend	每股全年累計股息	5.6	8.3	10.8	12.78	15.18
per share (HK cents)	(港仙)					
Aggregated special dividend	每股累計特別股息	Nil無	Nil無	3.0	8.3	Nil無
per share (HK cents)	(港仙)					
Fiscal year-end share prices	財務年度終結日股價	4.73	6.40	6.38	9.33	11.96
(HKD)	(港元)					
EBIT ratio	EBIT率	56.8%	62.7%	61.7%	64.1%	65.6%
EBITDA ratio	EBITDA率	61.0%	67.3%	66.1%	67.1%	68.5%
Return on equity	權益盈利率	76.7%	56.9%	46.3%	40.3%	36.3%

Glossary

詞彙

ACIS	Associate Member of The Institute of Chartered Secretaries and Administrators	ACIS	英國特許秘書及行政人員公會會員
ACS	Associate Member of The Hong Kong Institute of Chartered Secretaries	ACS	香港特許秘書公會會員
AGM	Annual general meeting	股東週年大會	股東週年大會
Aromascape R&D Centre	Aromascape Development Centre GmbH	Aromascape研發中心	Aromascape Development Centre GmbH
Board	Board of the Company	董事會	本公司的董事會
Bye-laws	Bye-laws of the Company	公司細則	本公司之公司細則
CAFFCI	China Association of Fragrance Flavour and Cosmetic Industry	中國香化協會	中國香料香精化妝品工業協會
CAGR	Compound annual growth rate	CAGR	複合年增長率
CEO	Chief Executive Officer	CEO	總裁
CFO	Chief Financial Officer	CFO	財務總監
CG Code	Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited	企業管治守則	香港聯合交易所有限公司證券上市規則附錄14所列的企業管治常規守則
CG Report	Corporate Governance Report as set out on pages 51 to 65 of this annual report	企業管治報告	在本年報第51頁至第65頁內的企業管治報告
China or Mainland Company or Huabao	Mainland of the PRC Huabao International Holdings Limited	中國或內地 本公司或華寶	中華人民共和國境內 華寶國際控股有限公司
China Tobacco Anhui	China Tobacco Anhui Industrial Corporation	安徽中煙	安徽中煙工業公司
Director(s)	Director(s) of the Company	董事	本公司董事
EPS	Earnings per share	EPS	每股盈利
FCCA	Fellow member of Association of Chartered Certified Accountants	FCCA	英國特許公認會計師公會資深會員
FCPA	Fellow member of Hong Kong Institute of Certified Public Accountants	FCPA	資深會計師
Fejia Chuangye	Fejia Chuangye Additive (Shenzhen) Limited	飛嘉創業	飛嘉創業添加劑(深圳)有限公司
Group or Huabao Group	the Company and its subsidiaries	本集團或華寶集團	本公司及其附屬公司
Guangdong Jinke	Guangdong Jinke Reconstituted Tobacco Leaves Company Limited	廣東金科	廣東金科再造煙葉有限公司
Guangdong Jinye	Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited	廣東金葉	廣東省金葉煙草薄片技術開發有限公司
Guangdong Jinye Group	Guangdong Jinye and its subsidiaries and affiliated companies	廣東金葉集團	廣東金葉及其附屬公司及聯營公司

Guangdong Zhaoqing	Guangdong Zhaoqing Fragrances Limited	廣東肇慶	廣東省肇慶香料廠有限公司
Guangzhou Huabao	Guangzhou Huabao Flavours & Fragrances Co Ltd.	廣州華寶	廣州華寶香精香料有限公司
Guangzhou Huafang	Hua Fang Tobacco Flavours Ltd.	廣州華芳	華芳煙用香料有限公司
HKAS	Hong Kong Accounting Standards	香港會計準則	香港會計準則
HKD	Hong Kong dollars	HKD	港幣
HKFRS	Hong Kong Financial Reporting Standards	香港財務報告準則	香港財務報告準則
HKICPA	Hong Kong Institute of Certified Public Accountants	HKICPA	香港會計師公會
HK(IFRIC)-Int	Hong Kong (IFRIC) Interpretations	香港 (國際報告詮釋委員會) 詮釋	香港 (國際報告詮釋委員會) 詮釋
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China	香港	中華人民共和國香港特別行政區
Hongta Tobacco Group	Hongta Tobacco (Group) Limited Liability Company	紅塔煙草集團	紅塔煙草 (集團) 有限公司
Huabao Hong Kong	Huabao Flavours & Fragrances (HK) Ltd.	華寶香港	華寶香精香料 (香港) 有限公司
Huabao Keji	Huabao Xianghua Keji Fazhan (Shanghai) Co. Ltd.	華寶科技	華寶香化科技發展 (上海) 有限公司
Huabao Kongque	Shanghai H&K Flavours & Fragrances Co Ltd.	華寶孔雀	上海華寶孔雀香精香料有限公司
Huabao Shanghai	Huabao Food Flavours & Fragrances (Shanghai) Co Ltd.	華寶上海	華寶食用香精香料 (上海) 有限公司
Huangguoshu Jinye	Guizhou Huangguoshu Jinye Technology Company Limited	黃果樹金葉	貴州黃果樹金葉科技有限公司
Huashun Shanghai	Huashun Flavour (Shanghai) Limited	華順上海	華順香料 (上海) 有限公司
Hunan Jinye	Hunan Jinye Reconstituted Tobacco Leaves Limited Liability Company	湖南金葉	湖南金葉煙草薄片有限責任公司
INED(s)	Independent Non-executive Director(s) of the Company	獨立非執行董事	本公司之獨立非執行董事
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited	上市規則	香港聯合交易所有限公司證券上市規則
M&A(s)	Merger and acquisition	併購	兼併與收購
mg	milligram	mg	毫克
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers	標準守則	上市發行人董事進行證券交易的標準守則
Owada	Owada Flavours Technology (Guangzhou) Limited	安徽中煙 澳華達	安徽中煙再造煙葉科技有限公司 澳華達香精香料 (廣州) 有限公司
PRC	The People's Republic of China	中國	中華人民共和國

Glossary
詞彙

Qingdao Huabao	Qingdao Huabao Flavours & Fragrances Co Ltd.	青島華寶	青島華寶香精香料有限公司
Qingdao Qingda RMB	Qingdao Qingda Product Co., Inc. Renminbi	青島青大人民幣	青島青大物產股份有限公司人民幣，中國法定貨幣
R&D	Research and development	R&D	研究及發展
Scheme Mandate Limit	The maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company	計劃授權限額	與根據購股權計劃及任何其他本公司購股計劃不能授出之購股權有關之股份數目上限
SFC	Securities and Futures Commission	證監會	證券及期貨事務監察委員會
SFO	Securities and Futures Ordinance of the Laws of HKSAR	證券及期貨條例	證券及期貨條例
SGM	Special general meeting	股東特別大會	股東特別大會
Shanghai Tobacco Taichuang	Shanghai Tobacco Group Taichuang Haiyan Reconstituted Tobacco Leaves Company Limited	上煙太倉	上海煙草集團太倉海煙煙草薄片有限公司
Shanghai Yinghua	Shanghai Yinghua Flavours & Fragrances Ltd.	上海英華	上海英華香精香料有限公司
Shareholder(s)	Shareholder(s) of the Company	股東	本公司之股東
Share(s)	Ordinary share(s) of HKD0.10 each of the Company	普通股	本公司股本中每股面值港幣0.10元的普通股
Stock Exchange	The Stock Exchange of Hong Kong Limited	聯交所	香港聯合交易所有限公司
Taicang Wenhua USD	Tai Cang Wen Hua Enterprises Co Ltd. US dollars	太倉文華美元	太倉文華實業有限公司美元
Wuxi Fuhua	Wuxi Fuhua Flavour & Fragrance Co Ltd.	無錫福華	無錫福華香精香料有限公司
Wuxi Huahai	Wuxi Hua Hai Flavour Co Ltd.	無錫華海	無錫華海香精香料有限公司
Wuxi Huaxin	Wuxi Hua Xin Flavour & Fragrance Co Ltd.	無錫華馨	無錫華馨香精香料有限公司
Wuxi Jiahua	Wuxi Jiahua Flavour & Fragrance Co Ltd.	無錫嘉華	無錫嘉華香精香料有限公司
Xiamen Amber	Xiamen Amber Perfumery Co., Ltd	廈門琥珀	廈門琥珀香料有限公司
Yongzhou Shanxiang	Yongzhou Shan Xiang Flavour Company Limited	永州山香	永州山香香料有限公司
Yunnan Huaxiangyuan	Yunnan Hua Xiang Yuan Flavours Limited	雲南華香源	雲南華香源香料有限公司
Yunnan Tianhong	Yunnan Tianhong Flavour & Fragrance Co Ltd.	雲南天宏	雲南天宏香精香料有限公司

