



颐海國際控股有限公司

YIHAI INTERNATIONAL HOLDING LTD.

(於開曼群島註冊成立的有限公司)
 (Incorporated in the Cayman Islands with limited liability)
 股份代號 Stock Code: 1579

2019

Annual Report

年度報告



CONTENTS 目錄

Definitions	釋義	2
Corporate Information	公司資料	9
Five-Year Performance Review	五年業績回顧	12
Chairman's Statement	董事長報告書	13
Management Discussion and Analysis	管理層討論與分析	16
Profiles of Directors and Senior Management	董事及高級管理層簡介	39
Corporate Governance Report	企業管治報告	45
Directors' Report	董事會報告	76
The Environmental, Social and Governance Report	環境、社會及管治報告	110
Independent Auditor's Report	獨立核數師報告	148
Consolidated Balance Sheet	綜合資產負債表	156
Consolidated Statement of Profit or Loss and Other Comprehensive Income	綜合損益及其他 全面收益表	158
Consolidated Statement of Changes in Equity	綜合權益變動表	159
Consolidated Statement of Cash Flows	綜合現金流量表	160
Notes to the Consolidated Financial Statements	綜合財務報表附註	161

Definitions

釋義

“AGM”	the annual general meeting of the Company to be held in Beijing on Friday, 22 May 2020 at 2:00 p.m. or any adjournment thereof	「股東週年大會」	指	將於2020年5月22日(星期五)下午二時正於北京舉行的本公司股東週年大會或其任何續會
“Articles of Association”	the articles of association of the Company, as amended from time to time	「組織章程細則」	指	本公司的組織章程細則(經不時修訂)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules	「聯繫人」	指	具有上市規則所賦予的涵義
“Audit Committee”	the audit committee of the Board	「審計委員會」	指	董事會轄下的審計委員會
“Board”	the board of Directors of the Company	「董事會」	指	本公司董事會
“Cayman Islands Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time	「開曼群島公司法」	指	開曼群島法例第22章公司法(1961年第3號法例, 經綜合及修訂), 經不時修訂、補充或以其他方式修改
“Chengdu Lease Agreement”	the lease agreement dated 6 July 2018 entered into between Chengdu Yueyihai and Sichuan Haidilao in connection with the lease of a parcel of land with the properties and fixtures thereon by Sichuan Haidilao to Chengdu Yueyihai	「成都租賃協議」	指	成都悅頤海與四川海底撈於2018年7月6日訂立的租賃協議, 內容有關四川海底撈向成都悅頤海租賃一幅土地連同其上的物業及裝置物
“Chengdu Yueyihai”	Chengdu Yueyihai Co., Ltd.* (成都悅頤海商貿有限公司), a limited liability company incorporated in the PRC on 28 April 2014 and an indirectly wholly-owned subsidiary of the Company	「成都悅頤海」	指	成都悅頤海商貿有限公司, 一家於2014年4月28日在中國註冊成立的有限公司, 為本公司的間接全資附屬公司
“China” or “PRC”	the People’s Republic of China and, except where the context requires, references in this annual report to the PRC or China exclude Hong Kong, Macau and Taiwan	「中國」	指	中華人民共和國, 除非文義另有所指外, 否則本年報對中國的提述不包括香港、澳門及台灣
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time	「公司條例」	指	香港法例第622章《公司條例》, 經不時修訂、補充或以其他方式修改
“Company”	YIHAI INTERNATIONAL HOLDING LTD. (頤海國際控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 18 October 2013	「本公司」	指	頤海國際控股有限公司, 一家於2013年10月18日在開曼群島註冊成立的獲豁免有限公司

Definitions

釋義

“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules, and unless the context otherwise requires, refers to Mr. Zhang Yong, the non-executive Director, Ms. Shu Ping, (the executive Director and spouse of Mr. Zhang Yong) and ZYSP YIHAI Ltd	「控股股東」	指 具有上市規則所賦予的涵義，除非文義另有所指外，否則指張勇先生（非執行董事）、舒萍女士（執行董事及張勇先生的配偶）及 ZYSP YIHAI Ltd
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules	「企業管治守則」	指 上市規則附錄十四所載《企業管治守則》
“Director(s)”	director(s) of the Company	「董事」	指 本公司董事
“Financial Statements”	the consolidated financial statements of the Group for the year ended 31 December 2019 as audited by PricewaterhouseCoopers	「財務報表」	指 經羅兵咸永道會計師事務所審核，本集團截至2019年12月31日止年度的綜合財務報表
“Framework Sales and Purchase Agreements”	collectively, the hotpot soup flavouring products sales agreement dated 6 July 2018 entered into between Yihai Shanghai and the Joint Venture in relation to the sales of hotpot soup flavouring products from Yihai Shanghai and its subsidiaries to the Joint Venture, and the self-serving small hotpot products sales agreement dated 6 July 2018 entered into between the Joint Venture and Yihai Shanghai in relation to the sales of Small Hotpot Products by the Joint Venture to Yihai Shanghai and its subsidiaries	「產品互供框架協議」	指 頤海上海與合資公司於2018年7月6日訂立的火鍋底料產品銷售協議（內容有關頤海上海及其附屬公司向合資公司出售火鍋底料產品）及合資公司與頤海上海於2018年7月6日訂立的自加熱小火鍋產品銷售協議（內容有關合資公司向頤海上海及其附屬公司出售小火鍋產品）的統稱
“Group”	the Company and its subsidiaries	「本集團」	指 本公司及其附屬公司
“Haidilao”	Haidilao International Holding Ltd., whose shares are listed on the Stock Exchange (stock code: 6862)	「海底撈」	指 海底撈國際控股有限公司，其股份於聯交所上市（股份代號：6862）
“Haidilao Customized Products”	the hot pot soup flavoring and Chinese-style compound condiment products manufactured by the Group using formulas owned by Haidilao Group for use in its hot pot restaurants	「海底撈定製產品」	指 使用海底撈集團擁有的配方製成並在其火鍋餐廳使用的火鍋底料及中式複合調味品
“Haidilao Group”	Haidilao and its subsidiaries	「海底撈集團」	指 海底撈及其附屬公司

Definitions

釋義

“Haidilao Retail Products”	the retail hot pot soup flavoring, hot pot dipping sauce and Chinese-style compound condiment products manufactured by the Group using formulas the Group owns for display and sale to consumers in Haidilao Group hot pot restaurants, which are the same products as those sold by the Group through independent third party distributors	「海底撈零售產品」	指	本集團使用本集團擁有的配方製成的零售火鍋底料，火鍋蘸料及中式複合調味品，在海底撈集團火鍋餐廳向消費者展示及銷售，與本集團通過獨立第三方經銷商銷售的產品相同
“Haidilao Warehouse Storage Service Agreement”	warehouse storage service agreement dated 24 June 2016, entered into between Sichuan Haidilao and Yihai Shanghai, each for itself and on behalf of its subsidiaries, Sichuan Haidilao Group agreed to provide warehousing facilities and related services, including sorting process management, stocktaking and other logistics services, to the Group for products we sell to Haidilao Group	「海底撈倉儲服務協議」	指	四川海底撈與頤海上海（各自為其本身及代表其附屬公司）於2016年6月24日訂立的倉儲服務協議，四川海底撈集團同意向本集團提供倉儲設施及相關服務，包括分類程序管理、庫存盤點及其他物流服務，以供我們售予海底撈集團的產品之用
“HK\$”, “HKD” or “HK dollars” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong	「港元」及「港仙」	分別指	香港法定貨幣港元及港仙
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC	「香港」	指	中國香港特別行政區
“Investment Cooperation Agreement”	the investment cooperation agreement dated 11 July 2017 entered into between Yihai Shanghai and Xinpai Shanghai in relation to the formation of the Joint Venture	「投資合作協議」	指	頤海上海與新派上海於2017年7月11日就成立合資公司訂立的投資合作協議
“Jingyuan Investment”	Jiayang City Jingyuan Investment Co., Ltd.* (簡陽市靜遠投資有限公司), a limited liability company incorporated in the PRC on 13 March 2009, which is held as to 68% by Mr. Zhang and Ms. Shu (the Controlling Shareholders), 32% by Mr. Shi Yonghong (the executive Director) and his wife	「靜遠投資」	指	簡陽市靜遠投資有限公司，一家於2009年3月13日在中國成立的有限責任公司，由張勇先生及舒萍女士（控股股東）持有68%，由施永宏先生（執行董事）及其妻子持有32%
“Joint Venture”	Fuhai (Shanghai) Food Technology Co., Ltd.* (馥海(上海)食品科技有限公司), a company incorporated in the PRC and a 60% owned subsidiary of the Company	「合資公司」	指	馥海(上海)食品科技有限公司，一家在中國成立的公司，為本公司擁有60%股權的附屬公司

“Latest Practicable Date”	9 April 2020, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining the information contained herein	「最後實際可行日期」	指	2020年4月9日，即本年報付印前確定其中所載若干資料的最後實際可行日期
“Listing Date”	13 July 2016, the date on which the Shares were listed on the main board of the Stock Exchange	「上市日期」	指	2016年7月13日，股份於聯交所主板上市日期
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited	「上市規則」	指	香港聯合交易所有限公司證券上市規則
“Macau”	the Macau Special Administrative Region of the PRC	「澳門」	指	中國澳門特別行政區
“Master Sales Agreement”	the master sales agreement dated 24 June 2016, entered into among Yihai Shanghai, Sichuan Haidilao and Singapore Haidilao, each for itself and on behalf of its subsidiaries, in relation to the supply of Haidilao Customized Products and Haidilao Retail Products by the Group to the Haidilao Group	「總銷售協議」	指	日期為2016年6月24日的總銷售協議，由頤海上海、四川海底撈及新加坡海底撈（各自為其本身及代表其附屬公司）就本集團向海底撈集團供應海底撈定製產品及海底撈零售產品而訂立
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules	「標準守則」	指	上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》
“Nomination Committee”	the nomination committee of the Board	「提名委員會」	指	董事會轄下的提名委員會
“Non-competition Undertaking”	the non-competition undertaking entered into between the Company and the Controlling Shareholders on 25 June 2016	「不競爭承諾」	指	本公司與控股股東於2016年6月25日訂立的不競爭承諾
“Prospectus”	the prospectus being issued by the Company on 30 June 2016	「招股章程」	指	本公司於2016年6月30日刊發的招股章程
“Remuneration Committee”	the remuneration committee of the Board	「薪酬委員會」	指	董事會轄下的薪酬委員會
“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC	「人民幣」	指	中國法定貨幣人民幣元

Definitions

釋義

“RSU”	the restricted share units granted to RSU participants pursuant to the RSU Scheme	「受限制股份單位」	指	根據受限制股份單位計劃向受限制股份單位參與者授出的受限制股份單位
“RSU Scheme”	the RSU scheme approved and adopted by the Company on 24 February 2016 for the grant of RSUs to RSU participants, a summary of the principal terms of which is set forth in the section headed “Appendix IV – Statutory and General Information – D. RSU Scheme” of the Prospectus	「受限制股份單位計劃」	指	本公司就向受限制股份單位參與者授出受限制股份單位而於2016年2月24日批准及採納的受限制股份單位計劃，其主要條款概要載於招股章程「附錄四 – 法定及一般資料 – D. 受限制股份單位計劃」一節
“Second Supplemental Master Sales Agreement”	the second supplemental master sales agreement dated 22 March 2018 entered into between Singapore Haidilao and Yihai Shanghai to revise certain terms of the Master Sales Agreement	「第二份補充總銷售協議」	指	新加坡海底撈與頤海上海訂立日期為2018年3月22日的第二份補充總銷售協議，以修訂總銷售協議的若干條款
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time	「證券及期貨條例」	指	香港法例第571章《證券及期貨條例》，經不時修訂、補充或以其他方式修改
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each	「股份」	指	本公司股本中每股面值0.00001美元的普通股
“Shareholder(s)”	shareholder(s) of the Company	「股東」	指	本公司股東
“Shuhai Sales Agreement”	the sales agreement dated 6 July 2018 entered into between Yihai Shanghai and Shuhai Supply Chain in relation to the sale of hot pot soup flavoring products, hot pot dipping sauce products and other compound condiment products by the Group to Shuhai Supply Chain Group	「蜀海銷售協議」	指	頤海上海與蜀海供應鏈之間訂立的日期為2018年7月6日的銷售協議，內容有關本集團向蜀海供應鏈集團銷售火鍋底料產品、火鍋蘸料產品及其他複合調味品
“Shuhai Supply Chain”	Shuhai (Beijing) Supply Chain Management Co., Ltd.* (蜀海(北京)供應鏈管理有限責任公司), a limited liability company established in the PRC on 3 June 2014 and is indirectly held as to approximately 52.17% by the controlling shareholders, Mr. Zhang Yong and Ms. Shu Ping, and their associate and 24.65% by Mr. Shi Yonghong and his wife	「蜀海供應鏈」	指	蜀海(北京)供應鏈管理有限責任公司，一家於2014年6月3日在中國成立的有限責任公司，間接由控股股東張勇先生及舒萍女士及其聯繫人持有約52.17%及由施永宏先生及其妻子持有約24.65%

“Shuhai Warehouse Storage Service Agreement”	the warehouse storage service agreement dated 6 July 2018 entered into between Yihai Shanghai and Shuhai Supply Chain in relation to the provision of warehousing facilities and related services by Shuhai Supply Chain Group to the Group	「蜀海倉儲服務協議」	指 頤海上海與蜀海供應鏈之間訂立的日期為2018年7月6日的倉儲服務協議，內容有關蜀海供應鏈集團向本集團提供倉儲設施及相關服務
“Sichuan Haidilao”	Sichuan Haidilao Catering Corporation Ltd.* (四川海底撈餐飲股份有限公司), a joint stock limited liability company established in the PRC on 25 June 2009, or its predecessor, Sichuan Jianyang Haidilao Catering Co., Ltd.* (四川省簡陽市海底撈餐飲有限責任公司), which was incorporated in the PRC on 16 April 2001. Sichuan Haidilao is directly held as to approximately 33.5% by Mr. Zhang Yong and Ms. Shu Ping (Controlling Shareholders), 50% by Jingyuan Investment and 16% by Mr. Shi Yonghong (the executive Director) and his wife	「四川海底撈」	指 四川海底撈餐飲股份有限公司，為於2009年6月25日在中國成立的股份有限公司有限責任公司，或其前身四川省簡陽市海底撈餐飲有限責任公司（於2001年4月16日在中國成立）。四川海底撈直接由張勇先生及舒萍女士（控股股東）持有約33.5%、由靜遠投資持有約50%及由施永宏先生（執行董事）及其妻子持有16%
“Sichuan Haidilao Group”	Sichuan Haidilao and its subsidiaries	「四川海底撈集團」	指 四川海底撈及其附屬公司
“Singapore Haidilao”	HAI DI LAO HOLDING PTE. LTD., a private company limited by shares incorporated in Singapore and is a wholly-owned subsidiary of Haidilao International Holding Ltd. (stock code: 6862)	「新加坡海底撈」	指 HAI DI LAO HOLDING PTE. LTD.，一家於新加坡註冊成立的私人股份有限公司，並為海底撈國際控股有限公司（股份代號：6862）的全資附屬公司
“Small Hotpot Products”	the self-serving small hotpot products manufactured and sold by the Joint Venture	「小火鍋產品」	指 合資公司將予生產及銷售的自加熱小火鍋產品
“Stock Exchange”	The Stock Exchange of Hong Kong Limited	「聯交所」	指 香港聯合交易所有限公司
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules	「附屬公司」	指 具有上市規則所賦予的涵義
“Supplemental Master Sales Agreement”	the supplemental master sales agreement dated 18 September 2017 entered into between Sichuan Haidilao, Singapore Haidilao and Yihai Shanghai, to regulate the sale of Small Hotpot Products by the Group to the Haidilao Group	「補充總銷售協議」	指 四川海底撈、新加坡海底撈及頤海上海之間訂立的日期為2017年9月18日的補充總銷售協議，乃為規管本集團向海底撈集團銷售小火鍋產品

Definitions

釋義

“Xinpai Shanghai”	Xinpai (Shanghai) Catering Management Co., Ltd.* (新派(上海)餐飲管理有限公司), a company established in the PRC with limited liability and is controlled as to approximately 62.70% by Mr. Zhang Yong and Ms. Shu Ping, and 29.7% by Mr. Shi Yonghong (the executive Director) and his wife	「新派上海」	指	新派(上海)餐飲管理有限公司，一家於中國成立的有限公司，由張勇先生及舒萍女士控制約62.70%股權及由施永宏先生(執行董事)及其妻子控制約29.7%股權
“Yihai (China)”	Yihai (China) Food Co., Limited (頤海(中國)食品有限公司), a company with limited liability incorporated in Hong Kong on 6 December 2013 and an indirectly wholly-owned subsidiary of the Company	「頤海(中國)」	指	頤海(中國)食品有限公司，一家於2013年12月6日在香港註冊成立的有限公司，為本公司的間接全資附屬公司
“Yihai Shanghai”	Yihai (Shanghai) Food Co., Ltd. (頤海(上海)食品有限公司), a foreign investment enterprise established in the PRC on 1 December 2014 and an indirectly wholly-owned subsidiary of the Company	「頤海上海」	指	頤海(上海)食品有限公司，一家於2014年12月1日在中國註冊成立的外資企業，為本公司的間接全資附屬公司
“Youdingyou”	Beijing Youdingyou Catering Co., Ltd.* (北京優鼎優餐飲股份有限公司), (formerly known as Beijing Youdingyou Catering Management Co., Ltd.*). a company with limited liability incorporated in the PRC on 30 July 2012, which is indirectly held as to approximately 31.76% by Mr. Zhang Yong and Ms. Shu Ping, 15.71% by Mr. Shi Yonghong and his wife and 0.86% by Mr. Gou Yiquan	「優鼎優」	指	北京優鼎優餐飲股份有限公司(前稱為北京優鼎優餐飲管理有限公司)，一家於2012年7月30日在中國成立的有限責任公司，由張勇先生及舒萍女士間接控制約31.76%股權、施永宏先生及其妻子間接控制約15.71%股權及苟軼群先生間接控制約0.86%股權
“ZYSP YIHAI Ltd”	a business company with limited liability incorporated in the British Virgin Islands on 10 October 2013, one of the Controlling Shareholders	「ZYSP YIHAI Ltd」	指	一家於2013年10月10日在英屬處女群島註冊成立的商業有限公司，為控股股東之一
“US dollars”, “USD” or “US\$”	United States dollars, the lawful currency of the United States	「美元」	指	美國法定貨幣美元
“%”	percentage	「%」	指	百分比

BOARD OF DIRECTORS

Executive Directors

Mr. Shi Yonghong (*Chairman*)
Ms. Dang Chunxiang
Mr. Sun Shengfeng
Ms. Shu Ping
Mr. Guo Qiang ^(Note 1)

Non-executive Director

Mr. Zhang Yong

Independent Non-executive Directors

Mr. Yau Ka Chi
Mr. Qian Mingxing
Ms. Ye Shujun

AUDIT COMMITTEE

Mr. Yau Ka Chi (*Chairman*)
Mr. Qian Mingxing
Ms. Ye Shujun

REMUNERATION COMMITTEE

Ms. Ye Shujun (*Chairman*)
Ms. Shu Ping
Mr. Qian Mingxing

NOMINATION COMMITTEE

Mr. Shi Yonghong (*Chairman*)
Mr. Qian Mingxing
Ms. Ye Shujun

Note 1: Mr. Guo Qiang has been appointed as an executive Director with effect from 26 March 2019.

董事會

執行董事

施永宏先生 (*主席*)
黨春香女士
孫勝峰先生
舒萍女士
郭強先生 ^(註1)

非執行董事

張勇先生

獨立非執行董事

邱家賜先生
錢明星先生
葉蜀君女士

審計委員會

邱家賜先生 (*主席*)
錢明星先生
葉蜀君女士

薪酬委員會

葉蜀君女士 (*主席*)
舒萍女士
錢明星先生

提名委員會

施永宏先生 (*主席*)
錢明星先生
葉蜀君女士

註1：郭強先生已獲委任為執行董事，自2019年3月26日起生效。

Corporate Information

公司資料

JOINT COMPANY SECRETARIES

Mr. Sun Shengfeng
Ms. Chan Yin Wah

聯席公司秘書

孫勝峰先生
陳燕華女士

AUTHORIZED REPRESENTATIVES

Mr. Sun Shengfeng
Ms. Chan Yin Wah

授權代表

孫勝峰先生
陳燕華女士

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor

核數師

羅兵咸永道會計師事務所
註冊會計師及註冊公眾利益實體核數師

LEGAL ADVISER

Davis Polk & Wardwell

法律顧問

達維香港律師事務所

REGISTERED OFFICE

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802 West Bay Road
Grand Cayman
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註冊辦事處

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Fengtai District
Beijing, PRC

公司總部

中國
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恒松園松雷寫字樓
6號樓1樓及2樓

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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The Stock Exchange of Hong Kong Limited: 1579

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香港聯合交易所有限公司：1579

Five-Year Performance Review

五年業績回顧

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (RMB' 000)

簡明綜合損益及其他全面收益表

(人民幣千元)

Twelve months ended 31 December
截至12月31日止12個月

		2019 2019年	2018 2018年	2017 2017年	2016 2016年	2015 2015年
Revenue	收入	4,282,488	2,681,373	1,646,221	1,088,014	847,339
Gross Profit	毛利	1,641,400	1,038,897	611,806	416,942	294,233
Profit before income tax	除所得稅前溢利	1,093,620	730,501	369,080	255,089	166,920
Profit for the period	期內溢利	795,005	547,904	261,090	186,720	124,547
Profit attributable to: – Owners of the Company	以下人士應佔溢利： – 本公司擁有人	718,634	517,793	260,670	186,720	124,547

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (RMB' 000)

簡明綜合財務狀況表

(人民幣千元)

Twelve months ended 31 December
截至12月31日止12個月

		2019 2019年	2018 2018年	2017 2017年	2016 2016年	2015 2015年
Non-current assets	非流動資產總額	957,764	580,875	288,071	165,874	136,089
Current assets	流動資產總額	2,353,987	1,881,164	1,518,620	1,257,792	453,275
Total Asset	資產總額	3,311,751	2,462,039	1,806,691	1,423,666	589,364
Equity attributable to owners of the company	本公司擁有人應佔權益	2,613,849	2,005,190	1,501,389	1,266,205	141,924
Total Equity	權益總額	2,728,147	2,039,721	1,505,809	1,266,205	141,924
Non-current liabilities	非流動負債總額	26,742	—	—	—	186,667
Current liabilities	流動負債總額	556,862	422,318	300,882	157,461	260,773
Total liabilities	負債總額	583,604	422,318	300,882	157,461	447,440
Total equity and liabilities	權益及負債總額	3,311,751	2,462,039	1,806,691	1,423,666	589,364

In 2019, the development of the global economy remained sophisticated with increasing sources of instability and risks. However, the overall economy of China managed to be stable, while facing significant increases in both domestic and overseas risks and challenges, and grew steadily while achieving reasonable growth in quantity and steady improvement in quality. Among other things, the consumption remained the main driver of the economic growth. Leveraging on the rising consumption power, optimizing consumption structure, expanding consumption sectors, improving consumption environment and growing willingness for consumption, China's economy was driven to develop in a high-quality manner.

Although the global economic situation was complicated and uncertain, the Group has continued to record a growth in its business performance during the year. The Group recorded a sales revenue of RMB4,282.5 million, representing a year-on-year increase of 59.7% and a net profit of RMB795 million, representing a year-on-year increase of 45.1%, while the profit attributable to owners of the Company increased by 38.8% to RMB718.6 million.

IMPLEMENTING DEVELOPMENT STRATEGIES TO ACHIEVE RAPID DEVELOPMENT

In 2019, the Group had been intensifying organizational reforms. The vitality of the Company was stimulated through further exploring potentials of our personnel, thereby enabling the organization to operate more in line with the current development strategy of the Company and resulting in a boost in operational efficiency. In respect of technology innovation and product research and development, we continued to reinforce the building of our research and development team with an effort to strengthen our research and development capability to launch new products continuously. Meanwhile, we commenced the establishment of supply chain overseas to gradually expand to overseas markets. We emphasized on solidifying our foundation on one hand and exploring with innovation on the other hand, which allowed the Company to strengthen its core competitiveness while achieving rapid growth.

2019年，世界經濟形勢依舊複雜，動蕩源和風險點增多，而中國經濟在國內外風險挑戰明顯上升的局面中仍保持了總體平穩，穩中有進的態勢，實現了量的合理增長和質的穩步提升。其中，消費依舊是經濟增長的第一拉動力。消費能力的不斷提升，消費結構的繼續優化，消費領域的逐漸擴大，消費環境的不斷改善，消費意願的持續上升，都在推動着中國經濟向高質量發展。

儘管世界經濟形勢複雜多變，本集團年內業績持續增長。銷售收入錄得人民幣4,282.5百萬元，同比增長59.7%；淨利潤錄得人民幣795百萬元，同比增長45.1%；本公司擁有人應佔溢利增長38.8%至人民幣718.6百萬元。

執行發展戰略實現快速發展

2019年，本集團持續深化組織變革，通過進一步挖掘人員潛能，激發企業活力，使組織更適應目前本公司的發展戰略，提升了運營效率；在技術創新與產品研發上，我們繼續加強研發團隊的建設，增強研發能力，產品不斷推陳出新；同時我們啟動海外供應鏈建設，逐步開拓海外市場。強基固本與開拓創新並舉，使本公司在不斷增強核心競爭力的同時取得快速發展。

Chairman's Statement

董事長報告書

INTENSIFYING ORGANIZATIONAL REFORMS

We continued to optimize the organizational structure of the Company and actively innovated and regularly improved the incentive mechanism for our personnel which aligns with the Company's characteristics. For the sales system, we introduced "Partner Fission" system based on the existing "Partner" incentive mechanism in 2019. Relying on the "apprenticeship system", through binding interests of groups of partners to motivate sales partners to train up outstanding apprentice partners and thus sharing benefits and creating greater values together. We have also been improving and optimizing the competitive mechanism of the sale system to better motivate those excellent partners. The "Partner" incentive mechanism grants partners with abundant resources to exercise their powers, thereby increasing the sustainable supply of talents in the sales team and stimulating the vitality as well as the creativity of the team.

STRENGTHENING TECHNOLOGY RESEARCH AND DEVELOPMENT

In 2019, in relation to our research and development system, we reorganized our original product research and development department into certain product development studios, whereby each team leader was able to conduct new product development with their respective teammates. We also optimized the functions of strategic research and development department as well as established an institute to construct and improve our research and development capability comprehensively not only at product level but also in terms of raw material, process technology and production facilities.

We continued to focus on upgrading products of core categories as well as developing new products. Hot pot soup flavoring products and Chinese-style compound condiment products remain as our title merchandise, while convenient ready-to-eat food products gain strong favor from customers through constant optimization of the products. We also pay close attention to the pursuit of health and nutrition by consumers. In this regard, the Company conducted a case study on "clean labels" in 2019 and we started to identify more natural ways of seasoning and committed to simplifying the ingredient list. We will continue to develop new products satisfying both the young and international consumers' preference nowadays, as well as fulfilling the upgrading consumption trend. During the year, the Company developed 42 new products in total.

深化組織變革

我們持續優化公司的組織架構，並積極創新及不斷優化符合公司特色的人員激勵機制。2019年，於銷售體系裏我們在原有「合夥人」機制的基礎上引入了「合夥人裂變」，依托「師徒制」管理基因，通過連住合夥人團隊的利益，激勵銷售合夥人培養優秀的徒弟合夥人，共同分享利益，並一起創造更大的價值。我們也在不斷完善與優化銷售體系的競爭機制，以更好地激勵優秀的合夥人。合夥人機制給予合夥人充足的資源運用權力，提升了銷售團隊中優秀人才持續供應的能力，激發了團隊的活力與創造力。

加強技術研發

2019年於研發體系裏，我們將原有產品研發部門重組為若干個產品研發工作室，研發組長帶領自己的團隊進行新產品的研發；我們優化了戰略研發部的職能，以及成立了研究院，不僅從產品層面，更從原材料、工藝技術及生產設備層面將研發能力進行全面建設與提升。

我們繼續聚焦核心品類的產品升級及新產品的研發工作。火鍋調味料產品及中式複合調味料產品依然是我們的主打產品，方便速食系列產品也在不斷優化升級中獲得強烈反響。我們也非常重視消費者對健康與營養的追求，2019年公司開展了「清潔標籤」專項課題研究，我們開始尋求更天然的添加方式，也在努力讓配料表更簡潔。我們將繼續研發更符合現代年輕消費群體、國際消費群體及符合消費升級趨勢的新產品。年內，本公司共新增了42款新品。

EXPANDING TO OVERSEAS MARKETS

Notwithstanding the overall slowdown in the world economy, we have been adhering to the goal of internationalization with an aim to provide our consumers with more satisfactory products and achieve the mission of “Easy & Tasty” which we have been pursuing. In 2019, we commenced the establishment of our supply chain to overseas markets such as Malaysia, where we have newly set up a joint venture plant, and actively promoted commercial negotiation with other overseas outsourced processing factories. We believe that during the course of international expansion, we will be able to enrich our product mix and enhance the communication capability of our brand. Going through such expansion will also allow us to process product research and development by regions and adjust the taste of our products according to the local eating habits.

PROSPECTS

We would like to express our sincere gratitude to all of our staff, shareholders, customers and business partners for their years-long support to our Group that enables its business continuous growth and success. Looking forward to 2020, there may be more challenges ahead of us; however, we will make quick changes to adapt to the new environment and grasp emerging opportunities to constantly break the record high. We will continue to uphold our core value of “change our future with our own hands” and all staff will also work hard with innovative ideas to offer a wider range of quality products to our consumers, as well as create greater value for our Shareholders.

拓展海外市場

儘管世界經濟整體放緩，國際化卻一直是我們堅持的一個方向，為更多消費者提供更滿意的產品，讓美味更輕鬆，是我們不斷的追求。2019年，我們啟動了海外市場供應鏈建設，我們新設了馬來西亞合資工廠，並積極推進海外其他代加工工廠的洽談。我們相信，在國際化的拓展中，我們不僅會豐富產品組合，提升品牌傳播力；更有助於我們根據當地飲食習慣進行區域化的產品研發及產品口味的調整。

展望

我們衷心感謝本集團所有員工、股東、客戶及業務夥伴，公司業務持續增長及成功有賴他們多年的支持。2020年，或許我們會面臨更多挑戰，但我們將在新的環境中快速完成自我變革，把握新的機遇持續創造新成績。我們將繼續秉承「雙手改變命運」的核心價值觀，全體同仁亦將不斷努力創新，為消費者提供更多優質的產品，為股東創造更大的價值。

Management Discussion and Analysis

管理層討論與分析

2019 PERFORMANCE REVIEW

In 2019, despite the challenges of rising domestic and external risks, the national economy of China remained stable in overall operation, while the quality of development improved steadily and major anticipated targets were achieved above expectation. Consumption as a major driving force of economic growth was further reinforced, and the total expenditure of consumption contributed 57.8% to GDP growth, 26.6 percentage points higher than the total amount of capital formation. The consumption of residents continued to upgrade with enhanced quality. Meanwhile, the percentage of online consumption in the total retail amount of private consumption increased further. Under the policies of continuous implementation of reforms and innovation, deepening of supply-side structural reforms, improvement in business environment, and large-scale reduction in taxes and fees, the vitality of market players was stimulated continuously. In 2019, the revenue size of the catering market continued growing steadily, and the general trend of the condiment industry also continued to improve.

In 2019, the Group's major businesses focused on continuous development of domestic and international sales channels, enhancing sales capabilities of channels, improving and enhancing the internal incentive mechanism continuously, as well as supplementing and optimizing the supply capabilities persistently. For the year ended 31 December 2019, the revenue of the Group was RMB4,282.5 million, representing a year-on-year increase of 59.7%; net profit was RMB795.0 million, representing a year-on-year increase of 45.1%.

In respect of the establishment of third-party sales channels, benefiting from the continuous development and penetration in both domestic and international markets, effective incentives for internal sales personnel, and increased importance on the satisfaction level of external distributors and point-of-sales services, the revenue from distributors continued to record rapid growth. As at 31 December 2019, the Group's distributors had covered 31 provincial regions in China, Hong Kong, Macau and Taiwan, as well as 49 overseas countries and regions.

2019年度業績回顧

2019年，雖然國內外風險挑戰明顯上升，但中國國民經濟運行總體依舊平穩，發展質量穩步提升，主要預期目標較好實現。消費作為經濟增長主動力作用進一步鞏固，最終消費支出對國內生產總值增長的貢獻率為57.8%，高於資本形成總額26.6個百分點。居民消費持續升級提質。與此同時，線上消費佔社會消費品零售總額比例進一步提升。在持續推進改革創新，深化供給側結構性改革，優化營商環境，大規模減稅降費等政策下，市場主體活力被持續激發。2019年，餐飲市場收入規模持續平穩增長，調味品行業總體亦持續趨勢向好。

2019年，本集團主要業務重點為持續拓展國內外銷售渠道，提升渠道銷售能力，持續完善和改進內部激勵機制，以及繼續補充優化供應能力。截至2019年12月31日止年度，本集團的收入達人民幣4,282.5百萬元，同比增長59.7%；淨利潤人民幣795.0百萬元，同比增長45.1%。

第三方銷售渠道建設方面，得益於對國內外市場的持續的開拓深耕，對內部銷售人員的有效激勵，以及對外部經銷商和售點服務滿意度的重視，來自經銷商的收入持續錄得高速增長。截至2019年12月31日，本集團的經銷商共覆蓋了中國31個省級地區與港澳台地區，以及49個海外國家和地區。

For sales through e-commerce, the Group's self-operated flagship store was a major base for interactions of brands. Through featured promotional activities at various marketing events, the Group's brand image was enhanced among consumers. Further, through continuous improvement in the efficiency of delivery services and consumer experience, loyalty of users was enhanced. For the year ended 31 December 2019, the amount of online sales of the Group increased by 26.4% year-on-year from RMB217.4 million in 2018 to RMB274.9 million.

In terms of products, motivated by the "product-based system", the Group continued to increase the number of new products launched during the period, and developed 42 new products in 2019. Based on the existing three major categories of products, namely hot pot condiments, Chinese-style compound condiments and convenient ready-to-eat food products, new product categories were actively developed.

Regarding staff incentives, the Group continued to actively innovate the incentive system in line with its own features, and introduced "Partner Fission" in sales in 2019 for the purpose of resolving the problems of talent bottlenecks and extended motivation in deepening the development of sales channels. The details on competition and elimination mechanism among partners were amended during the second half of the year. The incentive mechanism continued optimizing and further enhanced the execution and sales motivation of sales staff.

In terms of product sales to related parties, the Group continued to support the products of "Thousand People Thousand Flavors" for promotions in hot pot restaurants of Haidilao during 2019. In line with the overseas development of Haidilao restaurants, hot pot flavorings suitable for local requirements were developed. Moreover, the Group also continued developing and innovating hot pot flavorings with various local features and flavors according to the trend of consumer tastes.

電商銷售渠道方面，本集團以自營旗艦店為主要品牌互動陣地，通過各個營銷節點的特色推廣活動，提升品牌在消費者心目中的好感度。並持續通過提升配送效率和消費體驗，提升用戶黏性。截至2019年12月31日止年度，本集團的線上銷售額從2018年度的人民幣217.4百萬元，同比增長26.4%至人民幣274.9百萬元。

在產品方面，在「產品項目制」的激勵下，本集團於本期持續提升新品發佈數量，於2019年開發了42種新品。並在現有主打產品火鍋調味料、中式複合調味料、方便速食三個大類的基礎上，積極開發新的產品品類。

在人員激勵方面，本集團持續積極創新符合自身特色的激勵機制，於2019年開始引入了銷售「合夥人裂變」，旨在解決銷售渠道深化發展中可能遇到的人才瓶頸和動力延續的問題。並於下半年修訂了合夥人競爭及淘汰機制的細則，激勵機制的不斷優化進一步提升了銷售體系員工的執行力和銷售動力。

在關聯方產品銷售方面，2019年本集團繼續配合海底撈推廣火鍋餐廳千人千味鍋底產品；並配合海底撈海外店面的拓展，開發適合當地要求的鍋底配方；不僅如此，本集團亦根據消費者口味趨勢持續研發並創新各式地方特色風味鍋底。

Management Discussion and Analysis

管理層討論與分析

For the purpose of replenishing and optimizing the supply capacity, the Group continued expanding production capacity in line with the market demand and requirements of its own development in 2019. The south workshop in Phase I of the new production base in Bazhou, Hebei Province, formally commenced operation in September 2019. The north workshop in Phase I of the Bazhou base was expected to be fully completed and commence operation before August 2020. The Phase II of the new production base located in Maanshan, Anhui Province, was under preliminary planning and prepared to enter the civil construction stage. During the period, the Group signed a land transfer agreement in Luohe, Henan Province, and construction works of the construction project of the Luohe production base commenced during the second half of 2019. The successive construction and operation of the new plants were expected to alleviate the pressure on production capacity utilization rate brought by the rapid development of the Group's business.

BUSINESS REVIEW

In 2019, although trade negotiations between China and United States had brought plenty of uncertainties to the global market, with slower global economic growth and new downside pressure on the economy, in general, the national economy of China was operating steadily, and the development of major anticipated targets were achieved with better performance. As the supply-side structural reforms were implemented further, the economic structure continued optimization, income growth of residents was higher than economic growth, and the total amount of consumption of residents was steady with a rising trend. Under the macro environment of continuously rising growth rate and percentage of online retail sales, the catering and retail industries achieved stable growth, and the growth trend of the condiments industry continued rising. For the year ended 31 December 2019, the revenue of the Group was RMB4,282.5 million, representing a year-on-year growth of 59.7%; net profit was RMB795.0 million, representing a year-on-year growth of 45.1%.

SALES CHANNELS

The Group continued to be the supplier of hot pot condiment products to Haidilao Group, one of our related parties, while at the same time, it also provided cooking condiment solutions to Chinese family cooking customers, catering service providers and companies in the food industry. As of 2019, the major products of the Group included hot pot condiments, Chinese-style compound condiments and convenient ready-to-eat food products, and major channels for third-party sales included distributors, e-commerce and catering customers.

補充優化供應能力方面，根據市場需求及自身發展需要，本集團於2019年持續擴充產能。位於河北霸州的新生產基地一期工程南車間已於2019年9月正式投產，預計霸州一期工程北車間將會在2020年8月前完成全部建設並投產。安徽馬鞍山二期新生產基地，正在進行前期規劃，準備進入土建階段。本集團於本期內，於河南漯河簽訂了土地轉讓協議，漯河生產基地的建設項目已在2019年下半年開始建設。新工廠的陸續建設投產預計將會緩解本集團業務快速發展帶來的產能利用率壓力。

業務回顧

2019年，雖然中美貿易磋商為全球市場帶來很多不確定因素，全球經濟增長有所放緩，經濟面臨新的下行壓力。但總體來說，全年中國國民經濟運行總體平穩，發展主要預期目標均有較好實現。在供給側結構性改革深入推進，經濟結構不斷優化，居民收入增長快於經濟增速，居民消費總額穩中有升，網上零售增速和佔比繼續提高的大環境下，餐飲及零售行業穩步增長，調味品行業增長趨勢持續向好。截至2019年12月31日止年度，本集團的收入達到人民幣4,282.5百萬元，同比增長59.7%；淨利潤達到人民幣795.0百萬元，同比增長45.1%。

銷售渠道

本集團持續作為關聯方海底撈集團的火鍋調味料產品供應商，同時亦為中國家庭烹飪客戶、餐飲服務供應商以及食品行業公司提供烹飪調味料解決方案。截至2019年，本集團的主要產品包含火鍋調味料，中式複合調味料和方便速食等品類，經銷商、電商及餐飲客戶等則為第三方銷售的主要渠道。

Expansion and penetration of third-party channels have always been the most important sales strategy of the Group. For actual implementation, the Group enhanced sales through several methods set out below, including wider coverage of more cities in China and overseas nations, increase in the number of domestic and international distributors, enhancement in positive brand awareness and sales enthusiasm at the point-of-sales through “family love” measures, high attention to the feedback from distributors on the services of internal sales partners, and continuous optimization in the incentive mechanism for internal sales staff.

In 2019, in order to resolve the issues of talent bottleneck and management structure that might be encountered in the process of channel development, we began to implement the “Partner Fission” system based on our existing “Partner” incentive mechanism by relying on the management relationship of the “apprenticeship system”, but through authorizing partners to nurture assistants, such assistants would turn into “apprentice partners”, and share the profit of the business unit with the “master partner”. This would ensure the continuous supply of human resources required by sustainable development of channels, in other words, the “master partner” would have the time and motivation to “develop business beyond the existing areas, and develop more down-to-earth new channels”. In 2019, the Group also developed the elimination of competition mechanism for the sales system, that is, the “PK system”, aiming to eliminate incompetent partners and to incentivize partners with outstanding business development. And the “family style” was to be adopted to bundle the internal interests of the Partner team, enhance autonomy of partners and efficiency of achieving performance targets, and facilitate more effective implementation of the incentive mechanism.

The “Partner” incentive mechanism was the internal sales staff incentive mechanism adopted by the Group in early 2018. This mechanism replaced the previous appraisal method of achieving certain percentage of the sales target. The performance of each sales staff would be directly linked to the profit of the business unit they are responsible for, and sufficient authority on the right and method to use channel fees would be conferred. Under this strategy, sales staff in the capacity of “partners” would have more business autonomy, their passion for work was greatly encouraged and thus growth rate of sales and utilization efficiency of fees were also enhanced notably.

對於第三方渠道的擴展和深耕一直是本集團最主要的銷售策略。在具體實施上，本集團通過以下幾個方式提升銷售，包括進一步覆蓋更多的中國城市及海外國家，增加國內外經銷商數量，以「親情化」措施提升售點對於品牌的好感度及銷售熱情，重視經銷商對於內部銷售合夥人的服務反饋，以及不斷優化內部銷售人員激勵機制等。

2019年，為了解決渠道發展過程中可能遇到的人才瓶頸和管理架構問題，我們在已有「合夥人」激勵機制基礎上開始實行「合夥人裂變」制度，依托「師徒制」管理基因，通過授權合夥人培養助理，助理漸裂變為「徒弟合夥人」，並一同分享「師傅合夥人」業務單元利潤的方式，維持渠道發展所需人力的持續供應，即給予「師傅合夥人」發展超出舊有區域業務，開拓下沉新渠道的時間和動力。2019年，集團還明確了銷售體系的淘汰競爭機制，即「PK制度」，旨在淘汰業務能力差的合夥人，激勵業務發展突出的合夥人。並且希望以「家族制」的方式，綁定合夥人團隊的內部利益，提升合夥人自律性以及績效指標達成效率，促進激勵機制更有效的執行。

「合夥人」激勵機制是本集團於2018年初開始實行的內部銷售人員激勵。此機制取代了此前的銷售目標達成率考核方式，把每個銷售人員的業績提成直接與其負責業務單元的利潤掛鉤，並給與渠道費用使用權限和方式的充分授權。在此策略下，銷售人員作為「合夥人」獲得更充分的業務自主權，工作熱情得到極大鼓勵，銷售額增速及費用使用效率也得到了明顯提升。

Management Discussion and Analysis

管理層討論與分析

In addition to the “Partner” incentive mechanism for internal sales, during the first half of 2019, we established an incentive for external distributors through enhancing the efficiency and satisfaction of delivery service to such distributors. So far, the Group has been very strict on the control and management of channel inventories. In order to further refine management, and motivate distributors directly, the Group had established six regional logistics branch storages to shorten the goods release cycle and reduce the minimum order quantity for distributors, so that distributors would have more flexibility in orders and thus the purpose of reducing inventories of distributors would be achieved, the healthy development and control of channels would be further ensured, the production date and freshness of end products would be effectively assured, and the display of products would have greater competitiveness. Moreover, to further ensure the display and sales of key accounts (KA), the Group implemented “zero inventory” in supermarkets that satisfied our requirements since the beginning of the year. “Zero inventory” replaced the previous method of delivery from distributors to key customers’ supermarket, the goods would be delivered directly from our branch storage to the warehouse of the supermarket, aiming to reduce the number of logistic nodes and save delivery charges. While the specific distributors would be incentivized, the freshness of the products delivered to the supermarket would be improved.

In the development of e-commerce channel, the Group continued to adopt the strategy of enhancing interactive experience of consumers, using the flagship store as the major interactive base for brands, enhancing communication among consumers, and providing more heart touching shopping experience for consumers. During the year, the Group formulated targeted marketing plans on different festivals and promotional campaigns as usual, good performance was achieved in the key sales periods, such as “New Year Goods Festival”, “Foodaholic Festival”, “618”, “Double 11” and “Hot Pot Festival”. On the online platforms operated by others, such as channels like JD.com and Tmall.com, apart from participating in promotional activities of the platforms continuously, the Group also focused on bulk purchase sales, supplemented with free gifts and other benefits, to enhance the experience and sales at the e-commerce platforms of major customers. For the year ended 31 December 2019, the Group had 5 flagship stores on e-commerce platforms such as Tmall.com and JD.com. The sales revenue of the Group from e-commerce channels was RMB274.9 million, representing a year-on-year increase of 26.4%.

除了內部銷售的「合夥人」激勵機制外，2019年上半年，我們通過提升對經銷商的配送服務效率和滿意度，達成對外部經銷商的激勵。一直以來，本集團對於渠道庫存控管非常嚴格。為了進一步精細管理，並直接激勵經銷商，本集團已於年內建立了六個區域物流分倉，縮短發貨周期，降低經銷商起訂數量，令經銷商有訂貨頻次更為靈活的同時，達到降低經銷商庫存的目的。以進一步保證渠道拓展的健康和可控程度，並有效地保證了終端產品的生產日期新鮮，讓產品陳列更加有競爭力。除此之外，為了進一步優化重點客戶(KA)的陳列及銷售，本集團於本年度開始在符合要求的大賣場施行「零庫存」。「零庫存」是指替代以前的經由經銷商對重點客戶賣場進行配送的方式，貨物直接由我們的分倉運送至大賣場倉庫，以減少物流節點，節省配送費用的方式，達成對特定經銷商激勵提升的同時，達到賣場商品新鮮度的優化。

電商渠道發展方面，本集團持續以加強消費者互動體驗為策略方向，以旗艦店為主要品牌互動陣地，加強消費者溝通，為消費者提供更為貼心的購物體驗。本年度，本集團依舊根據不同的節日及促銷節點，制定具有針對性的營銷方案，年貨節、吃貨節、618、雙11、火鍋節等重點促銷期間均獲得不俗表現。在非自營的線上平台比如京東超市、天貓超市等渠道，本集團除了通過持續參與平台促銷活動，還以量販裝為主，並配合贈品等方式，提升在電商大客戶平台的體驗感和銷量。截至2019年12月31日止年度，本集團在天貓、京東等電商平台擁有5家旗艦店。本集團2019年電商渠道的銷售收入為人民幣274.9百萬元，同比增長26.4%。

For sales to related parties (referring to Haidilao Group and its associated companies), with the background of stable growth in the catering industry and the hot pot catering consumption market in China, the catering business with Haidilao Group recorded continuous and stable growth during the year. For the year ended 31 December 2019, the revenue from sales to related parties of the Group was RMB1,663.2 million, representing a year-on-year increase of 41.4% as compared to 2018.

PRODUCTS

In 2019, the Group continued to adopt the multi-brand strategy implemented since last year and optimized the mix of brands continuously, and motivated staff to develop more new products to satisfy market demand under the “project-based system for products”. Meanwhile, we improved the formulae and upgraded the packaging of existing core products in order to reinforce the market leading position of core products. For the year ended 31 December 2019, new products of the Company included 8 Chinese-style compound condiment products, 7 hot pot condiment products, 2 self-serving small hot pot products, 3 self-serving rice products, 4 ready-to-eat sauce products, 4 snack products and 14 standardized catering pack products.

The “project-based system for products” was a research and development strategy for new products implemented by the Group since 2018. Under this incentive-based mechanism, relying on the Group’s strong research and development platform and supporting channels, the staff might form a team to propose innovative new products, and the development project of such new product would be completed by the team throughout the whole process from proposal to market launch. After the project was launched into the market and received earnings, the project team would immediately receive the corresponding rewards. This policy provided opportunities for all staff to develop new products, enhanced the development efficiency of new products and the motivation of staff in exploring the markets. At present, the mechanism is operating well, and the number of new products launched in the market also increased during the period.

在關聯方銷售方面（指向海底撈集團及其關聯公司），在中國餐飲行業及火鍋餐飲消費市場穩步增長的背景下，本年度海底撈集團餐廳業務獲得持續穩定增長。截至2019年12月31日止年度，本集團向關聯方的銷售收入為人民幣1,663.2百萬元，較2018年同比增長41.4%。

產品

2019年，本集團繼續圍繞去年開始施行的多品牌戰略，持續優化品牌架構，並以「產品項目制」激勵員工開發更多符合市場需求的新品。與此同時，我們對已有的核心產品進行不斷的配方改良和包裝升級，旨在不斷穩固核心產品的市場領先地位。截至2019年12月31日止年度，本公司共新增了8款中式複合調味料產品，7款火鍋調味料產品，2款自加熱小火鍋產品，3款自加熱米飯，4款即食醬產品，4款休閒食品以及14款標準化餐飲裝產品。

「產品項目制」是本集團自2018年開始施行的新品研發策略。在該激勵機制下，依靠本集團強大的研發平台和渠道支持，員工可自行組團提出新產品創意，並由該團隊完成新產品開發項目從立項到上市的整個流程。項目組在產品上市盈利後即可得到相應獎勵。該政策授予全體員工開發新品的機會，提升了新產品開發效率和員工探索市場的積極性。目前該機制運行良好，期內新產品上市數量亦有所增加。

Management Discussion and Analysis

管理層討論與分析

On the portfolio of retail products, during the year, the Group had different numbers of new product innovations in three existing categories, and enhanced the sales of new products through various marketing means along with various seasonal themes and promotional campaigns. Apart from the crawfish condiment and the “Haohao Chifan (好好吃飯)” sauce for rice which were promoted as key products during the first half of the year, the Group launched the butter hot pot soup flavoring and self-serving small hot pot product series as key promotions with the theme of “happy gathering moments in eating hot pot (歡聚時刻吃火鍋)” from September to December, and received encouraging response in the market during the peak season of demand for hot pot related products.

For hot pot soup flavoring products of related parties, in addition to continuous promotion of hot pot soup flavorings under the “Thousand People Thousand Flavors” series during the first half of 2019, the Group also upgraded a number of hot pot soup flavorings in line with feedback from consumers, and cooperated in the research and development of a number of new hot pot soup flavorings.

As at 31 December 2019, the Company had a total of 61 hot pot condiment products, 37 Chinese-style compound condiment products and 12 convenient ready-to-eat food products.

The table below sets forth the data on the Group’s revenue, sales volume and average selling price by product categories and distribution channels for the periods as indicated:

在零售產品組合方面，本年度，集團在三個已有品類中均有不同數量的新品創新，並且配合各個季節主題和促銷節點使用各種營銷手段提升新品的銷售。除了上半年重點推廣的小龍蝦調味料和「好好吃飯」拌飯醬之外，本集團於9-12月以「歡聚時刻吃火鍋」為主題對重點推廣牛油火鍋底料及自熱小火鍋系列等產品，在火鍋相關產品的需求旺季獲得市場積極的反響。

在關聯方火鍋底料產品方面，2019年上半年本集團除了繼續配合海底撈推廣千人千味鍋底產品之外，還配合消費者反饋升級了多款鍋底配方，以及合作研發了多款新口味鍋底。

截至2019年12月31日，本公司共擁有61款火鍋調味料產品，37款中式複合調味料產品，12款方便速食產品。

下表載列於所示期間本集團按產品類別及經銷渠道劃分的收入、銷量及平均售價數據：

Management Discussion and Analysis

管理層討論與分析

For the year ended 31 December

截至12月31日止年度

		2019 2019年			2018 2018年		
		Revenue	Sales volume	Average selling price per kg	Revenue	Sales volume	Average selling price per kg
		(RMB' 000)	(tonnes)	(RMB)	(RMB' 000)	(tonnes)	(RMB)
		(人民幣千元)	(噸)	(人民幣元)	(人民幣千元)	(噸)	(人民幣元)
Hot pot condiments⁽¹⁾	火鍋調味料⁽¹⁾						
Third parties	第三方	1,221,033	42,311	28.9	812,277	28,153	28.9
Related parties	關聯方	1,592,331	65,666	24.2	1,143,243	43,772	26.1
Subtotal	小計	2,813,364	107,977	26.1	1,955,520	71,925	27.2
Chinese-style compound condiments⁽²⁾	中式複合調味料⁽²⁾						
Third parties	第三方	345,477	13,775	25.1	228,731	8,851	25.8
Related parties	關聯方	49,468	2,075	23.8	26,784	963	27.8
Subtotal	小計	394,945	15,850	24.9	255,515	9,814	26.0
Convenient ready-to-eat food products⁽³⁾	方便速食⁽³⁾						
Third parties	第三方	978,475	22,817	42.9	444,569	10,749	41.4
Related parties	關聯方	20,492	519	39.5	4,704	89	52.9
Subtotal	小計	998,967	23,336	42.8	449,273	10,838	41.5
Others⁽⁴⁾	其他⁽⁴⁾	75,212	13,081	5.7	21,065	2,985	7.1
Total	總計	4,282,488	160,244	26.7	2,681,373	95,562	28.1

Management Discussion and Analysis

管理層討論與分析

Notes:

- (1) Mainly including the Group's sales of hot pot soup flavorings and hot pot dipping sauce products
- (2) Mainly including the Group's sales of Chinese-style compound condiments and ready-to-eat sauce products
- (3) Mainly including the Group's sales of self-serving small hot pot and self-serving rice products
- (4) Mainly including the Group's sales of snack food, raw materials such as soya bean oil, golden popcorn and snail rice noodle.

附註：

- (1) 主要包含本集團銷售的火鍋底料及火鍋蘸料產品。
- (2) 主要包含本集團銷售的中式複合調味料和即食醬產品。
- (3) 主要包含本集團銷售的自加熱小火鍋及自加熱米飯產品。
- (4) 主要包含本集團銷售的休閒食品、大豆油等原材料、黃金玉米豆及螺螄粉等。

The table below sets forth the revenue of the Company in absolute terms and the percentage in the total revenue of the Company by product categories for the periods as indicated:

下表載列所示期間本公司按產品類別劃分的收入的絕對值及佔本公司收入的百分比：

For the year ended 31 December
截至12月31日止年度

		2019 2019年		2018 2018年	
		RMB' 000 人民幣千元	% of revenue 佔收入百分比	RMB' 000 人民幣千元	% of revenue 佔收入百分比
Revenue from hot pot condiments	火鍋調味料收入	2,813,364	65.7%	1,955,520	72.9%
Revenue from Chinese-style compound condiments	中式複合調味料收入	394,945	9.2%	255,515	9.5%
Revenue from convenient ready-to-eat food products	方便速食收入	998,967	23.3%	449,273	16.8%
Other revenue	其它收入	75,212	1.8%	21,065	0.8%
Total revenue	總收入	4,282,488	100.0%	2,681,373	100.0%

For the year ended 31 December 2019, the three major product categories of the Group were hot pot condiments, Chinese-style compound condiments and convenient ready-to-eat food products, realized faster growth as compared to the full year of 2018. As at 31 December 2019, new products of the Company included 8 Chinese-style compound condiment products, 7 hot pot condiment products, 2 self-serving small hot pot products, 3 self-serving rice products, 4 ready-to-eat sauce products, 4 snack products and 14 standardized catering pack products. As at 31 December 2019, the Company had a total of 61 hot pot condiment products, 37 Chinese-style compound condiment products and 12 convenient ready-to-eat food products.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 59.7% from RMB2,681.4 million for the year ended 31 December 2018 to RMB4,282.5 million for the year of 2019.

Revenue by product

截至2019年12月31日止年度，本集團的三類主要產品：火鍋調味料、中式複合調味料及方便速食，較2018年全年均呈現較快增長。截至2019年12月31日，本公司共新增了8款中式複合調味料產品，7款火鍋調味料產品，2款自加熱小火鍋產品，3款自加熱米飯，4款即食醬產品，4款休閒食品以及14款標準化餐飲裝產品。截至2019年12月31日，本公司共擁有61款火鍋調味料產品，37款中式複合調味料產品，12款方便速食產品。

財務回顧

收入

本集團的收入由截至2018年12月31日止年度的人民幣2,681.4百萬元增加59.7%至2019年年度的人民幣4,282.5百萬元。

按產品劃分的收入

For the year ended 31 December 截至12月31日止年度

		2019 2019年		2018 2018年	
		% of revenue from hot pot condiments		% of revenue from hot pot condiments	
		Revenue (RMB' 000) 收入 (人民幣千元)	from hot pot condiments 佔火鍋調味料 收入百分比	Revenue (RMB' 000) 收入 (人民幣千元)	from hot pot condiments 佔火鍋調味料 收入百分比
Revenue from hot pot condiments	火鍋調味料產品收入				
Revenue from third parties	來自第三方收入	1,221,033	43.4%	812,277	41.5%
Revenue from related parties	來自關聯方收入	1,592,331	56.6%	1,143,243	58.5%
Total revenue from hot pot condiments	火鍋調味料產品總收入	2,813,364	100.0%	1,955,520	100.0%

Management Discussion and Analysis

管理層討論與分析

Revenue from hot pot condiment products increased by 43.9% from RMB1,955.5 million for the year ended 31 December 2018 to RMB2,813.4 million for the year of 2019, representing 65.7% of the revenue for the year ended 31 December 2019. Of it, the revenue from sales of hot pot condiment products to related parties increased by 39.3%, revenue from sales of hot pot condiment products to third parties increased by 50.3%. The growth of revenue from sales of hot pot soup condiment products to related parties was mainly influenced by, among other factors, the stable growth of the performance results of Haidilao and the growth in the number of its restaurants. As the Group further refined the management of third-party distributor channels in 2019, innovation of the incentive-based mechanism for internal sales staff, development of lower-tier sales regions, effective innovation of channel marketing, and enhancement in efficiency of terminal points of sales, together with the launching of new products, the growth of sales to third parties continued to record a rapid increase.

火鍋調味料產品所得收入由截至2018年12月31日止年度的人民幣1,955.5百萬元增加43.9%至2019年度的人民幣2,813.4百萬元，佔截至2019年12月31日止年度收入的65.7%。其中，向關聯方銷售火鍋底料產品收入增長39.3%，向第三方銷售火鍋調味料產品收入增長50.3%。向關聯方銷售火鍋調味料產品收入增長主要受到海底撈業績穩定增長、餐廳門店數量增長等方面影響。隨着本集團在2019年對第三方經銷商渠道管理的進一步深化，內部銷售人員激勵機制的創新，銷售區域的下沉，渠道營銷的有效創新，以及終端售點銷售效率的提振，再加上新產品的推出，第三方銷售增速持續錄得較快速增長。

For the year ended 31 December 截至12月31日止年度

		2019 2019年		2018 2018年	
		Revenue (RMB'000) 收入 (人民幣千元)	% of revenue from Chinese-style compound condiments 佔中式複合 調味料收入 百分比	Revenue (RMB'000) 收入 (人民幣千元)	% of revenue from Chinese-style compound condiments 佔中式複合 調味料收入 百分比
Revenue from Chinese-style compound condiments	中式複合調味料收入				
Revenue from third parties	來自第三方收入	345,477	87.5%	228,731	89.5%
Revenue from related parties	來自關聯方收入	49,468	12.5%	26,784	10.5%
Total revenue from Chinese-style compound condiments	中式複合調味料總收入	394,945	100.0%	255,515	100.0%

Revenue from Chinese-style compound condiments increased by 54.6% from RMB255.5 million for the year ended 31 December 2018 to RMB394.9 million for the year of 2019, representing 9.2% of the revenue for the year ended 31 December 2019. Of it, the revenue from sales of Chinese-style compound condiments to related parties increased by 84.7%, and revenue from sales of Chinese-style compound condiments to third parties increased by 51.0%. In respect of sales to related parties, the Group continued to supply products and services to some of the catering customers in the Shuhai Supply Chain. The Group continued to improve existing individual products with strong performance, researched and developed new products satisfying the trend of market tastes, and conducted marketing activities by combining with product features and market positioning, so that sales of Chinese-style compound condiments to third parties continued to record a delightful growth.

中式複合調味品所得收入由截至2018年12月31日止年度的人民幣255.5百萬元增加54.6%至2019年年度的人民幣394.9百萬元，佔截至2019年12月31日止年度收入的9.2%。其中，向關聯方銷售中式複合調味品收入增長84.7%，向第三方銷售中式複合調味品收入增長51.0%。在關聯方銷售方面，本集團持續向蜀海供應鏈的部分餐飲客戶提供產品和服務。本集團持續改良現有強勢單品，研發符合市場口味趨勢的新品，並結合產品特點及市場定位進行營銷活動，在第三方中式複合調味料銷售方面持續錄得喜人增長。

For the year ended 31 December
截至12月31日止年度

		2019 2019年		2018 2018年	
		Revenue (RMB' 000) 收入 (人民幣千元)	% of revenue from convenient ready-to-eat food products 佔方便 速食產品 收入百分比	Revenue (RMB' 000) 收入 (人民幣千元)	% of revenue from convenient ready-to-eat food products 佔方便 速食產品 收入百分比
Revenue from convenient ready-to-eat food products	方便速食產品收入				
Revenue from third parties	來自第三方收入	978,475	97.9%	444,569	99.0%
Revenue from related parties	來自關聯方收入	20,492	2.1%	4,704	1.0%
Total revenue from convenient ready-to-eat food products	方便速食產品總收入	998,967	100.0%	449,273	100.0%

Management Discussion and Analysis

管理層討論與分析

For the year ended 31 December 2019, convenient ready-to-eat products continued to record a faster growth. The Group kept on improving and upgrading the self-serving products, not only the materials of external packing box and the cutlery bag were upgraded, three different flavors of self-serving rice products and two self-serving small hot pot products were also launched. Benefiting from the persistent development of lower-tier distributor channels, the continuous expansion of new channels such as convenience stores, train stations and scenic sightseeing locations, cooperation with some cinemas and advertising media during the first half of the year to place pre-movie advertising and print advertisements on buildings, and promotional plans on various festivals, the revenue from this category of products recorded a persistent delightful growth rate. For the year ended 31 December 2019, revenue from convenient ready-to-eat food products increased by 122.3% from RMB449.3 million in 2018 to RMB999.0 million, representing 23.3% of the revenue for the year ended 31 December 2019.

截至2019年12月31日止年度，方便速食產品持續錄得較快增長，本集團持續對自加熱產品進行優化升級，不僅升級了包裝外盒材質以及餐具包，還推出了三款不同口味的自加熱米飯產品，及兩款自加熱小火鍋新品。得益於經銷商渠道的持續下沉，以及例如便利店、火車站、旅遊景點等新渠道的持續擴展，以及在上半年與若干院線及廣告傳媒合作，進行了電影貼片和樓宇平面廣告宣傳，和各個節日促銷計劃，此類別產品收入持續獲得喜人增速。截至2019年12月31日止年度，方便速食產品收入由2018年年度的人民幣449.3百萬元增加122.3%至人民幣999.0百萬元。佔截至2019年12月31日止年度收入的23.3%

Revenue by distribution network

按經銷網絡劃分的收入

For the year ended 31 December
截至12月31日止年度

		2019 2019年		2018 2018年	
		Revenue (RMB'000) 收入 (人民幣千元)	% of total revenue 佔總收入 百分比	Revenue (RMB'000) 收入 (人民幣千元)	% of total revenue 佔總收入 百分比
Related party customers	關聯方客戶				
Haidilao Group and its affiliates	海底撈集團及其關聯公司	1,663,171	38.8%	1,176,095	43.9%
Third party customers	第三方客戶				
Distributors	經銷商	2,304,284	53.8%	1,263,248	47.1%
E-commerce	電商	274,917	6.4%	217,398	8.1%
Others	其他				
Third party catering enterprises	第三方餐飲企業	12,638	0.3%	21,597	0.8%
One-off sales activities	一次性銷售活動	27,478	0.6%	3,035	0.1%
Total revenue	總收入	4,282,488	100.0%	2,681,373	100.0%

With continuous stable growth and upgrading of consumption in the Chinese hot pot catering industry, the sales amount of the Company from Haidilao catering business recorded a stable growth persistently in 2019. Benefiting from continuous rapid growth in the number of Haidilao restaurants, the sales revenue of the Group from sales to related parties (mainly referring to the Haidilao Group) for the year ended 31 December 2019 was RMB1,663.2 million, representing a year-on-year increase of 41.4%.

For sales revenue of third-party distributors, through the Group's continuous development of lower-tier distribution network and increased density of points of sales, improvement to the incentive mechanism of internal sales, and enhancement of service quality to gain distributors' satisfaction, the overall product sales capabilities was boosted constantly. Also, new channels were created by combining with product features to strengthen the channel development potential. In e-commerce, while the advantages of flagship stores continued to take effect, by leveraging on the strong online platforms, such as Tmall.com and JD.com, the amount of sales maintained a fast growth. For the year ended 31 December 2019, sales revenue from sales to distributors was RMB2,304.3 million, representing a year-on-year increase of 82.4%; sales revenue from e-commerce channel was RMB274.9 million, representing a year-on-year increase of 26.4%;

Revenue by geographic region

The table below sets forth the revenue by geographic regions of the Company for the periods as indicated:

隨着中國火鍋餐飲行業的穩定增長和消費升級的持續，本公司的海底撈餐飲業務銷售額在2019年持續錄得穩定增長。得益於海底撈餐廳門店數量的持續快速增長，本集團截至2019年12月31日止年度向關聯方（主指向海底撈集團銷售）銷售的銷售收入為人民幣1,663.2百萬元，同比增長41.4%。

在第三方經銷商銷售收入方面，通過本集團持續對經銷網絡的下沉和售點的加密，對內部銷售激勵機制的完善，提升服務質量贏得經銷商滿意度等方式，持續提振整體產品銷售能力。並且結合產品特性開闢創新渠道，增強渠道發展潛力。在電商方面，持續發揮旗艦店優勢的同時，借助天貓超市及京東自營等線上強勢平台，銷售額維持穩健增長。截至2019年12月31日止年度向經銷商銷售的銷售收入為人民幣2,304.3百萬元，同比增長82.4%；電商渠道的銷售收入為人民幣274.9百萬元，同比增長26.4%；

按地域劃分的收入

下表列示了本公司於所示期間以地域劃分的收入：

For the year ended 31 December 截至12月31日止年度

		2019 2019年		2018 2018年	
		(RMB' 000) (人民幣千元)	% of total revenue 佔收入百分比	(RMB' 000) (人民幣千元)	% of total revenue 佔收入百分比
Northern China ⁽⁵⁾	華北 ⁽⁵⁾	1,924,586	44.9%	1,339,493	50.0%
Southern China ⁽⁶⁾	華南 ⁽⁶⁾	2,199,216	51.4%	1,255,998	46.8%
Overseas markets	海外市場	158,686	3.7%	85,882	3.2%
Total	總計	4,282,488	100.0%	2,681,373	100.0%

Management Discussion and Analysis

管理層討論與分析

Notes:

- (5) Including Heilongjiang, Jilin, Liaoning, Inner Mongolia, Beijing, Tianjin, Hebei, Shandong, Shanxi, Henan, Ningxia, Shaanxi, Gansu, Qinghai, Xinjiang and Tibet.
- (6) Including Jiangsu, Shanghai, Zhejiang, Anhui, Jiangxi, Fujian, Hubei, Hunan, Guangdong, Chongqing, Guizhou, Guangxi, Sichuan, Yunnan and Hainan.

附註：

- (5) 包括黑龍江、吉林、遼寧、內蒙古、北京、天津、河北、山東、山西、河南、寧夏、陝西、甘肅、青海、新疆及西藏。
- (6) 包括江蘇、上海、浙江、安徽、江西、福建、湖北、湖南、廣東、重慶、貴州、廣西、四川、雲南及海南。

Cost of sales

The Group's cost of sales, including raw materials, employee benefit expenses, depreciation and amortization and utilities, increased by 60.8% from RMB1,642.5 million for the year ended 31 December 2018 to RMB2,641.1 million for the same period of 2019.

銷售成本

本集團的銷售成本（包括原材料、僱員福利開支、折舊及攤銷及公用事業）由截至2018年12月31日止年度的人民幣1,642.5百萬元增加60.8%至2019年度的人民幣2,641.1百萬元。

Gross profit and gross profit margin

毛利及毛利率

For the year ended 31 December
截至12月31日止年度

		2019 2019年		2018 2018年	
		Gross profit		Gross profit	
		Gross profit	margin	Gross profit	margin
		毛利	毛利率	毛利	毛利率
		RMB'000	%	RMB'000	%
		人民幣千元	%	人民幣千元	%
Hot pot condiments	火鍋調味料	1,116,862	39.7%	768,809	39.3%
Third parties	第三方	678,812	55.6%	455,567	56.1%
Related parties	關聯方	438,050	27.5%	313,242	27.4%
Chinese-style compound condiments	中式複合調味料	185,178	46.9%	125,423	49.1%
Third parties	第三方	172,569	50.0%	117,592	51.4%
Related parties	關聯方	12,609	25.5%	7,831	29.2%
Convenient ready-to-eat food	方便速食	326,855	32.7%	138,715	30.9%
Third parties	第三方	319,616	32.7%	136,927	30.8%
Related parties	關聯方	7,239	35.3%	1,788	38.0%
Others	其它	12,505	16.6%	5,950	28.2%
Total	總計	1,641,400	38.3%	1,038,897	38.7%

The Group's gross profit increased by 58.0% from RMB1,038.9 million for the year ended 31 December 2018 to RMB1,641.4 million for the same period of 2019, and the gross profit margin decreased from 38.7% for the year ended 31 December 2018 to 38.3% for the same period of 2019. The slight decrease in gross profit margin was mainly due to the significant increase in percentage of revenue contributed by sales of convenient ready-to-eat food products with lower gross profit margin as compared to the same period last year.

Distribution Expenses

The Group's distribution expenses increased by 58.7% from RMB241.5 million for the year ended 31 December 2018 to RMB383.3 million for the same period of 2019. The Group's distribution expenses as a percentage of the Group's revenue was 9.0% in 2019, the same as in whole year 2018. The increase in distribution expenses was mainly due to the establishment of some branch storages that led to an increase in warehousing and transportation costs in order to enhance cooperation with distributors.

Administrative Expenses

The Group's administrative expenses increased by 62.7% from RMB163.2 million for the year ended 31 December 2018 to RMB265.6 million for the same period of 2019. The Group's administrative expenses as a percentage of the Group's revenue slightly increased from 6.1% in 2018 to 6.2% in 2019. The increase in administrative expenses was mainly due to the overly burdensome preliminary expenses incurred in preparation for the construction of Bazhou factory, Maanshan Phase II factory, Luohe factory and Malaysia factory, and the increase in administrative expenses as a result of business development.

Other Income and gains

The Group's net amount of other income and gains decreased by 8.4% from RMB86.2 million for the year ended 31 December 2018 to RMB79.0 million for the same period of 2019, mainly due to the amount of exchange gain from the appreciation of Hong Kong dollar decreased as compared to the same period of 2018.

本集團的毛利潤由截至2018年12月31日止年度的人民幣1,038.9百萬元增加58.0%至2019年年度的人民幣1,641.4百萬元，而毛利率由截至2018年12月31日止年度的38.7%降低至2019年年度38.3%。毛利率略微下降的原因主要是，毛利率較低的方便速食產品銷售額佔總收入比例與去年同期相比有明顯提升。

經銷開支

本集團的經銷開支由截至2018年12月31日止年度的人民幣241.5百萬元增加58.7%至2019年年度的人民幣383.3百萬元。本集團的經銷開支佔本集團收入為9.0%，與2018年同期持平。經銷開支增加主要原因是為深化與經銷商的合作，建立了若干分倉帶來的儲運費用增加。

行政開支

本集團的行政開支由2018年12月31日止年度的人民幣163.2百萬元增加62.7%至2019年年度的人民幣265.6百萬元。本集團行政開支佔本集團收入的百分比由2018年年度的6.1%微增至2019年年度的6.2%，行政開支的增加主要原因是籌建過程中的霸州、馬鞍山二期、漯河及馬來西亞工廠開辦費用的支出；以及業務發展帶來行政開支的增加。

其他收入及收益

本集團的其他收入及收益淨額由2018年12月31日止年度的人民幣86.2百萬元下降8.4%至2019年年度的人民幣79.0百萬元，主要是由於港元升值產生的匯兌收益較同期下降所致。

Management Discussion and Analysis

管理層討論與分析

Finance Income – net

The Group's net amount of finance income increased by 118.8% from RMB10.1 million for the year ended 31 December 2018 to RMB22.1 million of net finance income for the same period of 2019, mainly due to the increase of interest income on bank savings.

Profit before Tax

As a result of the foregoing, the Group's profit before income tax increased by 49.7% from RMB730.5 million for the year ended 31 December 2018 to RMB1,093.6 million for the same period of 2019.

Income Tax Expense

The Group's income tax expense increased by 63.5% from RMB182.6 million for the year ended 31 December 2018 to RMB298.6 million for the same period of 2019. The effective tax rate increased from 25.0% for the year ended 31 December 2018 to 27.3% for the corresponding period in 2019, mainly due to withholding tax on the dividend distribution by one of our subsidiaries in Mainland China to its sole shareholder in Hong Kong, also a subsidiary of the Company, in 2019.

Net Profit for the Year

As a result of the foregoing, net profit of the Group increased by 45.1% from RMB547.9 million for the year ended 31 December 2018 to RMB795.0 for the same period of 2019. Basic earnings per share increased from RMB0.534 for the year ended 31 December 2018 to RMB0.741 for the same period of 2019. Net profit margin decreased from 20.4% for the year ended 31 December 2018 to 18.6% for the same period of 2019.

Capital Liquidity and Financial Resources

For the year ended 31 December 2019, the Group's operations were mainly funded by cash generated from operating activities. The Group intended to utilize internal resources to provide funds for its business operations and expansion through organic growth and sustainable development.

融資收益 – 淨額

本集團的融資收入淨額由2018年12月31日止年度的人民幣10.1百萬元增加118.8%至2019年年度的人民幣22.1百萬元，主要是由於銀行存款利息收入增加。

除稅前利潤

由於上文所述內容，本集團的除所得稅前利潤由2018年12月31日止年度的人民幣730.5百萬元增加49.7%至2019年年度的人民幣1,093.6百萬元。

所得稅開支

本集團的所得稅開支由2018年12月31日止年度的人民幣182.6百萬元增加63.5%至2019年年度的人民幣298.6百萬元。有效稅率由2018年12月31日止年度的25.0%上升至2019年同期的27.3%，主要是由於2019年，我們於中國內地的其中一家子公司向其於香港的唯一股東（亦為本公司的子公司）分派股息的預扣稅。

年內淨利潤

由於上文所述內容，本集團淨利潤由2018年12月31日止年度的人民幣547.9百萬元增加45.1%至2019年年度的人民幣795.0百萬元。每股基本盈利由2018年12月31日止年度的人民幣0.534元增加至2019年年度的人民幣0.741元。而淨利率由截至2018年12月31日止年度的20.4%降低至2019年年度的18.6%。

資金流動性及財政資源

截止2019年12月31日止年度，本集團主要通過經營所得現金為營運提供資金。本集團擬動用內部資源、通過自然且可持續發展為其擴展及業務營運提供資金。

Cash and Cash Equivalents

As at 31 December 2019, the Group's cash and cash equivalents were mainly composed of Renminbi, Hong Kong dollars and US dollars. Cash and cash equivalents amounted to approximately RMB1,036.4 million (31 December 2018: RMB1,179.9 million).

Asset-Liability Ratio

As at 31 December 2019, the Group's asset-liability ratio⁽⁷⁾ was 17.6% (31 December 2018: 17.2%), and the increase was mainly due to the increase of lease liabilities, as well as other payables and accruals. The Group did not have any bank borrowings.

Note:

(7) The asset-liability ratio is calculated by dividing total liabilities as at the end of each financial period by total assets.

Inventories

Inventories mainly include raw materials and finished goods. As at 31 December 2019, the inventories amounted to approximately RMB297.3 million (31 December 2018: RMB275.8 million), the turnover days of inventories decreased from 46.4 days for the year ended 31 December 2018 to 39.1 days for the year ended 31 December 2019. The decrease in turnover days of inventories was mainly due to the Group's enhanced efficiency of inventory control.

Trade Receivables

Trade receivables represent the amounts due from customers in respect of sales of goods in the ordinary course of business. As at 31 December 2019, the trade receivables amounted to approximately RMB269.2 million (31 December 2018: RMB206.9 million). The change was mainly due to an increase in sales by the Group to related parties and certain third parties (such as e-commerce distributor clients) in 2019. The turnover days of trade receivables decreased from 22.7 days for the year ended 31 December 2018 to 20.0 days for 2019.

現金及現金等價物

截至2019年12月31日，本集團的現金及現金等價物主要是由人民幣，港元和美金組成。現金及現金等價物約為人民幣1,036.4百萬元（2018年12月31日：人民幣1,179.9百萬元）。

資產負債比率

截至2019年12月31日，本集團的資產負債比率⁽⁷⁾為17.6%（2018年12月31日：17.2%），上升的主要原因是租賃負債、其他應付及應計費用上升所致。本集團並無任何銀行借款。

附註：

(7) 資產負債比率按財政期末的總負債除以總資產計算。

存貨

存貨主要包括原材料及製成品。截至2019年12月31日存貨約為人民幣297.3百萬元（2018年12月31日：人民幣275.8百萬元），存貨周轉天數從截至2018年12月31日止年度的46.4天下降到截至2019年12月31日止年度的39.1天。存貨周轉天數得以減少的主要原因是本集團對庫存效率的把控得以提升。

貿易應收賬款

貿易應收賬款為日常業務過程中就銷售的商品而應收客戶的款項。截至2019年12月31日貿易應收賬款約為人民幣269.2百萬元（2018年12月31日：人民幣206.9百萬元），變動的主要原因是2019年，本集團與關聯方及部分第三方（如電商經銷客戶）銷售量增加所致。貿易應收賬款周轉天數從截至2018年12月31日止年度的22.7天降低到截至2019年年度的20.0天。

Management Discussion and Analysis

管理層討論與分析

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Due to the cyclical effects of low and peak seasons for production and sales and the seasonal procurement cycle, trade payables amounted to approximately RMB217.4 million as at 31 December 2019 (31 December 2018: RMB188.7 million). The turnover days of trade payables decreased from 35.6 days for the year ended 31 December 2018 to 27.7 days for the year ended 31 December 2019.

Contingent Liabilities

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

Charge of Assets

As at 31 December 2019, the Company did not charge any fixed assets as securities for borrowings.

Borrowings

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

Debt-to-Equity Ratio

As at 31 December 2019, the debt-to-equity ratio⁽⁸⁾ of the Company was 1.4%.

Note:

(8) Debt-to-equity ratio is calculated by dividing total debt by total equity. Total debt is defined as including interest-bearing liabilities which are not incurred during the ordinary course of business.

Foreign Exchange Risk and Hedging

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has certain cash in hand denominated in Hong Kong dollars and United States dollars, and is therefore exposed to foreign exchange risks. The Group has not hedged against its foreign exchange risks. However, the Group will closely monitor the exposure and will take specific measures when necessary to make sure the foreign exchange risks are manageable and within control.

貿易應付賬款

貿易應付賬款為日常業務過程中向供應商購買商品或服務而應支付的款項。受產銷淡旺季及季節性採購周期的影響，截至2019年12月31日貿易應付賬款約為人民幣217.4百萬元（2018年12月31日：人民幣188.7百萬元）。貿易應付賬款周轉天數從截至2018年12月31日止年度的35.6天降低到截至2019年年度的27.7天。

或然負債

截至2019年12月31日止，本公司並無任何或然負債。

資產押記

截至2019年12月31日止，本公司並無抵押任何固定資產作為借款擔保。

借貸

截至2019年12月31日止，本公司並無任何銀行借款。

資本負債比率

截至2019年12月31日止，本公司的資本負債比率⁽⁸⁾為1.4%。

附註：

(8) 資本負債比率按總債務除以總權益計算。總債務界定為包括並非於日常業務過程中產生的計息負債。

匯率波動風險及相關對沖

本集團主要在中國經營，大部分交易乃以人民幣列值及結算。然而，本集團持有若干以港元及美元列值的現金，面臨外匯匯兌風險。本集團並無對沖外匯風險。然而，本集團將密切監控有關情況並於必要時採取一定措施，確保外匯風險處於可控範圍。

Employees and Remuneration Policy

As at 31 December 2019, the Group had a total of 1,907 employees (including temporary workers), comprising 1,413 employees in production, 358 employees in marketing and 136 employees in administration and management functions.

For the twelve months ended 31 December 2019, the Group's total staff costs amounted to RMB453.6 million, including salaries, wages, allowances, benefits and costs of equity incentive plans. The Group continued to optimize the incentive-based system in line with business development needs and implemented remuneration policies with competitiveness.

Material Acquisitions and Disposals

For the year ended 31 December 2019, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

FUTURE PROSPECTS

Industry and Business Outlook

The growth of global economies and world trade has slowed down at the moment, with increased sources of volatility and points of risks. In the domestic economy, the issues of structural, systematic and cyclical intertwined with each other, and downside pressure on the economy remained intense. Meanwhile, due to the impact of the novel coronavirus outbreak, the year of 2020 is expected to face a challenging downside trend in the consumer market, and the economy will be subject to short-term pains and challenges, but the long-term, the optimistic development trend for the PRC economy as a whole will remain unchanged. Faced with this new situation, it is believed that the PRC government will adopt measures to stabilize growth, facilitate development, turn risks into opportunities and continue to go forward.

僱員及薪酬政策

截至2019年12月31日止，本集團員工總人數為1,907人（含臨時工），其中包括了生產體系員工1,413人，營銷體系員工358人，行政和管理相關職能體系員工136人。

截至2019年12月31日止十二個月，本集團的總員工成本為人民幣453.6百萬元，包括薪金、工資、津貼、福利以及股票激勵計劃成本。本集團緊貼業務發展需求，不斷優化激勵體系，實施具有競爭力的薪酬政策。

重大收購及出售事項

截至2019年12月31日止年度，本集團暫無附屬公司、聯營公司及合營企業的重大收購及出售情況。

未來前景

行業及業務展望

當前世界經濟貿易增長放緩，動蕩源和風險點增多，國內結構性體制性周期性問題交織，經濟下行壓力依然較大。與此同時，由於新型冠狀病毒疫情的影響，預期2020年，居民消費市場面臨着嚴峻下行趨勢，短期經濟將會面臨陣痛和挑戰，但整體中國經濟長期向好的發展趨勢並沒有改變。在新的形勢下，相信中國政府會進一步採取措施穩增長、促發展，化危為機，繼續前行。

Management Discussion and Analysis

管理層討論與分析

In 2020, the Group will continue to place strategic focus on product development, channel building, terminal marketing, overseas expansion and replenishing supplies.

In respect of product development, the Group will continue to adopt multi-brand segments in application scenarios and product categories, and the slogan “enjoy good taste at leisure” (讓美味變輕鬆) will be used as the theme for creating products, brands and corporate image. Through innovation in product mix, the scope of business will be widened further. The categories of hot pot condiments, Chinese-style compound condiments, convenient ready-to-eat food and snack food products will continue to evolve with new generations. While reinforcing the existing market positions for popular individual products, the Group will exercise its research and development and market exploration capabilities to enrich the product matrix. In the development of new products, we will continue to utilize the incentive strategy of “project-based system for products”, and introduce different new products with unique local flavors and foreign styles. The market exit system will be strictly enforced to adjust the product mix in a timely manner, large-scale individual products will be developed, and non-performing goods will be removed to enhance the comprehensive competitiveness of the products.

In respect of channel building, the Group will continue optimizing and developing lower-tier sales channels actively through organic growth and outward expansion development strategies, strengthen terminal sales capabilities and develop brand new model for channels to enhance the Group’s market share and industry position constantly. Meanwhile, the staff incentive policies will be enhanced and improved continuously to encourage internal sales staff and external distributors in a practical manner, increase the density of points of sales and enhance the sales efficiency. In respect of e-commerce platform, the focus will continue to be enhancing consumer experience, improving sales efficiency and brand image of the e-commerce platform constantly.

In respect of terminal marketing, the Group will continue to carry out online and offline promotions actively, using “family love” as the management theme for providing services to distributors and points of sales, enhance the fees utilization efficiency, and optimize the terminal sales efficiency. Meanwhile, the Group will continue to refine the cooperation relationship with distributors, by utilizing branch storages in multiple areas to improve delivery efficiency and implement “zero inventory” measures, channel space and distributor potential will be extracted practically and effectively.

2020年，本集團依然把產品開發、渠道建設、終端營銷、海外擴展和供應補充作為公司策略重點。

在產品開發方面，本集團持續以多個子品牌細分應用場景及產品類別，以「讓美味變輕鬆」為主題標語打造產品、品牌及企業形象。通過產品的結構化創新，進一步拓寬業務邊界，圍繞火鍋調味料、中式複合調味料、方便速食及休閒食品等品類持續推陳出新，在穩固現有強勢單品市場地位的同時，發揮本集團研發及探尋市場的能力，豐富產品矩陣。在新品開發上，我們也將繼續運用「產品項目制」激勵策略，以獨特地方風味和異域風情為方向，持續引入差異化新品。也將配合嚴格的產品下市制度，及時調整產品組合，培育大單品，淘汰表現不佳的產品，提升產品的綜合競爭力。

在渠道建設方面，本集團將繼續通過內生增長和外延發展的方式積極優化並下沉銷售渠道、加強終端銷售能力、開拓全新渠道模式，以持續提升本集團的市場佔有率和行業地位。與此同時，將繼續優化和改進人員激勵政策，切實鼓勵內部銷售人員以及外部經銷商，提高售點覆蓋密度及單點銷售效率。在電商平台方面，持續提升消費者體驗為重點，不斷提升電商平台的銷售效率和品牌形象。

在終端營銷方面，本集團將持續進行積極的線上及線下推廣，以「親情化」管理為主題，服務經銷商和售點，提升費用使用效率，優化終端銷售效率。與此同時，本集團將持續深化與經銷商的合作關係，以多個區域分倉提升配送效率和「零庫存」等舉措切實有效的挖掘渠道空間及經銷商潛力。

In respect of overseas business, the Group has basically completed the establishment of a number of overseas branch companies. In 2020, the Group anticipates that more foreign trade products will be produced by overseas contracting plants, and investment in the construction of overseas factories will be pursued actively, with a view to gradually establishing a stable production capacity to supply overseas products. This will not only reduce transportation costs and enhance the flexibility of product mix, but will also facilitate the regional adjustment of product flavors and the research and development of localized products.

In respect of supply chain, several domestic plants of the Group in China will be completed and will commence production in the next few years. It is expected that we will continue to invest in lean production as well as research and development of equipment automation.

Material Investments and Prospects

In order to ease the pressure from a continuously increasing production capacity utilization rate, the Group mainly adopted the following measures in 2019:

Firstly, the construction project of the south workshop in Bazhou Phase I located in Hebei Province, China was basically completed, and had formally commenced production in September 2019. The north workshop of Bazhou Phase I is expected to commence formal production in August 2020. The project of Bazhou Phase I is expected to bring in more than 70,000 tonnes of production capacity, including the special production line for developing soup flavorings for the “Thousand People Thousand Flavors” series of Haidilao Group restaurants and the production line for retail products of hot pot soup flavorings. The Bazhou Phase II project is still under the planning stage, and is expected to be completed by the end of 2022. The project of Bazhou factories is located at the northern China central region, which will help the Group to control and manage logistics costs and peak season pressure more effectively.

在海外業務方面，本集團已經基本完成多個海外分公司的設立，2020年，本集團預計會有更多的外貿產品交由海外代工廠生產，並積極推進投資興建海外工廠的事宜，希望能逐步建立海外產品的穩定產能供應，不僅能減少運輸成本，提升產品組合靈活度，更有助於產品口味的區域化調整及符合當地產品的研發。

在供應鏈方面，未來幾年，集團將有多個國內工廠陸續建成投產。預計我們將持續在精益生產和自動化設備研發上進行投入。

重大投資的情況與前景

為舒緩日益增長的產能壓力，本集團在2019年主要採取了以下措施：

其一：基本完成位於中國河北省霸州一期南車間的建設項目。並已於2019年9月正式投產。霸州一期北車間預計將於2020年8月正式投產。霸州一期工程預期待帶來超過7萬噸產能，將包含配合海底撈餐廳「千人千味」底料產品開發的專用生產線以及火鍋底料零售產品生產線。霸州二期項目目前還在規劃階段，預期在2022年底完成。霸州工廠項目位於華北中心地區，將有助於本集團更好地把控和管理物流成本和旺季產能壓力。

Management Discussion and Analysis

管理層討論與分析

Secondly, the Group entered into a land acquisition agreement with the local government at Maanshan, Anhui Province, in August 2018. The total planned production capacity was 150,000 tonnes, of which 60,000 tonnes of production capacity are expected to commence production before the end of 2021, and the whole project will be completed and commence production in 2023. As of the current date, the overall planning of the factory has been completed, and is preparing to enter the civil construction planning stage. The Maanshan Phase II project will be equipped with condiment production equipment, quality inspection instruments and technical process at domestic and international advanced level to enhance the Company's overall production line efficiency.

Thirdly, the Group entered into a land acquisition agreement with the Linying County Government in Luohe, Henan Province, during the first half of 2019. The Luohe production base has commenced construction in the second half of 2019 and will commence production before the end of 2021. The expected production capacity of Phase I will be 150,000 tonnes and the designed production capacity of Phase II will be 150,000 tonnes, which is expected to commence production in 2024.

其二：本集團於2018年8月於安徽馬鞍山與當地政府簽訂了土地購買協議，計劃總產能15萬噸，預計將在2021年底前投產6萬噸，2023年全部建成投產。截至目前，該工廠已經完成整體規劃，準備進入土建設計階段。馬鞍山二期項目將配備具有國內外先進工藝技術水平的調味料生產設備及質量檢測儀器，以提升公司整體生產線效率。

其三，本集團於2019年上半年與河南漯河臨潁縣政府簽訂了土地購買協議，漯河生產基地已經於2019年下半年開始建設，預計於2021年底前投產，一期預期產能15萬噸，二期設計產能15萬噸，預計將於2024年投產。

Profiles of Directors and Senior Management

董事及高級管理層簡介

EXECUTIVE DIRECTORS

Mr. Shi Yonghong (施永宏), aged 50, an executive Director and the Chairman of the Company. He has been a Director of the Company since December 2015, primarily responsible for participating in making major decisions for the Company. He was appointed as a non-executive Director of the Company on 7 March 2016 and the Chairman of the Company on 14 November 2017. He was re-designated as the executive director and Chief Executive Officer of the Company on 9 December 2018 and as the executive Director and Chairman of the Company on 25 March 2020. He is responsible for formulation and management of strategic decisions of the Company. Mr. Shi is one of the founders of the Haidilao Group and has over 20 years of food industry and management experience within the Haidilao Group. Mr. Shi has held various positions at Sichuan Haidilao since April 1994. Mr. Shi was the vice general manager at Sichuan Haidilao between April 1994 and March 2001, before assuming the role of supervisor at Sichuan Haidilao between April 2001 and June 2009. Since July 2009, Mr. Shi has been a director at Sichuan Haidilao. Mr. Shi also serves as an executive director of associates of the Company's Controlling Shareholders. He is currently an executive director of Haidilao International Holding Ltd. (stock code: 6862). Mr. Shi completed his study in mechanics at Sichuan Kongfen Group Technical School (四川空分技工學校) in June 1988.

Mr. Guo Qiang (郭強), aged 51, an executive Director and the Chief Executive Officer of the Company. He was appointed as an executive Director of the Company on 26 March 2019 and the Chief Executive Officer of the Company on 25 March 2020. He is primarily responsible for implementation of Board's strategy and management of daily operation of the Group. Mr. Guo joined the Company since January 2016 and served as the head of sales management division of the Company and the Company's head of sales division in the southern region in August 2017. In December 2018, he was appointed as the head of marketing and sales of the Company, responsible for the branding, sales and marketing businesses so as to optimize the marketing system of the Company. Before joining the Company, Mr. Guo served as a mechanical engineer of a tractor factory in Shenyang from September 1992 to April 1997; a national sales director of Lotte (China) Investment Co., Ltd. from May 1997 to August 2010; a sales director of Henan Kedi Frozen Food Co., Ltd.* (河南科迪速凍食品有限公司) from August 2010 to July 2013; and a sales director of national hypermarket division of Haixin Foods Co., Ltd. from April 2014 to December 2015. Mr. Guo graduated from Shenyang Agricultural University in 1992 with a bachelor's degree in mechanical design.

執行董事

施永宏先生，50歲，本公司執行董事兼董事會主席。彼自2015年12月起擔任本公司的董事，主要負責參與作出本公司的重要決策。彼於2016年3月7日獲委任為本公司非執行董事，並於2017年11月14日獲委任為本公司董事會主席，其後於2018年12月9日起獲調任為本公司執行董事及首席執行官，並於2020年3月25日調任為執行董事兼董事會主席，負責本公司重大戰略決策的制定及管理。施先生為海底撈集團的創辦人之一並於海底撈集團積累逾20年食品行業及管理經驗。施先生自1994年4月起於四川海底撈擔任多個職位。施先生於1994年4月至2001年3月擔任四川海底撈的副總經理，之後於2001年4月至2009年6月擔任四川海底撈的監事。施先生自2009年7月起為四川海底撈的董事。施先生亦於本公司控股股東聯繫人擔任執行董事。彼目前為海底撈國際控股有限公司（股份代號：6862）的執行董事。施先生於1988年6月於四川空分技工學校完成機械課程。

郭強先生，51歲，本公司執行董事兼首席執行官。彼於2019年3月26日獲委任為本公司執行董事，並於2020年3月25日獲委任為本公司首席執行官，主要負責執行董事會的戰略，並管理本集團日常營運。郭先生於2016年1月加入公司任職公司銷售管理部總監，並於2017年8月擔任公司南區銷售部總監，之後於2018年12月獲委任為公司行銷總監，負責公司的品牌、銷售和市場業務，致力於優化公司行銷體系的建設。加入本公司之前，郭先生於1992年9月至1997年4月在瀋陽拖拉機製造廠擔任機械工程師，於1997年5月至2010年8月在樂天（中國）投資有限公司擔任全國銷售總監，於2010年8月至2013年7月在河南科迪速凍食品有限公司擔任銷售總監，於2014年4月至2015年12月在海欣食品股份有限公司擔任全國商超部銷售總監。郭先生於1992年畢業於瀋陽農業大學，取得機械設計學士學位。

Profiles of Directors and Senior Management

董事及高級管理層簡介

Ms. Dang Chunxiang (黨春香), aged 47, was appointed as Vice President of the Company on 9 December 2018. She has been a Director since December 2015 and is primarily responsible for the overall management of the Company, implementation of the decisions of the Board. Ms. Dang has been the general manager of Yihai Shanghai since December 2015, and was appointed as an executive Director, the chief executive officer and general manager of the Company on 7 March 2016. Prior to this, Ms. Dang worked as a sales manager of Kebao Boloni Home Furnishing Co. Ltd. (科寶博洛尼家居有限公司) from August 1998 to April 2002. From May 2002 to September 2008, she joined Beijing Yuanzhou Decoration Co., Ltd. (北京元洲裝飾有限公司) as a manager of the kitchen cabinet department and was later promoted to director of the home furnishing management department. Ms. Dang was the vice general manager of Huawei Leren (Beijing) Trading Co., Ltd. (華威樂仁(北京)貿易有限公司), a company engaging in construction materials trading from January 2009 to November 2010. Ms. Dang then joined Sichuan Haidilao and served as the head of the operations department from January 2011 to December 2014. Ms. Dang served as the head of the operations department and a standing deputy general manager of Yihai Shanghai from December 2014 to January 2015 and from January 2015 to December 2015, respectively. Ms. Dang completed her graduate study in business administration at Renmin University of China (中國人民大學) in May 2010, and completed EMBA professional programme at Guanghua School of Management in July 2017.

Mr. Sun Shengfeng (孫勝峰), aged 40, was appointed as an executive Director and the chief financial officer on 7 March 2016. He is primarily responsible for overseeing matters relating to the financial, investment and risk management of the Company, including budgeting, disclosure and reporting. Mr. Sun has also served as the chief financial officer of Yihai Shanghai since August 2015. Mr. Sun served as the head of finance in Xi'an Yinqiao Biotechnology Co., Ltd. (西安銀橋生物科技有限公司) from September 2003 to August 2007. He joined Sichuan Haidilao in September 2007 and has held various positions successively: he worked as assistant to the chief financial officer from September 2007 to November 2011, the chief accountant from November 2011 to December 2012, deputy head of the finance management department from December 2012 to August 2013, and deputy head of the asset management department from August 2013 to August 2015. Mr. Sun passed the self-taught higher education examination for undergraduate study in business administration with Xi'an University of Technology (西安理工大學) and obtained a graduation certificate in June 2009. He completed his graduate study in business administration at Tsinghua University in September 2010, and obtained a master's degree in business administration at China Europe International Business School in November 2019. He was accredited as an accountant by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in May 2005.

黨春香女士，47歲，於2018年12月9日獲委任為本公司副總裁。彼自2015年12月起為本公司董事，主要負責本公司的整體管理、執行董事會的決定。黨女士自2015年12月起擔任頤海上海的總經理，並於2016年3月7日獲委任為執行董事、首席執行官兼總經理，在此之前，黨女士於1998年8月至2002年4月擔任科寶博洛尼家居有限公司的銷售經理。於2002年5月至2008年9月，彼加入北京元洲裝飾有限公司擔任櫥櫃部門經理，其後獲擢升為家居管理部門總監。於2009年1月至2010年11月，黨女士為華威樂仁(北京)貿易有限公司(一家從事建材貿易的公司)的副總經理。黨女士其後加入四川海底撈，並於2011年1月至2014年12月擔任營運管理部門部長。於2014年12月至2015年1月及2015年1月至2015年12月，黨女士分別擔任頤海上海的營運管理部門部長及常務副總經理。黨女士於2010年5月在中國人民大學完成工商管理專業研究生課程，並於2017年7月在北大光華管理學院完成高級工商管理碩士專業課程。

孫勝峰先生，40歲，於2016年3月7日獲委任為執行董事兼財務總監。彼主要負責監督與本公司的財務、投資及風險管理相關事宜，包括財務預算、資訊披露及報告。孫先生亦自2015年8月起擔任頤海上海的財務總監。於2003年9月至2007年8月，孫先生擔任西安銀橋生物科技有限公司的財務主管。彼於2007年9月加入四川海底撈並先後擔任多個職務，包括於2007年9月至2011年11月擔任財務總監助理，於2011年11月至2012年12月擔任總會計師，於2012年12月至2013年8月擔任財務管理部門的副部長，及於2013年8月至2015年8月擔任資產管理部門副部長。孫先生通過西安理工大學工商企業管理本科高等教育自學考試並於2009年6月取得畢業證書。彼於2010年9月在清華大學完成工商管理專業研究生課程，並於2019年11月獲得中歐國際工商學院授予的工商管理碩士學位。彼於2005年5月獲中華人民共和國財政部認可為會計師。

Profiles of Directors and Senior Management

董事及高級管理層簡介

Ms. Shu Ping (舒萍), aged 49, was appointed as an executive Director of the Company on 21 March 2018. She has been the director of Sichuan Haidilao Catering Corporation Ltd.* (四川海底撈餐飲股份有限公司) since November 2014. She is currently a non-executive director of Haidilao International Holding Ltd. (stock code: 6862). Ms. Shu has completed the EMBA (China) programme and the FMBA programme run by Cheung Kong Graduate School of Business in November 2015 and completed the EMBA programme run jointly by Shanghai Jiao Tong University and Nanyang Technological University in Singapore in July 2016. Ms. Shu is the spouse of Mr. Zhang Yong, a non-executive director of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Zhang Yong (張勇), aged 49, was appointed as a non-executive Director of the Company on 7 March 2016. Mr. Zhang is one of the founders of the Haidilao Group and has over 20 years of food industry and management experience within the Haidilao Group. He has been a Director since December 2015 and is primarily responsible for participating in making major decisions for the Company. Mr. Zhang served as the general manager of Sichuan Haidilao from April 1994 to March 2001. Between April 2001 and June 2009, Mr. Zhang served as both the executive director and the general manager of Sichuan Haidilao. Since July 2009, Mr. Zhang has served as the director and chairman of Sichuan Haidilao. Mr. Zhang also serves as a director and member of senior management of associates of the Company's Controlling Shareholders. He is currently an executive director of Haidilao International Holding Ltd. (stock code: 6862). Mr. Zhang completed the executive master of business administration program and completed the finance master of business administration program from Cheung Kong Graduate School of Business (長江商學院) in October 2011 and August 2012, respectively. Mr. Zhang is the spouse of Ms. Shu Ping, an executive director of the Company.

舒萍女士，49歲，於2018年3月21日獲委任為本公司執行董事。由2014年11月至今擔任四川海底撈餐飲股份有限公司的董事。彼目前為海底撈國際控股有限公司（股份代號：6862）的非執行董事。舒女士於2015年11月完成長江商學院的高級管理人員中國企業工商管理碩士課程以及金融工商管理碩士課程，並於2016年7月完成上海交通大學與新加坡南洋理工大學合作舉辦的高級工商碩士管理課程。舒女士為本公司非執行董事張勇先生的配偶。

非執行董事

張勇先生，49歲，於2016年3月7日獲委任為本公司非執行董事。張先生為海底撈集團的創辦人之一並於海底撈集團積累逾20年食品行業及管理經驗。自2015年12月起擔任本公司董事，主要負責參與作出本公司的重要決策。張先生於1994年4月至2001年3月擔任四川海底撈的總經理。2001年4月至2009年6月，張先生擔任四川海底撈的執行董事兼總經理。自2009年7月起，張先生擔任四川海底撈的董事兼董事長。張先生亦於本公司控股股東聯繫人擔任董事及高級管理層成員。彼目前為海底撈國際控股有限公司（股份代號：6862）的執行董事。張先生分別於2011年10月及2012年8月分別完成長江商學院高級管理人員工商管理碩士課程及長江商學院金融工商管理碩士課程。張先生為本公司執行董事舒萍女士的配偶。

Profiles of Directors and Senior Management

董事及高級管理層簡介

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau Ka Chi (邱家賜), aged 62, was appointed as an independent non-executive director of the Company on 20 June 2016. Mr. Yau has over 30 years of professional accounting experience including 20 years in serving China enterprises. He had worked for Ernst & Young in its Hong Kong, Toronto and Beijing offices with primary focus in providing professional services in accounting and audit, initial public offering, and corporate restructuring before retiring in September 2015. During his professional career with Ernst & Young, Mr. Yau was appointed as the Professional Practice Director of Greater China from July 2007 to June 2009, the Assurance Leader for China North Region from July 2010 to June 2014, the Oil & Gas Industry Leader of Greater China from May 2012 to June 2015 and the Assurance Leader of the Energy & Resources Markets Segment of Greater China from July 2013 to June 2015. Mr. Yau is an independent non-executive director of China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司) (Stock code: 2319) since October 2016 and China Power International Development Limited (中國電力國際發展有限公司) (Stock code: 2380) since December 2016, both companies listed on the main board of The Stock Exchange of Hong Kong Limited. Mr. Yau holds a professional diploma in company secretaryship and administration from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and is a member of the American Institute of Certified Public Accountants, the Illinois Certified Public Accountants Society and the Hong Kong Institute of Certified Public Accountants. Mr. Yau also holds a certified public accountant license issued by the Illinois Department of Financial and Professional Regulation, the United States.

Mr. Qian Mingxing (錢明星), aged 57, was appointed as an independent non-executive Director of the Company on 20 June 2016. He is primarily responsible for participating in making major decisions for the Company and advising on issues relating to corporate governance, nomination of Directors and remuneration of Directors and senior management. Mr. Qian has been a professor at Peking University Law School (北京大學法學院) since August 1999. He worked as a teaching assistant and a lecturer of the law department at Peking University from August 1986 to August 1988 and August 1988 to August 1993, respectively. From August 1993 to August 1999, Mr. Qian was an associate professor at Peking University Law School. Mr. Qian obtained a bachelor's degree in law and a master's degree in law from Peking University in July 1983 and July 1986, respectively. In June 2001, Mr. Qian obtained a doctoral degree of laws from Peking University.

獨立非執行董事

邱家賜先生，62歲，於2016年6月20日獲委任為本公司獨立非執行董事。邱先生擁有逾30年的專業會計服務經驗，包括20年服務中國企業經驗。彼於2015年9月自安永會計師事務所退休前，先後於其香港、多倫多及北京辦公室任職，主要從事會計與審計、首次公開發售及公司重組專業服務。於安永會計師事務所任職期間，邱先生於2007年7月至2009年6月期間任大中華區專業標準技術部主管合夥人，於2010年7月至2014年6月期間任中國華北區審計服務主管合夥人，於2012年5月至2015年6月期間任大中華區石油及天然氣業務主管合夥人，及於2013年7月至2015年6月期間任大中華區能源和資源業審計主管合夥人。邱先生自2016年10月起任中國蒙牛乳業有限公司(股份代號：2319)的獨立非執行董事及自2016年12月起任中國電力國際發展有限公司(股份代號：2380)的獨立非執行董事，兩家公司均在香港聯合交易所有限公司的主板上市。邱先生持有香港理工學院(現稱為香港理工大學)公司秘書及行政管理專業文憑，並為美國註冊會計師協會、伊利諾州註冊會計師協會及香港會計師公會的會員。邱先生亦持有美國伊利諾州財政及專業監管部頒發的執業會計師執照。

錢明星先生，57歲，於2016年6月20日獲委任為本公司獨立非執行董事。彼主要負責參與作出本公司的重要決策以及就公司管治、提名董事以及董事及高級管理層薪酬有關事宜提供意見。錢先生自1999年8月起一直在北京大學法學院擔任教授。錢先生於1986年8月至1988年8月期間及1988年8月至1993年8月期間分別在北京大學法律系擔任助教及講師。於1993年8月至1999年8月，錢先生擔任北京大學法學院副教授。錢先生分別於1983年7月及1986年7月取得北京大學的法律學士學位及法律碩士學位。錢先生於2001年6月取得北京大學法律博士學位。

Profiles of Directors and Senior Management

董事及高級管理層簡介

Ms. Ye Shujun (葉蜀君), aged 58, was appointed as an independent non-executive Director of the Company on 20 June 2016. She is primarily responsible for participating in making major decisions for the Company and advising on issues relating to corporate governance, remuneration of Directors and senior management, nomination of Directors and audit. Ms. Ye has been an independent director of Beijing New Universal Science and Technology Co., Ltd (北京萬向新元科技股份有限公司) (stock code: 300472) since June 2011, and an independent director of Anhui Guozhen Environment Protection Technology Joint Stock Co., Limited (安徽國禎環保節能科技股份有限公司) (stock code: 300388) since August 2016, both being companies listed on the Shenzhen Stock Exchange (深圳證券交易所). Ms. Ye has been serving as independent director of Anhui Telit Science and Technology Co., Ltd. (stock code: 831918), a company listed on National Equities Exchange and Quotation System, since July 2017, and as independent director of Wuhu Fuchun Dye And Weave Co., Ltd. (stock code: 870898), a company listed on the New Third Board, since November 2017. Ms. Ye also served as lecturer, associate professor and professor successively at the economic management college of Beijing Jiaotong University (北京交通大學) since December 1994. Ms. Ye completed a program in international accounting and international tax at Xiamen University in January 1990. Ms. Ye then obtained a master's degree in economics from Tsinghua University in July 1994. She obtained a doctoral degree in management from Beijing Jiaotong University in July 2007.

葉蜀君女士，58歲，於2016年6月20日獲委任為本公司獨立非執行董事。彼主要負責參與作出本公司的重要決策以及就公司管治、董事及高級管理層薪酬、提名董事及審計有關事宜提供意見。葉女士自2011年6月起一直出任北京萬向新元科技股份有限公司（股份代號：300472）的獨立董事，自2016年8月起出任安徽國禎環保節能科技股份有限公司（股份代碼：300388）的獨立董事，兩家公司均為深圳證券交易所上市公司。葉女士自2017年7月起擔任在全國中小企業股份轉讓系統掛牌上市的企業安徽天立泰科技股份有限公司（股票代碼：831918）的獨立董事，自2017年11月起任新三板掛牌企業蕪湖富春染織股份有限公司（股票代碼：870898）的獨立董事。葉女士亦自1994年12月起任教於北京交通大學經濟管理學院，先後任職講師、副教授及教授。葉女士於1990年1月在廈門大學完成國際會計與國際稅收班課程。葉女士其後於1994年7月取得清華大學經濟學碩士學位。彼於2007年7月取得北京交通大學管理工程學博士學位。

SENIOR MANAGEMENT

Mr. Shi Yonghong (施永宏), an executive Director of the Company. See “– Board of Directors – Executive Directors” in this section for his biographical details.

高級管理層

施永宏先生，本公司執行董事。有關其履歷詳情，請參閱本節「– 董事會 – 執行董事」。

Mr. Guo Qiang (郭強), an executive Director and the Chief Executive Officer of the Company. See “– Board of Directors – Executive Directors” in this section for his biographical details.

郭強先生，本公司執行董事及首席執行官。有關其履歷詳情，請參閱本節「– 董事會 – 執行董事」。

Ms. Dang Chunxiang (黨春香), an executive Director and the Vice President of the Company. See “– Board of Directors – Executive Directors” in this section for her biographical details.

黨春香女士，本公司執行董事及副總裁。有關其履歷詳情，請參閱本節「– 董事會 – 執行董事」。

Mr. Sun Shengfeng (孫勝峰), an executive Director, the chief financial officer and joint company secretary of the Company. See “– Board of Directors – Executive Directors” in this section for his biographical details.

孫勝峰先生，本公司執行董事、財務總監及聯席公司秘書。有關其履歷詳情，請參閱本節「– 董事會 – 執行董事」。

Profiles of Directors and Senior Management

董事及高級管理層簡介

Mr. Zhao Xiaokai (趙曉凱), aged 43, currently the director of the supply system of the Company. He is responsible for the management of the supply system of the Company. He is committed to optimizing and managing the production of factories, inventory logistics and technological research. He has extensive experience in risk management and control, cost optimization, quality control and supply chain management. Mr. Zhao joined the Company on 31 March 2017, and served as the special assistance of the general manager, and the director of the supply management department since 1 December 2017. Prior to this, Mr. Zhao has served as the general manager in production of Douglas (Qingdao) Wines Co., Ltd (青島道格拉斯洋酒有限公司) from May 2016 to March 2017, the operational director of Heinz (Qingdao) Food Co.,Ltd. (亨氏(青島)食品有限公司) from April 2004 to April 2016, the quality auditor of Unilever Bestfood* (聯合利華百仕) from October 2000 to April 2004 and the production officer of Weifang Yue Hwa Food Co., Ltd.* (濰坊裕華食品有限公司) from July 1998 to October 2000. Mr. Zhao Xiaokai graduated from Jimei University and obtained a bachelor's degree in engineering in 1998.

趙曉凱先生，43歲，現為本公司供應體系總監，負責管理公司供應鏈系統的工作，致力於優化及管控工廠的生產、倉儲物流及技術研究等工作。其於風險管理和控制、成本優化、質量控制與供應鏈管理方面擁有豐富經驗。趙先生於2017年3月31日加入公司，擔任總經理特別助理職位，並自2017年12月1日起擔任供應管理部之總監。於此之前，趙先生於2016年5月至2017年3月擔任青島道格拉斯洋酒有限公司製造總經理一職，於2004年4月至2016年4月擔任亨氏(青島)食品有限公司之運營總監職位，於2000年10月至2004年4月擔任聯合利華百仕福質量審核員，於1998年7月至2000年10月擔任濰坊裕華食品有限公司生產主任。趙曉凱先生於1998年畢業於集美大學，取得工程學士學位。

* For identification purpose only

* 僅供識別

The Board of the Company presents this corporate governance report in the Group's annual report for the year ended 31 December 2019.

本公司董事會提呈本集團截至2019年12月31日止年度的年報內所載的本企業管治報告。

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

本公司的企業管治常規

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

本集團致力達致高水準的企業管治，務求保障股東權益及提高企業價值及問責性。

The Company has applied the principles as set out in the Corporate Governance Code and also the corporate governance report as contained in Appendix 14 to the Listing Rules.

本公司已應用上市規則附錄十四所載企業管治守則的原則及企業管治報告。

The Corporate Governance Code sets out the principles of good corporate governance and two levels of corporate governance practices, as follows:

企業管治守則訂明的良好企業管治原則及兩個層面的企業管治常規如下：

- (a) code provisions, which listed issuers are expected to comply with or to give considered reasons for deviation; and
- (b) recommended best practices for guidance only, which listed issuers are encouraged to comply with.

- (a) 守則條文，期望上市發行人遵守或就偏離行為提供審慎考慮的理由；及
- (b) 建議最佳常規，僅屬指引，鼓勵上市發行人遵守。

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code.

本公司的企業管治常規乃以企業管治守則所載原則及守則條文為依據。

Except for the deviation from the Corporate Governance Code provision A.2.1, the Company regularly reviews its compliance with Corporate Governance Code and the Company was in compliance with the code provisions of the Corporate Governance Code during the year ended 31 December 2019.

除僅偏離企業管治守則條文A.2.1條外，本公司定期審閱遵守企業管治守則的情況且本公司於截至2019年12月31日止年度內已遵守企業管治守則的守則條文。

Please refer to the Corporate Governance Report of this annual report for details.

有關詳情，請參閱本年報企業管治報告。

Corporate Governance Report

企業管治報告

A. THE BOARD

1. Responsibilities

The Board is responsible for the leadership and control of the Company and is responsible for promoting the success of the Company by directing and supervising its affairs. The Board also reviews the policies and practices on compliance with legal and regulatory requirements. The Board has established Board committees and has delegated to these Board committees' various responsibilities as set out in their respective terms of reference which are published on the websites of the Stock Exchange and the Company.

All of the Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its Shareholders at all times.

2. Delegation of Management Function

The Board is responsible for making all major decisions of the Company including: the approval and monitoring of all major policies of the Group and overall strategies, risk management and internal control systems, notifiable and connected transactions, nomination of the Directors and joint company secretaries, and other significant financial and operational matters.

All of the Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board before any significant transaction is entered into.

A. 董事會

1. 責任

董事會負責領導和控制本公司及負責統籌及監督本公司的事務進而促使本公司達成成功。董事會亦審閱遵守法律及法規規定方面的政策及常規。董事會下設董事委員會，並向該等董事委員會轉授其各自職權範圍載列的各項責任。該等董事會委員會各自的職權範圍刊載於聯交所及本公司網站。

全體董事已真誠地依據適用法律及規例的標準履行職責，並時刻為本公司及其股東的最佳利益行事。

2. 管理層職能授權

董事會負責制定本公司所有重大決策，包括：批准及監督本集團所有主要政策和整體策略、風險管理及內部控制系統、須予公佈的交易及關連交易、董事及聯席公司秘書的提名以及其他重要財務及營運事項。

全體董事均可全面及適時地獲取所有相關資料以及獲得聯席公司秘書的意見與服務，以確保董事會程序及所有適用規則及規例均獲遵從。各董事有權於適當情況下尋求獨立專業意見，有關開支由本公司承擔。

本公司的日常管理、行政及營運均已委派予高級管理層。其獲授權的職能會定期予以檢討。訂立任何重大交易前必須取得董事會批准。

3. Board Composition

The Board of the Company comprised the following Directors throughout 2019:

Executive Directors	Mr. Shi Yonghong (Chairman) Ms. Dang Chunxiang Mr. Sun Shengfeng Ms. Shu Ping Mr. Guo Qiang (Note 1)
Non-executive Director	Mr. Zhang Yong
Independent non-executive Directors	Mr. Yau Ka Chi Mr. Qian Mingxing Ms. Ye Shujun

Note 1: Mr. Guo Qiang has been appointed as an executive Director with effect from 26 March 2019.

The list of the Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed in the Prospectus and in this annual report, to the best knowledge of the Company, there are no financial, business, family, or other material/relevant relationships among members of the Board.

During the period from the Listing Date to 31 December 2019, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his or her independence pursuant to the requirements of the Listing Rules. The Company considers all the independent non-executive Directors to be independent in accordance with the independence requirements set out in the Listing Rules.

3. 董事會組成

在2019年本公司董事會由以下董事組成：

執行董事	施永宏先生 (主席) 黨春香女士 孫勝峰先生 舒萍女士 郭強先生 (附註1)
非執行董事	張勇先生
獨立非執行董事	邱家賜先生 錢明星先生 葉蜀君女士

附註1：郭強先生已獲委任為執行董事，自2019年3月26日起生效。

董事名單（按分類）亦根據上市規則於本公司不時公佈的所有公司通訊內予以披露。獨立非執行董事亦根據上市規則於所有公司通訊內明確列出。

除招股章程及本年報所披露者外，據本公司所知，董事會成員之間概無財務、業務、家庭或其他重大／相關關係。

於上市日期至2019年12月31日止期間內，董事會一直遵守上市規則有關規定，委任至少三名獨立非執行董事，佔董事會成員人數至少三分之一，以及其中至少一名獨立非執行董事須擁有適當專業資格或會計或相關財務管理專長。

本公司已收到各獨立非執行董事根據上市規則的規定發出確認本身獨立性的年度確認函。本公司認為，根據上市規則所載的獨立性規定，所有獨立非執行董事均屬獨立人士。

4. Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of the Directors are laid down in the Articles of Association. The primary duties of the Nomination Committee include, but are not limited to, reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of the Directors.

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company pursuant to which each of them has agreed to act as an executive Director or a non-executive Director (as the case may be), subject to re-election as and when required under the Articles of Association, until it is terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice in writing. Each of the independent non-executive Directors has signed a letter of appointment with the Company and has been appointed for a term of three years. The appointment may be terminated by either party giving to the other not less than one month's prior notice in writing.

In accordance with the Articles of Association, all of the Directors are subject to retirement by rotation at least once every three years and the Board has power from time to time and at any time to appoint any new Director to fill a causal vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

5. Induction and Continuing Development for Directors

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he or she understands the business and operations of the Company and that he or she is fully aware of his or her responsibilities and obligations under the Listing Rules and other relevant regulatory requirements.

4. 董事的委任、重選及免職

董事的委任、重選及免職程序及過程已載於組織章程細則。提名委員會的主要職責包括但不限於審閱董事會架構、規模及組成、評估獨立非執行董事的獨立性及就有關委任董事的事宜向董事會提出建議。

執行董事及非執行董事各自已與本公司訂立服務合約，據此，彼等分別同意擔任執行董事或非執行董事（視乎情況而定），可根據組織章程細則於需要時重選，直至根據服務合約的條款及條件終止或由其中一方向另一方發出不少於一個月的事先書面通知予以終止。各獨立非執行董事已與本公司簽立委任函並已獲委任，任期為三年。委任可由其中一方向另一方發出不少於一個月的事先書面通知予以終止。

根據組織章程細則，全體董事須至少每三年輪值告退一次，而董事會有權不時及隨時委任任何新董事以填補臨時空缺或加入董事會。任何按上述方式獲委任的董事任期僅至本公司下屆股東週年大會，惟屆時可於股東週年大會上膺選連任。

5. 董事的就任導引及持續發展

本公司於每名新委任董事首次獲委任時向其作出正式、全面及特設的就任導引，以確保其了解本公司的業務及運作，並完全知悉其於上市規則及其他有關監管規例下的職責及責任。

The Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the Directors were arranged by the Company and its professional advisers.

During the year ended 31 December 2019, each Director has attended training sessions arranged by the Stock Exchange regarding ESG Governance and Reporting.

According to records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2019 is as follows:

Name of Director	Training*
Mr. Shi Yonghong	√
Ms. Dang Chunxiang	√
Mr. Sun Shengfeng	√
Ms. Shu Ping	√
Mr. Guo Qiang	√
Mr. Zhang Yong	√
Mr. Yau Ka Chi	√
Mr. Qian Mingxing	√
Ms. Ye Shujun	√

* Each Director has read and learnt relevant information regarding the Company under the “Listing Rules and Guidance” issued by the Stock Exchange in 2019. On top of the above-mentioned trainings, each of the Directors has also read materials prepared by external professional advisers on “Main Regulations in Hong Kong and Regulatory Update”.

董事持續獲提供有關法律及規管制度以及業務及市場環境最新發展的資料，以協助彼等履行職責。本公司及其專業顧問已為董事安排持續性簡介及專業知識介紹。

截至2019年12月31日止年度，每名董事均已參加由聯交所安排的培訓課程，該等課程內容有關ESG管治及匯報。

根據董事提供的記錄，董事於截至2019年12月31日止年度獲得的培訓概要如下：

董事姓名	培訓*
施永宏先生	√
黨春香女士	√
孫勝峰先生	√
舒萍女士	√
郭強先生	√
張勇先生	√
邱家賜先生	√
錢明星先生	√
葉蜀君女士	√

* 每名董事均已閱讀及學習聯交所於2019年發佈的與公司相關的《上市規則與指引》相關信息及資料。除上述培訓外，各董事亦已研讀由外部專業顧問就「香港主要規則及監管更新」提供的資料。

6. Attendance Record of Board Meetings

a. Number of Meetings and Directors' Attendance

Code provision A.1.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Board met 4 times during the year ended 31 December 2019 for reviewing and approving the audited annual results for the year ended 31 December 2018, unaudited interim results for the six months ended 30 June 2019, the change of members of the Board, the entering of continuing connected transaction and revision of annual caps under certain agreements as well as the grant of RSUs to the Directors and senior officers of the Group.

The chairman of the Company held meeting with the independent non-executive Directors once during the year ended 31 December 2019 without the other Directors present.

The Company held two general meetings on 21 May 2019 and 4 July 2019 respectively during the year ended 31 December 2019. All proposed Shareholders' resolutions put to the above general meetings were resolved by poll vote and were duly passed. The vote tally of each such resolution was set out in the Company's announcements released on the day of the general meetings.

6. 董事會會議出席記錄

a. 會議次數及董事出席率

企業管治守則守則條文 A.1.1 條規定，每年至少召開四次定期董事會會議，至少每季度召開一次，且大多數董事須積極參與會議（無論親身或通過電子通信方式）。

於截至2019年12月31日止年度內，董事會已召開四次會議，以審閱及批准截至2018年12月31日止年度的經審核年度業績及截至2019年6月30日止六個月的未經審核中期業績、董事會成員變動、根據若干協議訂立持續關連交易及修訂年度上限以及向本集團董事及高級職員授出受限股份單位。

於截至2019年12月31日止年度內，本公司主席與獨立非執行董事進行一次會議，而其他董事未有出席是次會議。

於截至2019年12月31日止年度，本公司分別於2019年5月21日及2019年7月4日舉行兩次股東大會。於上述股東大會上提交的所有建議股東決議案已通過投票方式得以表決並獲得正式通過。各項決議案的表決情況載於本公司於股東大會當日發佈的公告。

The attendance records of each Director at the Board meetings and general meetings of the Company during the year ended 31 December 2019 are set out below:

於截至2019年12月31日止年度內，各董事出席董事會會議和本公司的股東大會的記錄載列如下：

Name of Director	董事姓名	Attendance/ Number of Board Meetings	Attendance/ Number of General Meetings
		出席次數/ 董事會會議次數	出席次數/ 股東大會次數
Mr. Shi Yonghong	施永宏先生	4/4	2/2
Ms. Dang Chunxiang	黨春香女士	4/4	2/2
Mr. Sun Shengfeng	孫勝峰先生	4/4	2/2
Ms. Shu Ping	舒萍女士	4/4	2/2
Mr. Guo Qiang	郭強先生	4/4	2/2
Mr. Zhang Yong	張勇先生	4/4	2/2
Mr. Yau Ka Chi	邱家賜先生	4/4	2/2
Mr. Qian Mingxing	錢明星先生	4/4	2/2
Ms. Ye Shujun	葉蜀君女士	4/4	2/2

b. Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are made available to the Directors in advance.

Notices of regular Board meetings are served to all of the Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notices were generally given.

Board papers together with all appropriate, complete and reliable information were sent to all of the Directors at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

b. 會議常規及指引

年度會議時間表及每次會議的草擬議程會事先向董事提供。

定期董事會會議通知均至少提前14日送交所有董事。就其他董事會及委員會會議而言，在一般情況下將給予合理通知。

董事會會議材料連同所有適當、完整及可靠資料於每次董事會會議或委員會會議前至少提前三日寄發予所有董事，以便董事了解本公司最新發展動態及財務狀況及使董事在知情情況下作出決定。

Corporate Governance Report

企業管治報告

Each Director also had separate and independent access to the senior management of the Company whenever necessary.

The senior management of the Company attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The joint company secretaries are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to the Directors for comment within a reasonable time after each meeting and the final version is open for the Directors' inspection.

The Articles of Association contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

B. CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

With effect from 9 December 2018, Ms. Dang Chunxiang resigned as chief executive officer of the Company and Mr. Shi Yonghong, the existing chairman was appointed as the chief executive officer of the Company. As such, the roles of the chairman and the chief executive officer of the Company are performed by the same individual and constitute a deviation from code provision A.2.1 of the Corporate Governance Code.

於需要時，各董事亦可單獨及獨立地聯絡本公司高級管理層。

本公司高級管理層出席所有定期董事會會議並於需要時出席其他董事會及委員會會議，以就本公司業務發展、財務及會計事項、法律及法規合規事宜、企業管治及其他重大事項提供意見。

聯席公司秘書負責記錄所有董事會會議及委員會會議，並保存有關記錄。記錄草稿一般於每次會議後的合理時間內交予董事傳閱以便其提出意見，定稿可供董事隨時查閱。

組織章程細則載有規定，要求有關董事於批准彼等或其任何聯繫人士擁有重大利益的交易時放棄投票且不計入會議法定人數。

B. 主席及行政總裁

企業管治守則守則條文A.2.1條訂明，主席及行政總裁的職位應予區分，並不應由同一人兼任。

自2018年12月9日起，黨春香女士辭任本公司行首席執行官，現任主席施永宏先生獲委任為本公司首席執行官。因此，本公司主席及首席執行官的職位由同一人兼任，並構成偏離企業管治守則守則條文A.2.1條。

Mr. Shi Yonghong had assumed both the roles of the chairman and the chief executive officer of the Company as he has extensive experience and knowledge in the food and the catering service industry and management experience within the Haidilao Group and in order to improve the efficiency of the operations of the Company.

In view of the ever-changing business environment in which the Group operates, the chairman and the chief executive officer must be proficient in the Chinese condiment market and be sensitive to market changes in order to promote the businesses of the Group. The Board thus considered a segregation of the role of the chairman and chief executive officer might create unnecessary costs for the daily operations of the Group.

The Board considered that vesting two roles in Mr. Shi Yonghong enabled the Company to promptly and efficiently make and implement decisions and will not impair the balance of power and authority between the Board and the management of the Company. The Company has established board committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee, with their members mainly comprising of independent non-executive Directors and which are responsible for the important corporate governance functions. The three independent non-executive Directors who possess balance of skills and experience appropriate to the business of the Company also contribute valuable independent views to the Board. All major decisions have been made in consultation with members of the Board and appropriate committees, as well as the senior management team. The Board is therefore of the view that there are adequate balance of power and safeguards in place. Due to good practice of corporate governance, with effect from 25 March 2020, Mr. Shi Yonghong has resigned from the post of chief executive officer and Mr. Guo Qiang has been appointed as the chief executive officer of the Company. Please refer to the announcement on change of chief executive officer dated 25 March 2020 for further details.

To facilitate discussion of all key and appropriate issues by the Board in a timely manner, the chairman of the Company coordinates with the senior management of the Company to provide adequate, complete and reliable information to all of the Directors for consideration and review.

由於施永宏先生在海底撈集團的食品和餐飲服務行業以及管理經驗方面擁有豐富的經驗和知識，及為提高本公司營運效率，故彼兼任本公司主席及首席執行官。

鑒於本集團經營的業務環境不斷變化，主席及首席執行官必須精通中國調味品市場，並對市場變化敏感，以促進本集團的業務。因此，董事會認為，主席及首席執行官的角色分離可能會為本集團的日常營運帶來不必要的成本。

董事會認為，施永宏先生擔任兩個職位，可使本公司迅速有效地制定及實施決策，且不會損害董事會與本公司管理層之間的權力及權限平衡。本公司已成立董事委員會，即審計委員會、薪酬委員會及提名委員會，其成員主要由獨立非執行董事組成，並負責重要的企業管治職能。擁有適合本公司業務的技能及經驗平衡的三名獨立非執行董事亦為董事會提供寶貴的獨立意見。所有重大決策都是在與董事會成員和相關委員會以及高級管理團隊協商後作出。因此，董事會認為，已有適當的權力平衡和保障措施。由於奉行良好企業管治常規，自2020年3月25日起，施永宏先生已辭任首席執行官職位，而郭強先生已獲委任為本公司首席執行官。詳情請參閱本公司日期為2020年3月25日首席執行官變更公告。

為方便董事會及時討論所有重要及合適的事項，本公司董事會主席與本公司高級管理層合作，向全體董事提供充足、完整及可靠的資料以供考慮和審閱。

Corporate Governance Report

企業管治報告

C. BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All of these three committees are established with defined written terms of reference which are available at the websites of the Stock Exchange and the Company.

The majority of the members of the Audit Committee, the Remuneration Committee, and the Nomination Committee are independent non-executive Directors.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

1. Audit Committee

We have established the Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules as well as paragraphs C.3 and D.3 of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Yau Ka Chi, Mr. Qian Mingxing and Ms. Ye Shujun. The chairman of the Audit Committee is Mr. Yau, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee meets at least twice a year. The primary duties of the Audit Committee include, but are not limited to, assisting the Board by (i) reviewing and monitoring the relationship of the external auditor and the Group, particularly the independence, objectivity and effectiveness of the external auditor; (ii) providing an independent view of the effectiveness of the financial reporting process, compliance, risk management and internal control systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing and reviewing the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements

C. 董事委員會

董事會已成立三個委員會，即審計委員會、薪酬委員會及提名委員會，以監察本公司特定事務。三個委員會均訂有明確書面職權範圍，且該等職權範圍於聯交所及本公司網站上可供查閱。

審計委員會、薪酬委員會及提名委員會的成員大多數為獨立非執行董事。

董事委員會擁有充足資源履行彼等職責，並可於提出合理要求時在適當情況下尋求獨立專業意見，費用由本公司承擔。

1. 審計委員會

我們已按照上市規則第3.21條及企業管治守則第C.3及D.3段成立具職權範圍的審計委員會。審計委員會由三名獨立非執行董事組成，即邱家賜先生、錢明星先生及葉蜀君女士。審計委員會的主席為邱先生，其持有上市規則第3.10(2)及3.21條項下規定的適當專業資格。

審計委員會每年進行至少兩次會議。審計委員會的主要職責包括（但不限於）在以下方面協助董事會：(i)檢討及監控外聘核數師與本集團之間的關係，尤其是外聘核數師的獨立性、客觀性及有效性；(ii)就本集團的財務報告過程、合規、風險管理及內部控制制度的有效性提供獨立意見；(iii)監察審核過程以及履行董事會指派的其他職務與職責；(iv)制訂及檢討本公司的企業管治政策

under the Listing Rules; (v) reviewing the financial information of the Company and ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to the Company's employees and Directors.

The Audit Committee held three meetings during the year ended 31 December 2019 and its main work involved the following:

- reviewing the audited annual results and financial report for the year ended 31 December 2018;
- reviewing the unaudited interim results and financial report for the six months ended 30 June 2019;
- reviewing the financial reporting and the compliance procedures;
- reviewing the policies and practices on corporate governance;
- reviewing the compliance with the Corporate Governance Code and the disclosure requirement in the corporate governance report as contained in Appendix 14 to the Listing Rules;
- reviewing the code of conduct and the compliance manuals for employees and the Directors, the financial, operational and compliance monitoring;
- reviewing the risk management and internal control systems;
- reviewing the internal audit work of the risk management and internal audit department; and
- reviewing the work of the external auditor.

及常規，以及法律和法規要求及上市規則要求的合規情況；(v) 審閱本公司財務資料，確保遵守會計標準及檢討因核數而出現的重大調整；及(vi) 制訂、檢討及監控適用於本公司僱員及董事的行為守則。

於截至2019年12月31日止年度內，審計委員會已舉行三次會議，其主要工作涉及以下各項：

- 審閱截至2018年12月31日止年度的經審核年度業績及財務報告；
- 審閱截至2019年6月30日止六個月的未經審核中期業績及財務報告；
- 審閱財務申報及合規程序；
- 審閱企業管治政策及常規；
- 審閱遵守上市規則附錄十四所載企業管治守則及企業管治報告的披露規定；
- 審閱僱員及董事操守準則及合規手冊、財務、運作及合規監控；
- 審閱風險管理及內部控制系統；
- 審閱風控審計審計部的內部審計工作；及
- 審閱外聘核數師的工作。

Corporate Governance Report

企業管治報告

The Audit Committee met with the external auditor of the Company in the absence of management of the Company once in relation to the provision of audit service to the Company for the year ended 31 December 2019.

The attendance records of the Audit Committee Meetings are set out below:

Name of Committee Member	委員會成員姓名	Attendance/ Number of Meeting(s) 出席次數/ 會議次數
Mr. Yau Ka Chi	邱家賜先生	3/3
Mr. Qian Mingxing	錢明星先生	3/3
Ms. Ye Shujun	葉蜀君女士	3/3

The Company's annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee on 23 March 2020. The Audit Committee considers that the annual financial results for the year ended 31 December 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

2. Remuneration Committee

The Company has established the Remuneration Committee with terms of reference in compliance with Rule 3.25 of the Listing Rules as well as paragraph B.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely, the executive Director Ms. Shu Ping and the independent non-executive Directors Ms. Ye Shujun and Mr. Qian Mingxing. Ms. Ye Shujun serves as the chairman of the Remuneration Committee.

截至2019年12月31日止年度，審計委員會曾與本公司外聘核數師進行一次有關為本公司提供核數服務的會議，而本公司管理層未有出席是次會議。

審計委員會會議的出席記錄載列如下：

本公司截至2019年12月31日止年度的年度業績已由審計委員會於2020年3月23日審閱。審計委員會認為截至2019年12月31日止年度的年度財務業績符合有關會計標準、規則及規定，並已正式作出適當披露。

2. 薪酬委員會

本公司已按照上市規則第3.25條及企業管治守則第B.1段成立具職權範圍的薪酬委員會。薪酬委員會由三名董事組成，即執行董事舒萍女士及獨立非執行董事葉蜀君女士及錢明星先生。葉蜀君女士擔任薪酬委員會的主席。

The Remuneration Committee meets at least once a year. The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on the Company's policy and structure for remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and approving senior management's remuneration proposals with reference to the Board corporate goals and objectives; and (iii) making recommendations to the Board on the remuneration packages of individual Directors and senior management.

The Remuneration Committee held three meetings during the year ended 31 December 2019 to review the remuneration policy and structure of the Company, and consider and make recommendation to the Board on the remuneration packages of the Directors and the senior management of the Company.

The attendance records of the Remuneration Committee Meetings are set out below:

Name of Committee Member	委員會成員姓名	Attendance/ Number of Meeting(s) 出席次數/ 會議次數
Ms. Ye Shujun	葉蜀君女士	3/3
Ms. Shu Ping	舒萍女士	3/3
Mr. Qian Mingxing	錢明星先生	3/3

Details of the Directors' remuneration are set out in note 37 to the Financial Statements. In addition, the remuneration payable to the senior management of the Company (who are not the Directors) by band for the year ended 31 December 2019 are set out in the section headed "Corporate Governance Report – D. Remuneration of Senior Management" of this annual report.

薪酬委員會每年進行至少一次會議。薪酬委員會的主要職責包括(但不限於)下列各項：(i)就全體董事及高級管理層的薪酬政策及架構以及就制定薪酬政策的正規及透明度程序向董事會提出建議；(ii)因應董事會所訂立的企業方針目標檢討及批准高級管理層的薪酬建議；及(iii)就個別董事及高級管理層的薪酬待遇向董事會提出建議。

於截至2019年12月31日止年度內，薪酬委員會已舉行三次會議，以檢討本公司的薪酬政策及架構，以及考慮本公司董事及高級管理層的薪酬待遇並就此向董事會提出建議。

薪酬委員會會議的出席記錄載列如下：

董事酬金詳情載列於財務報表附註37。此外，應付本公司高級管理層(無兼任董事)於截至2019年12月31日止年度的薪酬按等級載列於本年報中「企業管治報告 – D.高級管理層的薪酬」一節。

3. Nomination Committee

The Company has established the Nomination Committee with terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely, the executive Director Mr. Shi Yonghong and the independent non-executive Directors Mr. Qian Mingxing and Ms. Ye Shujun. Mr. Shi Yonghong serves as the chairman of the Nomination Committee.

The Nomination Committee meets at least once a year. The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of the Board; (ii) assessing the independence of the independent non-executive Directors; (iii) making recommendations to the Board on matters relating to the appointment of Directors; and (iv) reviewing the diversity policy and nomination policy of the Board.

The Nomination Committee held one meeting during the year ended 31 December 2019 to review the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board and make recommendations to the Board relating to the appointment and re-election of Directors to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company; to review the training and continuous professional development of the Directors and senior management; and to assess the independence of the independent non-executive Directors.

3. 提名委員會

本公司已按照企業管治守則第A.5段成立具職權範圍的提名委員會。提名委員會由三名董事組成，即執行董事施永宏先生以及獨立非執行董事錢明星先生及葉蜀君女士。施永宏先生擔任提名委員會的主席。

提名委員會每年進行至少一次會議。提名委員會的主要職責包括(但不限於)(i)審閱董事會架構、規模及組成；(ii)評估獨立非執行董事的獨立性；(iii)就有關委任董事的事宜向董事會提出建議及(iv)審閱董事會多元化政策及提名政策。

於截至2019年12月31日止年度內，提名委員會已召開一次會議，以檢討董事會的架構、規模、組成及成員多元化(包括技能、知識、經驗、性別、年齡、文化及教育背景、種族、專業經驗及服務任期方面)並就董事委任以及重選向董事會提出建議，從而確保董事會成員在專業知識、技能及經驗各方面均衡，以配合本公司業務所需，審閱董事及高級管理人員的培訓及持續專業發展，並評核獨立非執行董事的獨立性。

The attendance records of the Nomination Committee Meetings are set out below:

提名委員會會議的出席記錄載列如下：

Name of Committee Member	委員會成員姓名	Attendance/ Number of Meeting(s) 出席次數/ 會議次數
Mr. Shi Yonghong	施永宏先生	1/1
Mr. Qian Mingxing	錢明星先生	1/1
Ms. Ye Shujun	葉蜀君女士	1/1

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

倘董事會出現空缺，提名委員會將參照提名人選的技能、經驗、專業知識、個人誠信及時間付出，本公司的需要及其他相關法定規定及規例，啟動甄選程序。

On 26 March 2019, the Nomination Policy was adopted to enable the Nomination Committee to nominate suitable candidates to the Board for its consideration and recommendation to Shareholders for election as Directors of the Company at the Shareholders' annual general meeting or to fill casual vacancies of the Directors for the appointment by the Board. A summary of the Nomination Policy is set out below:

於2019年3月26日，本公司採納了提名政策，以使提名委員會能夠向董事會提名合適的候選人供其考慮及推薦予股東以於股東週年大會上選任本公司董事或填補臨時空缺以待董事會委任。提名政策的概要載列如下：

Purpose:	The Nomination Policy aims to set out the approach to enable the Nomination Board to nominate suitable candidates to the Board.	目的：	提名政策旨在訂明使提名委員會能夠向董事會提名合適候選人的方法。
Selection Criteria:	Evaluation of candidates will be based on a range of factors, including but not limited to their reputation in the industry, achievements and experiences in the food and beverage industry, time commitments and board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.	甄選標準：	對候選人的評估將基於多項因素進行，包括但不限於彼等在業內的聲譽、在食品及飲料行業的成就及經驗、時間付出以及董事會多元化(包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識以及服務任期)。
Nomination Procedures:	<p>The Nomination Committee shall hold special meeting and invite the Board members to recommend candidates (if suitable candidates available) for consideration before the meeting. The Nomination Committee may also nominate the candidates who are not recommended by the Board members.</p> <p>In the case of filling the casual vacancies, the Nomination Committee shall recommend candidates to the Board for its consideration and approval. If candidates are recommended to be elected at the Shareholders' annual general meeting, the Nomination Committee shall nominate to the Board for its consideration and recommendation for their election.</p>	提名程序：	<p>提名委員會須舉行特別會議並邀請董事會成員推薦候選人(如有合適的候選人)在會議上審議。提名委員會亦可提名並非由董事會成員推薦的候選人。</p> <p>如為填補臨時空缺，提名委員會須將候選人推薦予董事會供其審批。倘推薦候選人在股東週年大會上選任，提名委員會須向董事會提名供其考慮及推薦選任。</p>

The nominated person should not be presumed to be recommended by the Board for election at the Shareholders' annual general meeting until the publication of the circular to the Shareholders.

在向股東刊發通函前，不得假設獲提名人士由董事會推薦在股東週年大會上選任。

The information of candidates nominated by the Board shall be set out in the circular for the Shareholders' annual general meeting.

董事會所提名候選人的資料須載入股東週年大會通函內。

The candidates may withdraw from election by serving written notice to the Board at any time before holding the Shareholders' annual general meeting.

候選人可於股東週年大會舉行前任何時間向董事會發出書面通知退出選舉。

The Board has absolute final discretion as to all matters in relation to the candidates to be recommended by it for their election at the Shareholders' annual general meeting, and the appointment of candidates is subject to final approval at the Shareholders' annual general meeting.

董事會對所有與其推薦在股東週年大會選舉的候選人有關的事宜擁有絕對的最終酌情權，且候選人的委任須在股東週年大會上最終批准後，方可作實。

Confidentiality:

Unless otherwise required by law or any regulatory authorities, under no circumstances shall a member of the Nomination Committee or a staff member of the Company disclose any information to the public or entertain any enquiries from the public, as the case may be, with regard to any nomination or candidate before the publication of the circular to Shareholders.

保密性：除非法律或任何監管機構另有規定，否則在向股東刊發通函前，提名委員會成員或本公司員工不得向公眾披露有關任何提名情況或候選人的任何資料或回應公眾與之有關的任何查詢（視情況而定）。

Prior to the Listing Date, the composition and diversity of the Board were considered by adopting the Board Diversity Policy including the necessary balance of skills and experience appropriate for the requirements of the business development of the Company and for effective leadership. All the executive and non-executive Directors possess extensive and diversified experience in management and broad industrial experience. The three independent non-executive Directors possess professional knowledge in management, finance, accountancy and legal, respectively with broad and extensive experience in business advisory and management, respectively. A summary of the Board Diversity Policy is set out below:

Purpose:

The Board Diversity Policy aims to set out the approach to achieve diversity of the Board and enable the Board to comply with the Corporate Governance Code.

**Board Diversity
Policy statement:**

The Company considers increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

於上市日期前，通過採納董事會成員多元化政策，我們已考慮董事會之組成及多元化，包括本公司業務發展要求及有效領導所適用技能與經驗的必要平衡。全體執行及非執行董事均擁有豐富及多元化的管理經驗以及廣泛行業經驗。三名獨立非執行董事分別具備管理、財務、會計及法律專業知識，並分別在商務諮詢及管理方面擁有廣泛而豐富的經驗。董事會成員多元化政策的概要載列如下：

目的： 董事會成員多元化政策旨在訂明實現董事會成員多元化的方法，及使董事會符合企業管治守則。

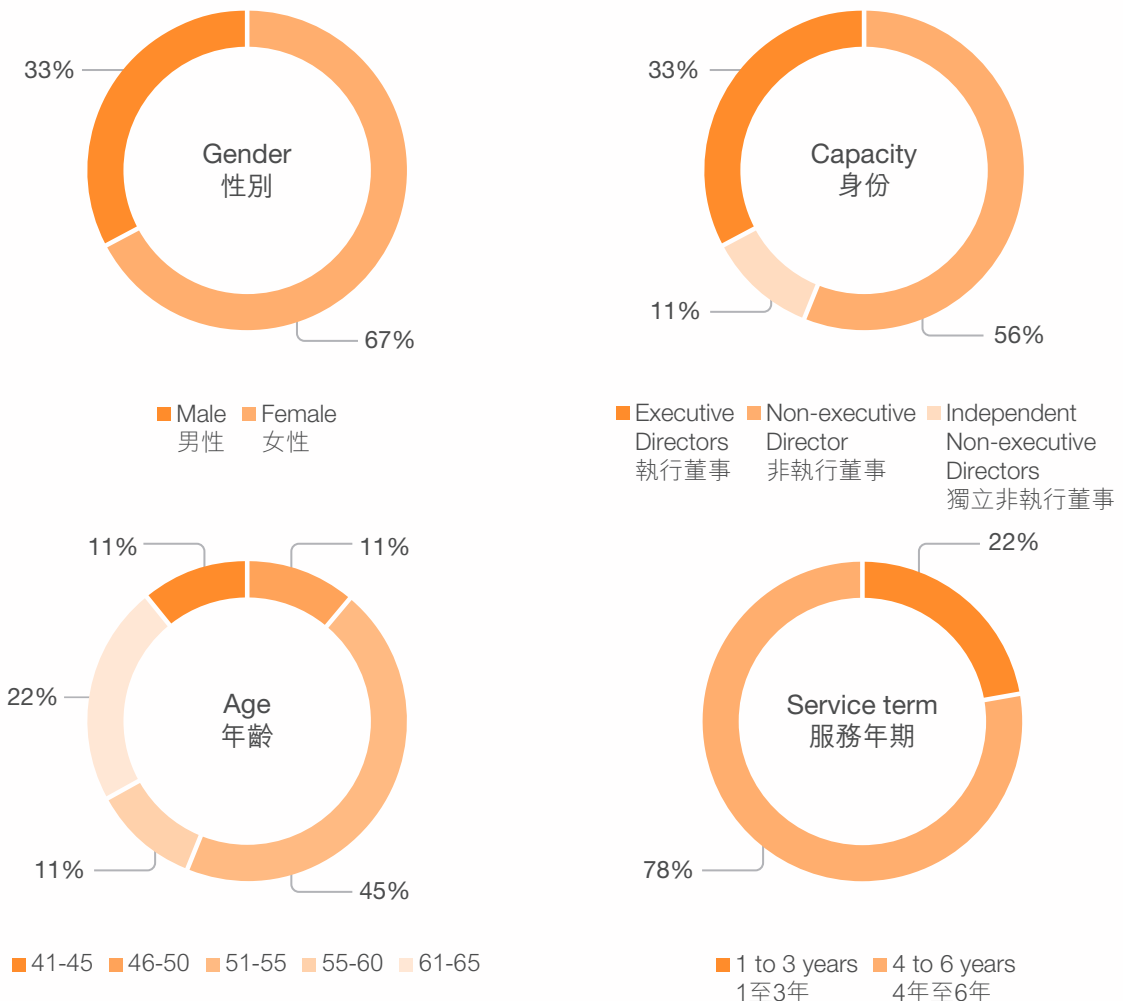
董事會成員多元化政策聲明： 本公司視董事會層面的日益多元化為支持其達到策略目標及可持續發展的必要元素。於設計董事會之組成時，本公司已從多方面（包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識以及服務任期）考慮董事會成員多元化。所有董事會成員之任命將按精英制度而定，而候選人將按照目標準則，並適當顧及董事會成員多元化的裨益予以考慮。

Measurable Objectives: Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

可計量目標： 候選人的篩選將基於多個方面（包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識以及服務任期）。最終決定將基於獲選的候選人可為董事會帶來的價值及貢獻而定。

In reviewing the structure, size, composition and diversity of the Board, the Nomination Committee has taken into account the measurable objectives as set out in the Board Diversity Policy.

於檢討董事會的架構、人數、組成及多元化時，提名委員會已考慮董事會成員多元化政策所載的可計量目標。

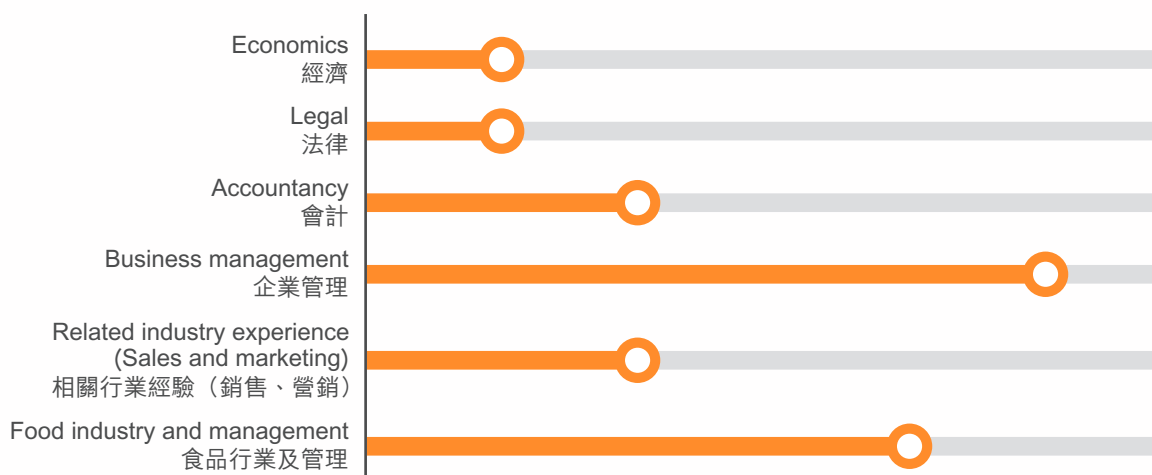


Corporate Governance Report

企業管治報告

Board Expertise and Experience

董事會專長及經驗



The Nomination Committee is of the view that the diversity level of the Board is appropriate in terms of knowledge, experience and skills of the directors. However, the Nomination Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the Board Diversity Policy in order to achieve increasing diversity at the Board level.

提名委員會認為，董事會成員的多元化水平就董事的知識、經驗及技能而言乃屬合適。然而，提名委員會將繼續遵守董事會成員多元化政策及按董事會成員多元化政策所載的目標準則考慮潛在候選人，以令董事會成員日益多元化。

D. REMUNERATION OF SENIOR MANAGEMENT

The remuneration (including salary only) payable to the senior management of the Company (who are not the Directors) is shown in the following table by band:

D. 高級管理層的薪酬

應付本公司高級管理層（無兼任董事）的薪酬（只包括薪金）按等級如下表列示：

(RMB) (人民幣)	2019 2019年 (members of senior management of the Company) (本公司高級 管理層成員)	2018 2018年 (members of senior management of the Company) (本公司高級 管理層成員)
2,000,000-3,000,000	-	2
6,000,000-7,000,000	1	-

E. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the year ended 31 December 2019.

The Company's relevant employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's relevant employees was noted by the Company during the year ended 31 December 2019.

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

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

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

G. EXTERNAL AUDITOR AND AUDITOR REMUNERATION

Pursuant to the resolution of the 2019 Shareholders' annual general meeting, PricewaterhouseCoopers was re-appointed by the Company as the external auditor of financial statements prepared under International Financial Reporting Standards.

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out under the section headed "Independent Auditor's Report" in this annual report.

E. 證券交易標準守則

本公司已採納標準守則。本公司已向所有董事作出具體查詢，而董事均已確認彼等已於截至2019年12月31日止年度內一直遵守標準守則。

可能掌握本公司內幕消息的本公司相關僱員亦已遵守證券交易的標準守則。截至2019年12月31日止年度，本公司並無注意到出現本公司相關僱員不遵守標準守則的事件。

F. 董事進行財務申報的責任

董事確認彼等編製本公司截至2019年12月31日止年度財務報表的責任。

董事會負責對年度及中期報告、內幕消息公佈及按上市規則及其他監管要求規定的其他財務披露作出平衡、清晰而可理解的評估。

本公司高級管理層已在需要時向董事會提供該等解釋及資料，以便董事會對本公司財務資料及狀況作出知情評估，以提呈該等資料予董事會批准。

G. 外聘核數師及核數師酬金

根據2019年的股東週年大會決議案，本公司已重新委聘羅兵咸永道會計師事務所作為根據國際財務報告準則編製財務報表的外聘核數師。

本公司外聘核數師就財務報表的申報責任作出的聲明載於本年報「獨立核數師報告」一節。

Corporate Governance Report

企業管治報告

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

During the year ended 31 December 2019, the remuneration paid/payable to the external auditor of the Company for the provision of audit services for the year ended 31 December 2019 amounted to RMB2.1 million.

During the year ended 31 December 2019, the remuneration paid/payable to the external auditor of the Company in respect of non-audit services for the year ended 31 December 2019 amounted to RMB0.5 million. The nature of such non-audit services is to provide advisory services.

H. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors is responsible for the establishment and maintenance of sound and effective risk management and internal control systems that are in line with the strategic objective of the Group. The Group established risk management and internal control systems to protect the interests of the Group and Shareholders, ensure the Group is in compliance with relevant laws and regulations, effectively identify and manage significant risks in achieving its strategic objectives, protect the safety of the Group's assets, and ensure the maintenance of proper compliance accounting records and financial reports.

The Board of Directors is responsible for evaluating the nature and extent of the risks the Group is willing to take in achieving strategic objectives and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems as well as overseeing management of the Group in the design, implementation and monitoring of the risk management and internal control systems.

本公司將邀請外聘核數師出席股東週年大會，回答有關審核工作、核數師報告的編製及內容以及核數師報告的編製及內容以及核數師的獨立性等問題。

截至2019年12月31日止年度，本公司就截至2019年12月31日止年度獲提供的審核服務向本公司外聘核數師支付／應支付的酬金為人民幣2.1百萬元。

於截至2019年12月31日止年度內，就截至2019年12月31日止年度的非審核服務向本公司外聘核數師支付／應支付的酬金為人民幣0.5百萬元。該等非審核服務的性質為諮詢服務。

H. 風險管理及內部控制

公司董事會負責建立和維持與本集團戰略目標相匹配的、健全有效的風險管理及內部監控系統。本集團建立風險管理及內部監控系統，旨在保障本集團和股東利益，確保本集團遵守相關法律法規，有效識別和管理影響公司戰略目標實現的重大風險，保護本集團資產的安全，保證恰當合規的會計記錄和財務報告。

公司董事會負責評估本集團達成戰略目標時所願意接納的風險性質及程度，並確保本集團設立及維持合適及有效的風險管理及內部監控系統，同時，負責監督本集團管理層對風險管理及內部監控系統的設計、實施與監察。

The Board periodically receives (at least once a year) reports from the Group's management regarding financial, operational and compliance controls, as well as the establishment, review and assessment of the risk management and internal control functions of the Group. All significant risks are reported to the Board. The Board will also evaluate the corresponding risks and the response plan. The Group would review, among other things, adequacy of resources, staff's qualifications and experience, training programs and budget of our accounting, internal control and financial reporting functions.

The Group's management is authorized by the Board to be in charge of the organization and implementation of the risk management and internal control of the Group and be responsible for establishing the risk management and internal control systems, standardizing the organization, authorization, responsibilities, procedures and methods of the risk management and internal control systems and also responsible for ongoing monitoring of the risk management and internal control systems of the Group, and makes periodic reports to the Board regarding the status of the risk management and internal control systems of the Group.

The risk management and internal audit department of the Group assists the Board and the Audit Committee in their analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The risk management and internal audit department adopts an audit approach based on risk and control. The annual work plan of the risk management and internal audit department covers the major activities and processes of the Group's operations, businesses and service units. Special reviews are also performed at the management's request. The results of these audit activities are communicated to the Audit Committee. The risk management and internal audit department provides independent assurance to the Board, the Audit Committee and the management of the Company as to whether the Group's internal controls are adequate and effective.

With respect to risk management, the Group has chosen and adopted the risk management framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in the United States of America ("COSO"), and established a risk management system covering design, implementation, monitoring, assessment and continuous

公司董事會定期（至少每年一次）收到本集團管理層關於本集團的財務、運作及合規監控，以及風險管理及內部監控職能建立、審閱及評估的報告。所有重大的風險均會向董事會匯報。董事會亦對相應風險和應對計劃做出評估。本集團會審核其在會計、內部監控及財務匯報職能方面的資源、員工資歷及經驗是否足夠，以及培訓課程及有關預算是否充足。

本集團管理層被董事會授權，負責本集團風險管理工作和內部監控的組織和實施，負責制定風險管理及內部監控制度，規範本集團實施風險管理及內部監控的組織機構、授權、責任、流程和方法，負責持續監督本集團風險管理及內部監控的工作，並定期向審計委員會並由其向董事會報告本集團風險管理和內控建設情況。

本集團風控審計部協助董事會及審計委員會，對本集團的風險管理與內部監控系統是否足夠以及其有效性進行分析及獨立評估。風控審計部採用以風險及控制為本的審核方法。風控審計部的全年工作計劃，涵蓋本集團營運、業務及服務單位各項主要工作及過程，並按照管理層的要求進行特別檢討，而審核工作的結果會交予審計委員會。風控審計部就本集團內部監控是否足夠及有效向董事會、審計委員會及本公司管理層提供獨立保證。

在風險管理方面，本集團選用美國Committee of Sponsoring Organizations of the Treadway Commission（「COSO」）制定的企業風險管理框架，並以ISO 31000：2009標準《風險管理－原

Corporate Governance Report

企業管治報告

improvement based on the ISO 31000:2009 “Risk Management – Principles and Guidelines”. The Group’s management established the overall targets and policies of the risk management system which are in line with the strategic objectives, and identified, analysed and assessed the overall risk of the Company, especially the risks in making major decisions, important events and key business processes. The Group’s management is also responsible for reviewing and approving the response plans to major risks, as well as following-up and periodically reviewing the implementation of such response plans of risks identified, in order to make sure that sufficient attention, monitor and responses will be paid to all key risks of the Company. The risk management reports are submitted to the Board periodically.

With respect to internal control, the Group has chosen and adopted the internal control framework issued by COSO, established an internal control system and mechanism over financial, operational and compliance controls and conducted continuing review and evaluation of the internal control system of the Group to ensure the timeliness, accuracy and completeness of all information reported.

- The management has evaluated the design and operating effectiveness of its internal control regarding the financial report as of 31 December 2019, did not identify any material weakness as a result of the evaluation, was not aware of any areas of concern that would have a material impact on the Company’s financial position or results of operations, and considered the risk management and internal control systems to be generally adequate and effective, including with respect to the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, and internal audit and financial reporting functions. On the basis of such evaluation, the Board considers that as of 31 December 2019, risk management and internal control systems of the Group were effective and adequate.
- At the same time, the Group has established a mechanism for remediating internal control deficiency under which the person in charge of each unit is assigned clear responsibilities relating to remediating internal control deficiency of the unit.

則與指南》作為重要參考，形成一套設計、實施、監控、評審和持續改進的風險管理體系。本集團管理層根據戰略制定風險管理總體目標和策略，識別、分析及評估本公司綜合風險，重點是重大決策、重大事件和重要業務流程方面，亦負責審查和批准對重大風險的應對方案，同時跟蹤與定期回顧已識別風險的應對方案實施情況，以確保本公司各類重大風險能得到足夠的關注、監控與應對。風險管理報告定期向董事會呈交。

在內部監控方面，本集團選用美國COSO委員會制定的內部監控框架，建立有關財務監控、營運監控和合規監控的內部監控系統及機制，對本集團的內部監控進行持續審視與評估，以確保各項報告信息的及時、準確和完整。

- 管理層已經對本公司截至2019年12月31日財務報告內部監控的設計和運行有效性進行了評估，通過評估未發現任何實質性漏洞，未發現任何將對本公司的財務狀況或經營業績造成重大影響而需多加關注的事項，亦認為風險管理及內部監控系統整體而言充足並具成效，包括具備充足資源、適當的員工資歷及經驗和員工培訓課程，並在會計、內部審計及財務匯報職能方面有足夠的預算。在此評估基礎上，董事會認為截至2019年12月31日，本集團風險管理及內部監控系統是有效及充足的。
- 同時，本集團建立了一套內部監控缺陷整改機制，各單位的負責人對本單位的內部監控缺陷負有明確的整改責任。

- The Group has formulated an inside information policy and regularly reminds its Directors and employees to comply with all inside information policies.
- The Group established an open channel to handle and discuss internal and external whistle-blowing regarding financial irregularities, internal control deficiencies and fraud, and to ensure that every accusation receives sufficient attention. Significant internal control deficiencies or accusations will be reported directly to the Audit Committee.

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

For details of the nature and extent of the principal risks faced by the Group, please refer to the section headed “e. Principal Risk and Uncertainties” in the Directors’ Report of this annual report.

I. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investor understanding of the Group’s business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable the Shareholders and investors to make the best investment decisions.

The general meetings of the Company are expected to provide a forum for communication between the Board and the Shareholders. The chairman of the Board as well as chairmen of the Audit Committee, the Remuneration Committee, and the Nomination Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, will be available to answer questions at the general meetings. The chairman of a meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll.

- 本集團已制定了內幕消息政策，並定期提醒董事及僱員妥善遵守所有有關內幕消息的政策。
- 本集團設立了公開的渠道以處理及討論關於財務違規、內部監控缺陷和舞弊等方面的內部和外部舉報，並確保各項舉報得到足夠的關注，重大內部監控缺陷或舉報可直達審計委員會。

本集團的風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，而且只能就重大失實陳述或損失作出合理而非絕對的保證。

有關本集團面對主要風險的性質及程度，請參閱本年報董事會報告「e.主要風險及不確定性」一節。

I. 與股東及投資者的溝通

本公司認為，與股東有效溝通對於促進投資者關係及投資者了解本集團業務表現及策略至關重要。本公司亦認識到公司資料的透明度以及及時披露公司資料以便股東及投資者能夠作出最佳投資決定的重要性。

本公司股東大會有望為董事會及股東提供溝通平台。董事會主席以及審計委員會、薪酬委員會及提名委員會主席（如彼等未能出席，則有關委員會其他成員）及（如適用）獨立董事委員會主席將會出席股東大會，並回答提問。會議主席將提供進行投票的詳細程序及就投票表決回答股東的任何提問。

Corporate Governance Report

企業管治報告

To promote effective communication, the Company maintains a website at www.yihchina.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

J. AMENDMENTS OF THE ARTICLES OF ASSOCIATION

For the year ended 31 December 2019, no change had been made to the Articles of Association of the Company.

K. SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the re-election of individual Directors. Meanwhile, procedures are in place for the Shareholders to (i) convene an extraordinary general meeting; (ii) direct their enquiries to the Board; and (iii) put forward proposals at general meetings.

In accordance with Article 13.5 of the Articles of Association, all resolutions put forward at a general meeting will be taken by poll save that the chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

In addition, the poll results will be posted on the websites of the Company and the Stock Exchange after the relevant general meeting.

1. Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 12.3 of the Articles of Association, any two or more Shareholders or any one Shareholder which is a recognised clearing house (or its nominee(s)) (the "Requisitionist(s)") holding at the date of deposit of the requisition (deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists) not less than one-tenth of the paid-up capital of the Company and carrying the right of voting at general meetings of

為促進有效溝通，本公司設有網站 www.yihchina.com，該網站載有本公司業務發展及營運的資料及最新情況、財務資料、企業管治常規及其他資料，以供公眾人士查閱。

J. 修訂組織章程細則

截至2019年12月31日止年度，並無就本公司的組織章程細則作出變更。

K. 股東權利

為保障股東權益及權利，各重大事宜（包括重選個別董事）以獨立決議案形式於股東大會上提呈，而且股東可根據有關程序提出(i)召開股東特別大會；(ii)向董事會查詢；及(iii)在股東大會上提呈議案。

根據組織章程細則第13.5條，所有在股東大會上提呈的決議案均將以投票方式表決，惟主席秉誠決定容許如上市規則所規定純粹關於程序或行政事宜之決議案以舉手方式表決則除外。

此外，投票表決結果將於相關股東大會後登載於本公司及聯交所網站上。

1. 股東召開股東特別大會

根據組織章程細則第12.3條，任何兩名或以上股東或獲結算所認可（或其代名人）的任何一名股東（「請求人士」）於遞呈請求（遞呈本公司於香港的主要辦事處，或倘本公司不再設有該主要辦事處，則遞呈註冊辦事處，當中列明會議事項並由請求人士簽署）當日持有不少於本公司有權於本公司股

the Company shall at all times have the right, on written requisition, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the Requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

According to Article 12.4 of the Articles of Association, any extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirement under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors of the Company and to all the Shareholders other than those who, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

2. Putting Forward Proposals at General Meetings

There is no single provision in the Articles of Association or the Cayman Islands Companies Law for the Shareholders to put forward proposals at general meetings. The Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding section.

東大會上投票的繳足股本十分之一，則於任何時候均有權提呈書面請求，要求董事會就該請求所指定的任何事務交易召開股東特別大會。

倘自遞呈請求日期起21日內董事會未有恰當地召開須於另外21日內舉行的大會，則請求人士或任何請求人士持有當中請求人士總投票權的過半數，則可以以董事會召開股東大會同等方式盡快召開股東大會，惟該有關大會必須由遞呈請求日期起計三個月內舉行，及因董事會的不合作而令請求人士所有產生的合理開支可向本公司報銷。

根據組織章程細則第12.4條，召開任何股東特別大會須發出不少於14日的書面通知。根據上市規則的規定，通知期不包括送達日期或視為送達日期及所通知日期，並須註明舉行會議的時間、地點及議程以及將於會議上討論的決議案詳情及該事項的一般性質。為通過特別決議案而召開大會的通告須註明擬提呈的決議案為特別決議案的目的。各股東大會通告須交予本公司核數師及全體股東，惟按照組織章程細則條文或所持有股份的發行條款的規定無權從本公司收取通告者除外。

2. 在股東大會上提呈議案

組織章程細則或開曼群島公司法對於股東在股東大會上提呈決議案並無單一規定。有意願提呈決議案的股東可按照上節所載程序請求本公司召開股東大會。

Corporate Governance Report

企業管治報告

3. Putting Forward Enquiries to the Board

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

Shareholders may send their enquiries, concerns or requests to the Company at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.

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

L. DIVIDEND POLICY

Subject to the Cayman Islands Companies Law and the Company's Articles of Association, the Company may declare dividends in any currency through a general meeting, but no dividend may be declared in excess of the amount recommended by the Board. The Articles of Association provide that dividends may be declared and paid out of profit of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of a share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Companies Law.

Except as provided under the terms of a particular issue, or with respect to the rights attached to any Shares, (i) all dividends will be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on a Share in advance of calls may for this purpose be treated as paid up on the Share; and (ii) all dividends will be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any of the Shareholders or in respect of any Shares all sums of money (if any) presently payable by such Shareholder to us on account of calls or otherwise.

3. 向董事會作出查詢

向本公司董事會提出任何查詢時，股東可向本公司發出書面查詢。本公司通常不會處理口頭或匿名查詢。

股東可向本公司發出其查詢、關注或請求，地址為香港灣仔皇后大道東248號陽光中心40樓。

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

L. 股息政策

根據開曼群島公司法及本公司的組織章程細則，本公司可透過股東大會宣派以任何貨幣計值的股息，但所宣派的股息金額不會超過董事會建議的金額。組織章程細則規定，股息可自本公司已變現或未變現的溢利、或自董事決定不再需要的任何溢利儲備中宣派及派付。經普通決議案批准後，股息亦可自股份溢價賬或根據開曼群島公司法獲授權作此用途的任何其他資金或賬戶中宣派及派付。

除特定發行條款或任何股份附有的權利所規定者外，(i)所有股息將按派付股息所涉及股份的已繳股款數額宣派及派付，但催繳股款前就股份繳入的款項就此而言不得被視為股份的已繳股款；及(ii)所有股息將按派付股息所涉及股份於任何一段或多段期間的已繳股款，按比例分配及派付。事可自應付任何股東或涉及任何股份的任何股息或其他款項當中，扣除該股東因催繳或其他原因現時應向我們支付的所有金額（如有）。

In addition, the declaration of dividends is subject to the discretion of the Board, and the amounts of dividends actually declared and paid will also depend on:

- general business conditions of the Company;
- financial results of the Company;
- capital requirements of the Company;
- interests of the Shareholders; and
- any other factors which the Board may deem relevant.

Future dividend payments to the Shareholders will also depend upon the availability of dividends received from the PRC subsidiaries. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles. PRC laws also require PRC enterprises to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. In addition, the dividends paid by the PRC subsidiaries are also subject to the withholding tax imposed by the PRC laws.

The Board has absolute discretion in whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. The Company has not paid or declared any dividend since its inception. In the future, the Company expects to distribute no less than 20% of the annual distributable profit as dividends. There is, however, no assurance that the Company will be able to distribute dividends of such amount or any amount each year or in any year. The Company will continue to re-evaluate the dividend policy in light of the financial position and the prevailing economic climate. However, the determination to pay dividends will be made at the discretion of the Board and will be based upon the earnings, cash flow, financial conditions, capital requirements, statutory fund reserve requirements of the Group and any other conditions that the Directors deem relevant.

此外，宣派股息乃由董事會酌情宣派，實際宣派及派付的股息金額亦將視乎以下因素而定：

- 本公司的整體業務狀況；
- 本公司的財務業績；
- 本公司的資金需求；
- 股東的利益；及
- 董事會可能認為有關的任何其他因素。

日後是否向股東派付股息亦將視乎是否可自中國附屬公司收取股息而定。中國法律規定，股息須以根據中國會計準則計算的純利派付。中國法律亦規定中國企業在分派收益淨額前須將部分純利撥作法定儲備。該等法定儲備不得以現金股息形式進行分派。此外，中國附屬公司派付的股息亦須根據中國法律計提預扣稅。

董事會可絕對酌情決定是否宣派任何年度的股息，倘其決定宣派股息，可絕對酌情決定宣派的股息金額。本公司自成立以來並無派付或宣派任何股息。日後，本公司預期分派的股息將不少於年度可分派溢利的20%。然而，概不保證本公司每年或任何年度可分派該等數額或任何數額的股息。本公司將根據財務狀況及當前經濟環境持續重新評估股息政策。然而，是否派付股息將由董事會酌情釐定，並根據本集團的收益、現金流量、財務狀況、資本需求，法定公積金儲備要求及董事視作相關的任何其他條件釐定。

Corporate Governance Report

企業管治報告

M. USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's net proceeds from the Global Offering amounted to approximately HK\$720.2 million.

The net proceeds have been used in a manner consistent with those disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

For the year ended 31 December 2019, the Group had used the net proceeds from the Global Offering for the following purposes:

	Use of proceeds in the same manner and proportions as stated in the Prospectus (in RMB million) 以按招股章程所列者相同的方式及比例使用所得款項 (人民幣百萬元)	The cumulative amount of proceeds utilized as of 31 December 2018 (in RMB million) 截至2018年12月31日累計使用所得款項金額 (人民幣百萬元)	The cumulative amount of proceeds utilized as of 31 December 2019 (in RMB million) 截至2019年12月31日累計使用所得款項金額 (人民幣百萬元)
30% used to construct Phase I of our Bazhou Production Base located in Bazhou, Hebei Province	30%用於建設位於河北省霸州的霸州生產基地一期	216.1	216.1
25% used for potential strategic acquisition opportunities in the future	25%用於潛在的戰略性收購機會	180.0	12.0
25% used to promote our products and brand	25%用於推廣我們的產品和品牌	180.1	53.2
10% used to enhance our research and development capabilities	10%用於提高我們的研發實力	72.0	28.0
10% used for working capital and general corporate purposes	10%用於運營資金及一般企業用途	72.0	72.0
Total	合計	720.2	522.6

For the year ended 31 December 2019, the Company had unused net proceeds from the Global Offering of approximately RMB197.6 million. Regarding the net proceeds that had not been utilized as of 31 December 2019, the Company intends to use them in the same manner and proportions as stated in the Prospectus. Unutilized amount is expected to be used in three years.

M. 全球發售所得款項用途

本公司於全球發售的所得款項淨額約為720.2百萬港元。

所得款項淨額已按與招股章程「未來計劃及所得款項用途」一節所披露者一致的方式使用。

截至2019年12月31日止年度，本集團已將全球發售所得款項淨額用於下列用途：

於截至2019年12月31日止年度，本公司尚未使用的全球發售所得款項淨額約為人民幣197.6百萬元。關於截至2019年12月31日尚未使用的所得款項淨額，本公司擬按招股章程所述的相同方式及比例使用。未動用金額預期將於三年內使用。

N. JOINT COMPANY SECRETARIES

Mr. Sun Shengfeng (“Mr. Sun”), the executive Director and chief financial officer of the Company, has been engaged by the Company as joint company secretaries effective on 12 March 2016. Ms. Chan Yin Wah (“Ms. Chan”) of SWCS Corporate Services Group (Hong Kong) Limited, has been engaged by the Company as joint company secretary effective on 31 May 2018. Ms. Chan has been engaged by the Company as one of the authorized representatives effective on 31 May 2018.

During the year ended 31 December 2019, Mr. Sun and Ms. Chan have each undertaken over 15 hours of professional training to update their skill and knowledge.

O. PRIMARY CORPORATE CONTACT PERSON

Mr. Sun Shengfeng, the executive Director and chief financial officer, is the primary corporate contact person of the joint company secretary, Ms. Chan.

P. GOING CONCERN

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to the Shareholders through the optimization of the debt and equity balance.

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company’s ability to continue as a going concern.

N. 聯席公司秘書

本公司執行董事兼財務總監孫勝峰先生（「孫先生」）已獲委任為本公司聯席公司秘書，此委任於2016年3月12日生效。方圓企業服務集團（香港）有限公司的陳燕華女士（「陳女士」）已獲本公司委任為聯席公司秘書，自2018年5月31日起生效。陳女士已獲本公司委任為授權代表之一，自2018年5月31日起生效。

截至2019年12月31日止年度內，孫先生及陳女士均已參加15小時以上的相關專業培訓，以提高技能及知識。

O. 公司主要聯絡人

孫勝峰先生（執行董事兼財務總監）為聯席公司秘書陳女士的公司主要聯絡人。

P. 持續經營能力

本集團會對資本進行管理，以確保本集團旗下公司能夠持續經營，同時透過優化債務與資本間的平衡最大限度地提高股東回報。

概無有關任何事件或情況的重大不明朗因素可能對本公司的持續經營能力構成重大疑問。

Directors' Report

董事會報告

The Board of the Company presents this directors' report in the Group's annual report for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

We are a leading and fast-growing compound condiment manufacturer in China primarily focused on the hot pot condiment market. We are the sole supplier of hot pot soup flavoring products for Haidilao Group in China. We employ a distributor model to sell our products, and our physical distribution network is supplemented by e-commerce channels and third-party catering companies, which have recently experienced significant development. The Group is also expanding its sales network in overseas markets.

The principal activities of the Group are researching and developing, manufacturing, distributing and selling high-quality hot pot condiments, Chinese-style compound condiments and convenient ready-to-eat food products. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2019.

RESULTS

The results of the Group for the year ended 31 December 2019 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

FINAL DIVIDEND

The Board resolved to propose to the Shareholders in the forthcoming AGM on Friday, 22 May 2020 for the distribution of a final dividend of RMB20.593 cents per share for the year ended 31 December 2019. The final dividend is expected to be paid on or about Monday, 15 June 2020 to the Shareholders whose names are listed in the register of members of the Company on Monday, 1 June 2020, in an aggregate amount of RMB215.6 million. Subject to the consideration and approval of the Shareholders at the AGM, the final dividend will be paid in Hong Kong dollars based on the average benchmark exchange rate of Renminbi against Hong Kong Dollars as announced by the People's Bank of China in the five working days prior to but excluding the date of the Board Meeting, that is HK\$22.583 cents per Share.

本公司董事會提呈本集團截至2019年12月31日止年度的年報內所載的董事會報告。

主要業務

我們是中國領先且高速發展的複合調味料生產商，主要專注於火鍋調味料市場。我們是海底撈集團在中國的火鍋底料產品的獨家供應商。我們採用經銷商模式銷售我們的產品，且我們的實體經銷網絡由近期顯著發展的電商渠道及第三方餐飲渠道所補充。本集團亦繼續拓展海外市場的銷售網絡。

本集團的主要業務是研發、生產、經銷及銷售優質火鍋調味料、中式複合調味料及方便速食產品。截至2019年12月31日止年度，本集團的主要業務性質並無重大變動。

業績

本集團截至2019年12月31日止年度的業績載於本年報的綜合損益及其他全面收益表內。

末期股息

董事會決議於2020年5月22日（星期五）舉行的應屆股東週年大會上向本公司股東建議分派截至2019年12月31日止年度的末期股息每股人民幣20.593分。末期股息預期於2020年6月15日（星期一）或前後派付予於2020年6月1日（星期一）名列本公司股東名冊的股東，金額合共為人民幣215.6百萬元。待股東於股東週年大會上考慮及批准後，末期股息將根據董事會會議日期前五個工作日（但不包括董事會會議日期）中國人民銀行公佈的人民幣兌換港元的匯率中間價以港元派付，即每股股份22.583港仙。

SHARE CAPITAL

Details of the issued shares of the Group during the year ended 31 December 2019 are set out in note 18 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Group during the year ended 31 December 2019 are set out in the Consolidated Statement of Changes In Equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Group has distributable reserves of RMB1,664.0 million in total available for distribution.

CHARITABLE DONATIONS

During the year ended 31 December 2019, the Group made charitable donations of RMB0.97 million.

FINANCIAL SUMMARY

The Group's financial summary for the last five financial years is set out in the section headed "Five-Year Performance Review" of this annual report.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2019, save for lease liabilities, the Group has recorded no bank loans and other borrowings.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2019 are set out in note 8 to the Financial Statements.

股本

有關本集團於截至2019年12月31日止年度的已發行股份詳情載於財務報表附註18。

儲備

有關本集團於截至2019年12月31日止年度的儲備變動詳情載於本年報綜合權益變動表內。

可分派儲備

截至2019年12月31日，本集團可供分派的可分派儲備合共為人民幣1,664.0百萬元。

慈善捐贈

截至2019年12月31日止年度，本公司慈善捐贈額為人民幣0.97百萬元。

財務概要

本集團於過去五個財政年度的財務概要載於本年報「五年業績回顧」一節。

銀行貸款及其他借款

截止2019年12月31日，本集團除租賃負債外並無銀行貸款及其他借款。

物業、廠房及設備

有關本集團於截至2019年12月31日止年度的物業、廠房及設備變動詳情載於財務報表附註8。

Directors' Report

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the amount of public float as required under the Listing Rules as at the Latest Practicable Date.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF

The Directors are not aware of any tax relief available to the shareholders of the Company by reason of their holding of the Company's securities.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering amounted to approximately HK\$720.2 million. For details, please refer to the section headed "Corporate Governance Report – Use of Proceeds from the Global Offering" of this annual report.

足夠的公眾持股量

根據本公司所獲之公開資料以及據本公司董事所知，本公司截至最後實際可行日期一直維持上市規則規定之公眾持股量。

優先購買權

本公司的章程細則並無載列優先購買權條文，且並無對有關權利的限制要求本公司須按比例基準向現有股東發售新股份。

稅務寬免

董事並不知悉本公司股東基於持有本公司證券為理由而可獲任何稅務寬免。

全球發售所得款項

全球發售所得款項淨額約為720.2百萬港元。詳情請參閱本年報中「企業管治報告 – 全球發售所得款項用途」一節。

BUSINESS REVIEW**a. Overview and performance of the Year**

Business review and financial review are provided in the Management's Discussion and Analysis section of this annual report.

b. Environmental Policies and Performance

It is our corporate and social responsibility to promote a sustainable and environmental-friendly environment. We strive to minimize our environmental impact by saving electricity and to build our corporation in a sustainable way.

The Group has undergone a series of effective energy-saving and pollutant-reducing measures such as conserving water and electricity, reducing the creation and emission of pollutants during the production process and optimizing production lines.

Additionally, we have adopted a set of emergency planning, response and control procedures as counter-measures for unexpected environmental pollution accidents to minimize our impact on the environment and the adverse effect on our business. We incurred RMB5.1 million (2018: RMB2.92 million) in environmental compliance costs for the year ended 31 December 2019. Such environmental compliance costs relate to expenditures in implementing environmental protection policies, and for the year ended 31 December 2019, the Group has not incurred any fines as a result of pollution.

業務回顧**a. 年度回顧及表現**

有關本集團業務回顧及財務回顧分析刊載於本年報的管理層討論與分析章節。

b. 環境政策及表現

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

本集團已進行一系列有效的節能及防污措施（例如節水節電、於生產工序中減少製造及排放污染物以及優化生產線）。

此外，我們採納一套緊急規劃、應變及控制程序，作為發生出乎意料環境污染意外時的抵禦措施，儘量減少對環境的衝擊及我們業務的不利影響。截至2019年12月31日止年度，我們錄得環境合規成本人民幣5.1百萬元（2018年：人民幣2.92百萬元）。環境合規成本為推行環境保護政策的支出，而截至2019年12月31日止年度本集團沒有因為環境污染而導致須繳付罰款。

Directors' Report

董事會報告

c. Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance. The Group has also complied with other relevant laws and regulations that have a significant impact on the operations of the Group. Please refer to the section headed "Regulations" in the Prospectus for details.

d. Key Relationships with Stakeholders

Relationship with Haidilao Group and its Affiliates

One group of the primary customers of the Company is Haidilao Group and its affiliates. We are the sole supplier of hot pot soup flavoring products to Haidilao Group in China. The hot pot soup flavoring products that we sell to Haidilao Group for use in its hot pot restaurants are customized products meeting Haidilao Group's specific requirements. In addition, our retail products are displayed and sold directly to consumers in Haidilao hot pot restaurants. In general, Haidilao Group makes purchase orders based on customer demands. We have the right to arrange production ahead of time and stock the finished products in anticipation of peak seasons, but had no obsolete inventory in prior years. We also sell retail and customized condiment products to Shuhai Supply Chain and Youdingyou, our affiliated companies.

Relationship with our distributors

The other group of the Company's primary customers is the distributors, who in turn resell our products to sub-distributors and retailers, including hypermarkets, supermarkets, grocery stores, neighborhood stores and butcher shops across China. As at 31 December 2019, we had an extensive distribution network covering 31 provincial regions of China and the Hong Kong, Macau and Taiwan regions and 49 overseas countries and markets.

c. 遵守相關法律法規

本集團就(其中包括)資料披露及企業管治一直遵守公司條例、上市規則、證券及期貨條例及企業管治守則規定。本集團亦一直遵守對其營運有重大影響的有關法律及規例。有關詳情請參閱招股章程「法規」一節。

d. 與利益相關人士的主要關係

與海底撈集團及其聯屬公司的關係

本公司其中一組主要客戶為海底撈集團及其聯屬公司。我們是海底撈集團在中國的火鍋底料產品獨家供應商。我們向海底撈集團銷售供其火鍋餐廳使用的火鍋底料產品主要是滿足海底撈集團具體要求的定製產品。此外，我們的零售產品於海底撈的火鍋餐廳展示並直接向消費者出售。整體而言，海底撈集團根據客戶需要發出購買訂單。我們可預計旺季而安排提早生產及儲存製成品，但我們過往並無陳舊存貨。我們亦向我們的聯屬公司蜀海供應鏈及優鼎優銷售零售及定製調味品。

與經銷商的關係

本公司其他組別的主要客戶為經銷商，經銷商轉而將產品轉售予下級經銷商及零售商(包括遍佈全國的大型超市、超市、雜貨店、社區門店及肉食店)。截至2019年12月31日，我們已建立起覆蓋中國31個省級地區與港澳台地區，以及49個外國國家及市場的龐大經銷網絡。

1. Management of Our Distributors

Our distributors are typically regional distributors primarily involved in the distribution of food and condiment products with well-established local distribution networks. We select our distributors in each region based on factors including their business qualifications and distribution capabilities. The distribution capabilities we consider include breadth and quality of sales network, reputation, creditworthiness and financial conditions, and capabilities in personnel, warehousing, logistics, facilities and transportation.

We have a seller-buyer relationship with our distributors. The ownership of the products, as well as all risks and rewards associated therewith are transferred to them upon delivery and acceptance. In general, our sales to our distributors are made on a payment-before-delivery basis according to our distribution agreements with our distributors with certain exceptions during our peak seasons. We formulate a monthly production plan based on historical sales and market demand. Upon receipt of purchase orders, we will first deliver the products previously prepared based on the relatively conservative monthly plan and further produce and deliver the shortfall, if any. Due to our effective production and inventory management, our warehouse time of finished products is approximately 7 days for retail products and 30 days for customized products sold to related parties. Once the products are delivered to the distributors, they cannot be returned except for defective products.

1. 管理我們的經銷商

我們的經銷商一般為區域經銷商，其主要從事經銷食品及調味品，具備成熟地方經銷網絡。我們根據經銷商的業務資格及經銷能力等因素在各個區域甄選經銷商。我們考慮的經銷能力包括銷售網絡的廣度及質量、聲譽、信譽及財務狀況以及人事、倉儲、物流，設備及運輸能力。

我們與經銷商之間是買賣關係。產品的所有權以及與產品有關的所有風險及回報均在經銷商驗收後轉移至經銷商。一般而言，我們對經銷商的銷售均根據我們與經銷商訂立的經銷協議按「交貨前付款」基準作出，惟我們於旺季的若干情況例外。我們根據過往銷售及市場需求制定每月的生產計劃。於接獲購買訂單後，我們首先會根據相對保守的每月計劃交付先前準備好的產品並進一步生產及交付缺少的數量（如有）。由於我們有效的生產及存貨管理，我們的製成品倉儲時間就零售產品而言約為7日，就售予關聯方的定製產品而言約為30日。產品一經送到經銷商時，便不能退回（惟有缺陷產品除外）。

2. Distributors Performance and Inventory Management

We closely monitor the performance of our distributors. For example, our sales personnel conduct inspections of our distributors from time to time to monitor their sales, sales prices, marketing activities, storage conditions, logistics facilities, staff quality, quality control and inventory levels. Generally, we require our distributors to report to us their inventory records every two weeks to cross-check with our internal data base. Our staff also conduct monthly inventory checks at randomly selected distributors. When we notice that our distributors have excessive inventories or their sales volumes drop significantly, we may make inquiries and adopt necessary measures such as suspending the supply of relevant products. We prohibit our distributors from selling any expired products. Through visiting the retailers and sub-distributors and verifying the two-dimensional code that we implanted on our products, we also monitor whether our distributors distribute our products within their designated geographic regions and whether they sell any counterfeit products. Through these activities, we ensure that our sales to distributors reflect genuine market demand and our distributors are complying with the terms and conditions of their distribution agreements. If we discover non-compliance issues, we inform the relevant distributor and request the distributor to cease the non-compliant activities within a specified period of time. Our distributors are also liable for breaches of their distribution agreements, and we can claim compensation from them for relevant breaches. We can terminate the distribution agreements if they breach material provisions stipulated therein.

2. 經銷商表現及存貨管理

我們密切監察經銷商的表現。例如，我們的銷售人員不時檢查經銷商以監察其銷售、銷售價、市場營銷活動、儲存條件、物流設施、員工素質、質量控制及存貨水平。一般而言，我們要求經銷商每兩個星期向我們匯報其存貨記錄，以與我們的內部數據庫進行交叉核對。我們的員工亦每月核查隨機抽選經銷商的存貨情況。當我們注意到經銷商擁有過多存貨或其銷售量大幅下跌時，我們可進行詢問並採取必要措施（如暫停供應有關產品）。我們禁止我們的經銷商銷售任何到期產品。透過造訪零售商及下級經銷商及核實我們產品上印製的二維碼，我們亦監察經銷商是否在指定地區內經銷產品及有無出售任何假冒產品。透過該等活動，我們確保向經銷商作出的銷售反映真實的市場需求及經銷商遵守經銷協議的條款及條件。倘我們發現不合規事宜，我們將告知相關經銷商並要求經銷商在規定期間內終止此類活動。經銷商亦對違反經銷協議承擔責任，且我們可就相關違規向其申索賠償。倘經銷商違反經銷協議訂明的重大條文，我們可終止經銷協議。

We provide sales rebate as an incentive to our third-party distributors when they achieve or exceed the sales targets set out in their distribution agreements, which are negotiated and determined based on various factors such as past performance and market conditions. If a distributor achieves or exceeds its sales target, we will grant the rebate by providing certain discount for such distributor's purchases in the next year. Such sales rebates are deducted from our revenue for each of the relevant periods. We do not impose minimum annual purchase requirement in the distribution agreements. If a distributor fails to achieve its sales target, then it will not be entitled to the sales rebate as described above.

Relationship with Third-party Catering Service Providers

Leveraging our experience in providing customized services to Haidilao Group, we provide customized compound condiment products to third-party catering service providers, primarily hot pot restaurants, spicy stir-fry pot restaurants and barbecue restaurants.

We use a standardized agreement for these services. Our customers will discuss their requirements with us before placing orders. Following our agreement on the detailed requirements of the customized condiment products, packaging requirements and purchase prices, our customers will pay an advance payment equal to 50% of the total purchase price for our manufacturing and pay the remainder before delivery. Almost all of our customers are not allowed to return any products after completion of inspection and acceptance. Our customers are required to use the customized condiment products only for their provision of catering services and may not resell the condiment products to other parties. Typically if the third-party catering service providers consume the Company's retail products, then they are the Company's own product formula. But if it is customized condiment, then it will be the same arrangements as the sales to Haidilao Group, i.e., the Company will not own the intellectual property right of the product formula.

As an increasing number of service providers intend to take advantage of the high quality and consistent products offered by large and reputable manufacturers, we believe there is significant growth potential for us in providing customized services to third-party catering service providers.

我們在第三方經銷商達到或超過其經銷協議所載銷售目標時向彼等提供銷售折扣作為獎勵，而經銷協議所載銷售目標乃基於過往表現及市場狀況等多項因素磋商及釐定。倘經銷商達到或超過其銷售目標，我們將為該經銷商下一年度採購提供折扣。有關銷售折扣自我們各有關期間的收入中扣除。我們並無於經銷協議中施加最低年度購買要求。倘經銷商未能達到其銷售目標，其將無權享有上述銷售折扣。

與第三方餐飲服務供應商的關係

憑借我們向海底撈集團提供定製化服務的經驗，我們向第三方餐飲服務供應商（主要為火鍋餐廳、麻辣香鍋餐廳和燒烤餐廳）提供定製的複合調味品。

我們為提供上述服務使用標準化協議。我們的客戶在下達訂單前將與我們討論其要求。在我們協定定製調味品的詳細規定、包裝規定及購買價格後，客戶將預先支付相等於總購買價格50%的金額，以供我們進行製造，並在交貨前支付餘款。幾乎所有客戶在驗收後不得退回任何產品。定製調味品只限於客戶提供餐飲服務，其不得再將調味品轉售其他方。一般而言，倘第三方餐飲服務供應商使用本公司的零售產品，則其為本公司自有的產品配方。但倘其為定製調味料，則將按如向海底撈集團進行銷售的相同安排，即本公司將不會擁有產品配方的知識產權。

由於數目愈來愈多的餐飲服務供應商有意使用信譽良好的大型生產商所提供的一貫質優的產品，我們相信，為餐飲服務供應商提供定製化服務有相當的增長潛力。

Directors' Report

董事會報告

Relationship with Our Suppliers

Our raw materials are generally available from various suppliers. To maintain high standards of product quality and food safety, we place strong emphasis on sourcing high-quality raw materials from large suppliers with good reputations. We minimize our reliance on any single source of supply by maintaining at least two suppliers for each type of raw material. We also implement various measures to monitor the performance of our suppliers, including sample examination and on-site inspections.

We usually enter into supply agreements with our suppliers on an annual basis. Our suppliers are required to provide raw materials adhering to the quality requirement under the supply agreements and are responsible for any liabilities caused by product defects. Our supply agreements do not have an automatic renewal clause.

Relationship with Our Employees

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

Relationship with Shareholders

We recognize the importance of protecting the interests of the Shareholders and of having effective communication with them. We believe communication with the Shareholders is a two-way process and have thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, interim and annual reports and results announcements.

與供應商的關係

我們的原材料一般可從多名供應商採購。為維持高標準的產品質量及食品安全，我們極為重視向聲譽卓著的大型供應商採購優質的原材料。我們盡量減少依賴任何單一的供應來源，就每類原材料維持至少兩名供應商。我們亦實行多種措施監察供應商的表現，包括抽樣檢查及實地檢查。

我們通常每年與供應商訂立供應協議。我們的供應商須提供達到供應協議質量要求的原材料，並對產品瑕疵所導致的任何責任負責。我們的供應協議並無自動續期條款。

與僱員的關係

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

與股東的關係

我們認識到保護股東權益和與其進行有效溝通的重要性。我們相信與股東溝通是一個雙向的過程，並竭力確保信息披露的質量及有效性、保持與股東的定期對話及認真聆聽來自股東的意見與反饋。這已通過股東大會、公司通訊、中期報告與年報及業績公佈實現。

e. Principal Risk and Uncertainties

Risk of Product Quality

The quality and safety of our products are very important to our continuous operation. If our quality control system is not sufficiently implemented, quality or food safety issues may arise. With the increase of the number of OEM factories, if the OEM management is poor, there will be food safety risks and product quality risks, which will have a material adverse impact on the Company's brand, reputation and financial condition.

Response Measures

The Group has passed the HACCP System Certification and the ISO9001 System Certification. From the process of raw materials import to products delivery and sales, strict implementation has been made in accordance with the requirements of such systems to ensure product quality. At the same time, according to our "Food Safety Risk Assessment Criteria", we will conduct comprehensive risk assessments for food safety and quality under three major aspects: regulatory risk, product risk and operational risk. We will identify risk points through such risk assessments and track and evaluate the effectiveness of risk rectification. In respect of OEM management, we developed a quality control system for OEM factories by performing risk assessment on different OEM factories, formulating corresponding management measures and conducting quality audit quarterly in a bid to ensure the Group's operational risk is controllable.

Risk of New Product Development

As certain new product types belong to new industries, of which standards are not standardized and manufacturers are of vastly different qualities, the market environment for such new products may be damaged as a result and consumers may not trust such products, thus affecting the Company in achieving its sales objectives for new products.

e. 主要風險及不確定性

產品質量風險

產品的質量及安全對我們持續經營至關重要，一旦我們的質量控制體系出現控制不到位，則有可能出現質量或食品安全問題，且隨着OEM工廠數量的增加，若OEM管理不善會存在食品安全風險和產品質量風險，從而對公司的品牌、聲譽及財務狀況造成重大不利影響。

應對措施

集團已經通過HACCP體系及ISO9001體系認證，自原料引入至產品出廠銷售均嚴格按照相關體系的要求執行，以確保產品品質。同時，我們根據《食品安全風險評估標準》，從法規風險、產品風險、運營風險三個大的方面對食品安全與質量進行全方位的風險評估，通過風險評估識別風險點，並跟蹤評估風險整改的效果；針對OEM管理，我們制定了代工廠質量管理制度，對不同代工廠進行風險評估並制定相應的管理措施，每季度進行質量審核，以確保本集團運營風險可控。

新產品開發風險

由於部分新品類產品所屬行業較新，行業標準不規範且生產商資質參差不齊，可能破壞新產品市場環境，導致消費者對新產品的不信任，從而影響公司新產品銷售目標的實現。

Directors' Report

董事會報告

Response Measures

The Group will actively participate in the development process of standards of emerging industries and participate in the activities of relevant industry associations, in an effort to provide suggestions for the revision and formulation of industry standards. Secondly, we will continue to explore and develop new processes, constantly optimize and upgrade new products, and strictly manage the production and processing processes to ensure the quality of our products.

Risks Associated with Projects Under Construction and Production in an Environmental-friendly Manner

At present, the Group has a number of factory projects under construction, if they are not completed according to the expected schedule, investment benefits may be affected. As residential areas near some factories are increasing gradually, the waste gas and peculiar smell generated in the production process of the factories may cause environmental complaints, thus causing negative impact on the reputation of the Company.

Response Measures

The Group has developed a management system for the progress of the factories under construction, under which, the person in charge in each process is specified, and tracking and analysis are performed regularly. In view of possible emergencies, such as shutdown caused by weather, policies and other reasons, emergency plans are made to ensure the progress of the projects from all aspects. The Group has formulated plans and indicators at the headquarters level regarding the treatment of waste gas and peculiar smell, and required each factory to complete at least one comprehensive examination annually to ensure that the waste gas emission meets the environmental protection requirements.

PROSPECTS

A description of the future development in the Company's business is provided in the Chairman's Statement and the Management's Discussion and Analysis section of this annual report.

應對措施

本集團將積極參與新興產業標準制定過程，參加相關行業協會的活動，為行業標準的修改和制定提供建議。其次，我們將不斷探索開發新工藝，不斷優化及升級新產品，並對生產加工過程進行嚴格的管理，以確保自身產品的品質。

在建工程項目及環保生產風險

本集團目前有多個在建工廠項目，如未能按預期進度完工，可能影響投資效益；部分工廠所在地附近居民區逐漸增多，工廠生產過程產生的廢氣、異味可能造成環保投訴，從而對公司的聲譽造成負面影響。

應對措施

本集團針對在建工廠項目進度制定了管理制度，於各環節明確責任人，並定期進行追蹤、分析。針對可能出現的突發狀況，如天氣、政策等原因造成的停工，做好應急方案，從各方面保證項目的進度；本集團從總部層面制定了關於治理廢氣和異味等的方案和指標，並且要求各工廠每年需至少完成一次全面檢測，保證廢氣排放符合環保要求。

展望

有關本公司未來業務發展的描述分別載於本年報的主席報告及管理層討論與分析。

EVENTS AFTER THE END OF 31 DECEMBER 2019

The spread of the novel COVID-19 in Mainland China and other countries and regions since the beginning of 2020 has a certain impact on economic activities. We refer to announcements of Haidilao International Holding Ltd. dated 28 January 2020 and 2 February 2020 regarding the suspension of operation of restaurants of Haidilao Group in Mainland China due to the outbreak of COVID-19. According to the announcement of Haidilao International Holding Ltd. dated 11 March 2020 and as at the date of this report, certain restaurants of Haidilao Group in Mainland China have resumed operation, and the remaining restaurants will resume operation in batches according to the development of the relief of the epidemic in the regions where the relevant restaurant is located. As Haidilao Group is the largest customer of the Group, the closure of their restaurants for an extended period of time may affect the business, operations and financial results of the Group. The Group has taken all possible effective measures to respond to the impact from this epidemic on our business. Currently, the third party retail business of the Group is operating normally. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.

Save as disclosed herein, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2019 and up to the date of this report.

DIRECTORS

The Directors up to the date of this annual report are:

Executive Directors

Mr. Shi Yonghong (*Chairman and Chief Executive Officer*)
 Ms. Dang Chunxiang
 Mr. Sun Shengfeng
 Ms. Shu Ping
 Mr. Guo Qiang

Non-executive Director

Mr. Zhang Yong

Independent Non-executive Directors

Mr. Yau Ka Chi
 Mr. Qian Mingxing
 Ms. Ye Shujun

截至2019年12月31日後事項

2020年初起，新型冠狀病毒肺炎(COVID-19)於中國及其他一些國家和地區傳播，對經濟活動產生了一定影響。我們提述海底撈國際控股有限公司日期為2020年1月28日及2020年2月2日有關海底撈集團於中國內地的餐廳經營因爆發COVID-19而暫停的公告。根據海底撈國際控股有限公司日期為2020年3月11日的公告及於本報告日期，海底撈集團於中國內地的部分餐廳已經恢復營業，其餘的門店將根據所在地疫情緩解的進展分批恢復營業。由於海底撈集團為本集團的最大客戶，故門店停業時間延長可能影響本集團的業務、經營及財務業績。本集團已採取所有可能有效措施應對疫情對業務的影響。截至目前本集團第三方零售業務正常運行。本集團將繼續留意有關狀況的變動，並於未來作出適時回應及調整。

除了在此披露外，於2019年12月31日後及直至本報告日期，董事概不知悉任何重大事項須予披露。

董事

截至本年報日期的董事為：

執行董事

施永宏先生 (*主席兼首席執行官*)
 黨春香女士
 孫勝峰先生
 舒萍女士
 郭強先生

非執行董事

張勇先生

獨立非執行董事

邱家賜先生
 錢明星先生
 葉蜀君女士

Directors' Report

董事會報告

Mr. Pan Di has resigned from his positions as a non-executive director of the Company with effect from 26 March 2019 for business affairs which do not compete with the business of the Company.

In accordance with Article 16.18 of the Articles of Association, one-third of the Directors will retire by rotation at every annual general meeting (provided that every Director shall be subject to retirement by rotation at least once every three years) and, being eligible, offer themselves for re-election. Ms. Dang Chunxiang, Mr. Zhang Yong and Ms. Ye Shujun will retire from the Board by rotation at the AGM and, being eligible, offer themselves for re-election.

No Director proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

CHANGES IN THE INFORMATION OF THE DIRECTORS

Mr. Pan Di resigned from his position as a non-executive director with effect from 26 March 2019 for business affairs which do not compete with the business of the Company and its subsidiaries.

Mr. Guo Qiang has been appointed as an executive director of the Company with effect from 26 March 2019.

Save as disclosed above and in the section headed "Profiles of Directors and Senior Management", during the year ended 31 December 2019, there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

潘迪先生已辭任本公司非執行董事，由2019年3月26日起生效，以投放更多時間於其與本公司業務並無構成競爭的商業事務。

根據組織章程細則第16.18條，三分之一的董事將於每屆股東週年大會上輪換退任（惟每名董事須至少每三年輪換退任一次）並合資格膺選連任。黨春香女士、張勇先生及葉蜀君女士將於股東週年大會上自董事會輪換退任並合資格膺選連任。

概無擬於股東週年大會上膺選連任的董事與本公司或其任何附屬公司訂立如無作出賠償（法定賠償除外）則不能釐定於一年內終止的未屆滿服務合約。

董事及高級管理層的履歷

董事及本集團高級管理層的履歷詳情載於本年報「董事及高級管理層簡介」一節。

董事資料變動

潘迪先生因其與本公司及其附屬公司業務並無構成競爭的商業事務自2019年3月26日起辭任非執行董事職務。

郭強先生自2019年3月26日獲委任為本公司執行董事。

除上文及「董事及高級管理層簡介」一節所披露者外，截至2019年12月31日止年度，董事資料概無出現根據上市規則第13.51B條須予披露的任何變動。

DIRECTORS' SERVICE CONTRACTS

The executive Directors and non-executive Directors have each entered into a service contract with the Company pursuant to which each of them agrees to act as an executive Director or a non-executive Director (as the case may be), subject to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice in writing.

The independent non-executive Directors have each signed a letter of appointment with the Company and have been appointed for a term of three years. The appointment may be terminated by either party giving to the other not less than one month's prior notice in writing.

None of the Directors have an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. Yau Ka Chi, Mr. Qian Mingxing and Ms. Ye Shujun, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that the independent non-executive Directors have been independent from the date of their appointments to 31 December 2019 and remain so as of the date of this annual report.

董事服務合約

執行董事及非執行董事各自已與本公司訂立服務合約，據此，彼等同意擔任執行董事或非執行董事（視乎情況而定），可根據組織章程細則於需要時重選，直至根據服務合約的條款及條件終止或由其中一方向另一方發出不少於一個月的事先書面通知予以終止。

獨立非執行董事各自已與本公司簽立委任函並已獲委任，任期為期三年。委任可由其中一方向另一方發出不少於一個月的事先書面通知予以終止。

概無董事與本公司或其任何附屬公司訂立如無作出賠償（法定賠償除外）則不能釐定於一年內終止的未屆滿服務合約。

獨立非執行董事的獨立性確認

本公司已接獲各名獨立非執行董事（即邱家賜先生、錢明星先生及葉蜀君女士）根據上市規則第3.13條就彼等各自之獨立性發出的確認書。本公司已妥為審閱該等董事各自的獨立性確認書。我們認為，獨立非執行董事自彼等獲委任日期起至2019年12月31日均為獨立人士，且截至本年報日期仍為獨立人士。

Directors' Report

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

董事及最高行政人員於股份、相關股份及債權證中所擁有的權益及淡倉

於2019年12月31日，本公司董事及最高行政人員於本公司或我們任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中所擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所的權益及淡倉（包括根據證券及期貨條例的有關條文被當作或視作擁有的權益及淡倉）；或(b)根據證券及期貨條例第352條須登記於該條所指登記冊的權益及淡倉；或(c)根據標準守則須知會本公司及聯交所的權益及淡倉載列如下：

Name of Director	Capacity/Nature of Interest	Number of Ordinary Shares	Approximate percentage of shareholding in the total issued share capital (%) 於已發行股本總額中的概約 持股比例(%)
董事姓名	身份／權益性質	普通股數目	
Mr. Shi Yonghong ⁽¹⁾ 施永宏先生 ⁽¹⁾	Founder of a discretionary trust, interest of controlled corporation, interest of spouse, beneficial owner and beneficiary of a trust 全權信託的創立人、受控制法團權益、配偶的權益、實益擁有人及信託受益人	177,703,492 (L)	16.97% (L)
Ms. Shu Ping ⁽²⁾ 舒萍女士 ⁽²⁾	Founder of a discretionary trust, interest of controlled corporation, beneficial owner, beneficiary of a trust and interest of spouse 全權信託的創立人、受控制法團權益、實益擁有人及信託受益人及配偶權益	373,007,021 (L)	35.63% (L)
Mr. Zhang Yong ⁽²⁾ 張勇先生 ⁽²⁾	Founder of a discretionary trust, interest of controlled corporation, beneficial owner, beneficiary of a trust and interest of spouse 全權信託的創立人、受控制法團權益、實益擁有人及信託受益人及配偶權益	373,007,021 (L)	35.63% (L)
Ms. Dang Chunxiang ⁽³⁾ 黨春香女士 ⁽³⁾	Beneficiary of a trust, beneficial owner 信託的受益人、實益擁有人	1,150,000 (L)	0.11% (L)
Mr. Sun Shengfeng ⁽⁴⁾ 孫勝峰先生 ⁽⁴⁾	Beneficiary of a trust, beneficial owner 信託的受益人、實益擁有人	680,000 (L)	0.06% (L)
Mr. Guo Qiang ⁽⁵⁾ 郭強先生 ⁽⁵⁾	Beneficiary of a trust, interest of spouse and beneficial owner 信託的受益人，配偶權益及實益擁有人	400,000 (L)	0.04% (L)

(L) denotes a long position

(L) 代表好倉

Notes:

- (1) Mr. Shi Yonghong and Ms. Li Haiyan, as the settlors and protectors, established for their own benefit the SL Trust, which indirectly holds the entire share capital of SYH YIHAI Ltd and LHY YIHAI Ltd, which in turn holds a total of 177,243,492 Shares. For the purpose of the SFO, Mr. Shi Yonghong and Ms. Li Haiyan are deemed to be interested in the Shares in which SYH YIHAI Ltd and LHY YIHAI Ltd are interested.

Mr. Shi Yonghong is the spouse of Ms. Li Haiyan and is deemed to be interested in the same number of the Shares in which Ms. Li Haiyan is interested for the purpose of the SFO. Ms. Li Haiyan is the spouse of Mr. Shi Yonghong and is deemed to be interested in the same number of the Shares in which Mr. Shi Yonghong is interested for the purpose of the SFO.

260,000 RSUs were granted to Mr. Shi Yonghong pursuant to the RSU Scheme on 27 December 2019, all of which had been vested.

- (2) Mr. Zhang Yong and Ms. Shu Ping, as the settlors and protectors, established for their own benefit the ZYSP Trust, which holds the entire share capital of ZYSP YIHAI Ltd, which in turn holds 372,547,021 Shares. For the purpose of the SFO, Mr. Zhang Yong and Ms. Shu Ping are deemed to be interested in the Shares in which ZYSP YIHAI Ltd is interested.

Mr. Zhang Yong is the spouse of Ms. Shu Ping and is deemed to be interested in the same number of the Shares in which Ms. Shu Ping is interested for the purpose of the SFO. Ms. Shu Ping is the spouse of Mr. Zhang Yong and is deemed to be interested in the same number of the Shares in which Mr. Zhang Yong is interested for the purpose of the SFO.

On 27 December 2019, 160,000 RSUs were granted to Mr. Zhang Yong pursuant to the RSU Scheme, all of which had been vested.

- (3) 70,000 RSUs were granted to Ms. Dang Chunxiang pursuant to the RSU Scheme on 27 December 2019, all of which had been vested.
- (4) 60,000 RSUs were granted to Mr. Sun Shengfeng pursuant to the RSU Scheme on 27 December 2019, all of which had been vested.

附註：

- (1) 施永宏先生及李海燕女士（作為財產授予人及保護人）為彼等自身利益成立SL信託，其間接持有SYH YIHAI Ltd及LHY YIHAI Ltd的全部股本，而SYH YIHAI Ltd及LHY YIHAI Ltd則持有合共177,243,492股股份。就證券及期貨條例而言，施永宏先生及李海燕女士被視為於SYH YIHAI Ltd及LHY YIHAI Ltd擁有權益的股份中擁有權益。

施永宏先生為李海燕女士的配偶並就證券及期貨條例而言被視為於李海燕女士擁有權益的相同股份數目中擁有權益。李海燕女士為施永宏先生的配偶並就證券及期貨條例而言被視為於施永宏先生擁有權益的相同股份數目中擁有權益。

260,000份受限制股份單位已根據受限制股份單位計劃於2019年12月27日授予施永宏先生，全部股份已歸屬。

- (2) 張勇先生及舒萍女士（作為財產授予人及保護人）為彼等自身利益成立ZYSP信託，其持有ZYSP YIHAI Ltd的全部股本，而ZYSP YIHAI Ltd則持有372,547,021股股份。就證券及期貨條例而言，張勇先生及舒萍女士被視為於ZYSP YIHAI Ltd擁有權益的股份中擁有權益。

張勇先生為舒萍女士的配偶，就證券及期貨條例而言被視為與舒萍女士擁有權益的相同數目股份中擁有權益。舒萍女士為張勇先生的配偶，就證券及期貨條例而言被視為與張勇先生擁有權益的相同數目股份中擁有權益。

160,000份受限制股份單位已根據受限制股份單位計劃於2019年12月27日授予張勇先生，全部股份已歸屬。

- (3) 2019年12月27日，70,000份受限制股份單位已根據受限制股份單位計劃授予黨春香女士，其已全部歸屬。
- (4) 2019年12月27日，60,000份受限制股份單位已根據受限制股份單位計劃授予孫勝峰先生，其已全部歸屬。

Directors' Report

董事會報告

- (5) 120,000 RSUs were granted to Mr. Guo Qiang pursuant to the RSU Scheme on 27 December 2019, all of which had been vested. Ms. Guo Weiwen is the spouse of Mr. Guo Qiang and is deemed to be interested in the same number of Shares in which Ms. Guo Weiwen is interested for the purpose of the Securities and Futures Ordinance.

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

- (5) 於2019年12月27日，120,000份受限制股份單位已根據受限制股份單位計劃授予郭強先生，其已全部歸屬。Guo Weiwen女士為郭強先生的配偶，且就證券及期貨條例而言，被視為於Guo Weiwen女士擁有權益的相同股份數目中擁有權益。

除上文所披露者外，截至2019年12月31日，本公司董事或最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中概無擁有或被視為擁有根據證券及期貨條例第XV部第7及8分部將須知會本公司及聯交所的任何權益或淡倉（包括彼等根據證券及期貨條例的有關條文被當作或被視為擁有的權益及淡倉），或根據證券及期貨條例第352條將須記錄於本公司所存置的登記冊內的任何權益或淡倉，或根據標準守則將須知會本公司及聯交所的任何權益或淡倉。

主要股東於股份及相關股份中所擁有的權益及淡倉

截至2019年12月31日，除本公司董事或最高行政人員外，下列人士為擁有根據證券及期貨條例第XV部第2及第3分部的規定須知會本公司及聯交所的本公司股份或相關股份的權益或淡倉的人士，或根據證券及期貨條例第336條本公司須存置的登記冊所記錄的權益或淡倉的人士：

Name of Shareholder 股東姓名	Capacity/Nature of Interest 身份／權益性質	Total number of shares 股份總數	Approximate Percentage of Shareholding (%) 概約持股百分比(%)
UBS Trustees (B.V.I.) Limited ⁽¹⁾	Trustee (other than a bare trustee) 受託人(非無條件受託人)	372,547,021 (L)	35.59% (L)
ZYSP YIHAI Ltd ⁽¹⁾	Beneficial owner 實益擁有人	372,547,021 (L)	35.59% (L)
Cititrust Private Trust (Cayman) Limited ⁽²⁾	Trustee (other than a bare trustee) 受託人(非無條件受託人)	177,243,492 (L)	16.93% (L)
Li Haiyan ⁽²⁾	Founder of a discretionary trust, interest of controlled corporation and interest of spouse 全權信託創立人，受控制法團權益及配偶的權益	177,703,492 (L)	16.97% (L)
Twice Happiness Limited ⁽²⁾	Interest of controlled corporation 受控制法團權益	177,243,492 (L)	16.93% (L)
LHY YIHAI Ltd ⁽²⁾	Beneficial owner 實益擁有人	88,621,746 (L)	8.47% (L)
SYH YIHAI Ltd ⁽²⁾	Beneficial owner 實益擁有人	88,621,746 (L)	8.47% (L)
JLJH YIHAI Ltd ⁽³⁾	Beneficial owner and nominee for another person 實益擁有人及另一名人士的代名人	73,766,000 (L)	7.05% (L)
Vistra Trust (HK) Limited ⁽³⁾	Trustee (other than a bare trustee) 受託人(非無條件受託人)	73,766,000 (L)	7.05% (L)
UBS Group AG ⁽⁴⁾	Person having a security interest in share 於股份持有擔保權益的人士	1,180,000 (L)	0.11% (L)
	Interest of controlled corporation 受控制法團權益	72,214,591 (L)	6.90% (L)

(L) denotes a long position

(L) 代表好倉

Notes:

附註：

(1) ZYSP Trust is a discretionary trust set up by Mr. Zhang Yong and Ms. Shu Ping as the settlors and protectors on 1 June 2016 for their own benefit. The entire share capital of ZYSP YIHAI Ltd is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the ZYSP Trust. Mr. Zhang Yong and Ms. Shu Ping (as founders of the ZYSP Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by ZYSP YIHAI Ltd for the purpose of the SFO.

(1) ZYSP信託為張勇先生及舒萍女士以財產授予人及保護人的身份為其自身利益於2016年6月1日成立的全權信託。ZYSP YIHAI Ltd的全部股本由UBS Trustees (B.V.I.) Limited以ZYSP信託的受託人身份全資擁有。張勇先生及舒萍女士(作為ZYSP信託的創立人)及UBS Trustees (B.V.I.) Limited就證券期貨條例而言被當作於ZYSP YIHAI Ltd持有的股份擁有權益。

Directors' Report

董事會報告

(2) SL Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on 2 June 2016 for their own benefit. The entire share capital of SYH YIHAI Ltd and LHY YIHAI Ltd is wholly owned by Twice Happiness Limited and ultimately owned by Cititrust Private Trust (Cayman) Limited as the trustee of the SL Trust. Mr. Shi Yonghong and Ms. Li Haiyan (as founders of the SL Trust), Twice Happiness Limited and Cititrust Private Trust (Cayman) Limited are taken to be interested in the Shares held by SYH YIHAI Ltd and LHY YIHAI Ltd for the purpose of the SFO. Mr. Shi Yonghong is the spouse of Ms. Li Haiyan and is deemed to be interested in the same number of the Shares in which Ms. Li Haiyan is interested for the purpose of the SFO. Ms. Li Haiyan is the spouse of Mr. Shi Yonghong and is deemed to be interested in the same number of the Shares in which Mr. Shi Yonghong is interested for the purpose of the SFO.

(3) Vistra Trust (HK) Limited is the trustee and JLJH YIHAI Ltd is the nominee to administer the RSU Scheme. JLJH YIHAI Ltd holds the Shares underlying the RSU granted by us for the benefit of eligible participants pursuant to the RSU Scheme.

During the reporting period, 8,062,000 Shares were vested pursuant to the RSU Scheme. Among which, 240,000 Shares were vested and transferred to the respective grantees, and 65,704,000 Shares were vested but the transfer to the respective grantees was not completed as at 31 December 2019. As at 31 December 2019, 73,766,000 Shares were held by JLJH YIHAI Ltd.

(4) UBS Group AG is interested in 1,180,000 shares as person having a security in share and 72,214,591 shares as interest of corporation controlled by it via secured wholly owned subsidiaries.

Save as disclosed above, as at 31 December 2019, the Directors and the chief executives of the Company are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

(2) SL信託為施永宏先生及李海燕女士以財產授予人及保護人的身份為其自身利益於2016年6月2日成立的全權信託。SYH YIHAI Ltd及LHY YIHAI Ltd的全部股本由Twice Happiness Limited全資擁有及由Cititrust Private Trust (Cayman) Limited以SL信託的受託人身份最終擁有。施永宏先生及李海燕女士(作為SL信託的創立人)、Twice Happiness Limited及Cititrust Private Trust (Cayman) Limited就證券及期貨條例而言被當作於SYH YIHAI Ltd及LHY YIHAI Ltd持有的股份擁有權益。施永宏先生為李海燕女士的配偶並就證券及期貨條例而言被視為於李海燕女士擁有權益的相同股份數目中擁有權益。李海燕女士為施永宏先生的配偶並就證券及期貨條例而言被視為於施永宏先生擁有權益的相同股份數目中擁有權益。

(3) Vistra Trust (HK) Limited為受託人及JLJH YIHAI Ltd為管理受限制股份單位計劃的代名人。JLJH YIHAI Ltd根據受限制股份單位計劃為合資格參與者的利益持有由我們授出涉及受限制股份單位的相關股份。

於報告期間，8,062,000股股份根據受限制股份單位計劃歸屬，當中240,000股股份已歸屬及轉讓予各自的承授人，而65,704,000股股份已歸屬但轉讓予各自的承授人於2019年12月31日並未完成。於2019年12月31日，JLJH YIHAI Ltd持有73,766,000股股份。

(4) UBS Group AG以作為於股份中擁有擔保權益的人士於1,180,000股股份擁有權益，其亦透過有擔保全資附屬公司於其控制的法團權益中擁有72,214,591股股份權益。

除上文所披露者外，截至2019年12月31日，本公司董事及最高行政人員並不知悉任何其他人士(除本公司董事或最高行政人員外)擁有根據證券及期貨條例第XV部第2及第3分部的規定須知會本公司及聯交所的股份及相關股份的權益或淡倉，或根據證券及期貨條例第XV部第336條本公司須存置的登記冊所記錄的權益或淡倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Directors, and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, at no time during the year ended 31 December 2019 and up to the date of this annual report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed “Our History, Reorganization and Corporate Structure – Reorganization” in the Prospectus and save for their respective interests in the Group, none of the Directors and the Controlling Shareholders was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended 31 December 2019.

We have received annual written confirmations from the Controlling Shareholders, consisting of Mr. Zhang Yong, Ms. Shu Ping and ZYSP YIHAI Ltd, of the compliance with the provisions of the Non-competition Undertaking by such Controlling Shareholders and their close associates.

The independent non-executive Directors have reviewed the compliance with the Non-competition Undertaking during the year ended 31 December 2019 based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that our Controlling Shareholders have duly complied with the Non-competition Undertaking.

CONVERTIBLE BONDS

As at the date of this annual report, the Company has not issued any convertible bonds.

董事收購股份或債權證的權利

除上文「董事及最高行政人員於股份、相關股份及債權證中所擁有的權益及淡倉」一節所披露者外，於截至2019年12月31日止年度及至本年報日期期間，本公司或其任何附屬公司均非任何安排的其中一方以讓董事通過收購本公司或任何其他法人團體的股份或債權證的方式收取利益，亦概無董事或任何彼等的配偶或18歲以下的子女獲授任何權利以認購本公司或任何其他法人團體的股本或債務證券或已行使任何該等權利。

董事及控股股東於競爭性業務的權益

除招股章程中「歷史、重組及公司架構 – 重組」一節所披露者及彼等各自於本集團的權益外，截至2019年12月31日止年度，董事及控股股東概無在任何與本集團業務產生競爭或可能產生競爭之業務中擁有權益。

我們已接獲控股股東（包括張勇先生、舒萍女士及ZYSP YIHAI Ltd）就控股股東及其緊密聯繫人對不競爭承諾條文之合規情況而發出的年度書面確認書。

獨立非執行董事已根據控股股東所提供或其給予的資料及確認書，審閱於截至2019年12月31日止年度不競爭承諾的合規情況，並信納控股股東已妥為遵守不競爭承諾。

可換股債券

截至本年報日期，本公司並無發行任何可換股債券。

Directors' Report

董事會報告

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As at the date of this annual report, the Company has not entered into any loan agreement which contains covenants requiring specific performance of the Controlling Shareholders.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 34 to the Financial Statements, the following transactions constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that for the related party transactions falling under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 14A of the Listing Rules, it had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

1. Chengdu Lease Agreement

On 6 July 2018, Sichuan Haidilao and Chengdu Yueyihai, our wholly owned subsidiary, entered into the Chengdu Lease Agreement, including the supplemental agreement, pursuant to which Chengdu Yueyihai agreed to lease from Sichuan Haidilao a parcel of land together with properties and fixtures thereon to be used for production and warehousing. Sichuan Haidilao is our connected person and therefore the transactions under the Chengdu Lease Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Chengdu Lease Agreement has a term of two years from 1 January 2019 to 31 December 2020. Please refer to the announcement of the Company dated 6 July 2018 for details.

附有涉及控股股東履行特定責任之契諾的貸款協議

截至本年報日期，本公司並無訂立任何載有要求控股股東履行特定責任之契諾的貸款協議。

關連及持續關連交易

於財務報表附註34中披露的關連方交易中，下列交易根據上市規則第14A.31條構成本公司的持續關連交易，且根據上市規則第14A.71條的要求須於本年報中披露。本公司確認就關聯方交易歸入上市規則第十四A章有關「關連交易」或「持續關連交易」的定義（視屬何情況而定），其已符合上市規則第十四A章的披露規定。請見下列就遵守上市規則第十四A章的規定而須披露的資料。

1. 成都租賃協議

於2018年7月6日，四川海底撈與我們的全資附屬公司成都悅頤海訂立成都租賃協議（包括補充協議），據此，成都悅頤海同意從四川海底撈租用一幅土地連同其上的物業及裝置以作生產及倉庫使用。四川海底撈為我們的關連人士，因此根據上市規則第十四A章，成都租賃協議項下的交易構成持續關連交易。

成都租賃協議自2019年1月1日至2020年12月31日為期兩年。有關詳情，請參閱本公司日期為2018年7月6日的公告。

The annual caps for the rental payable under the Chengdu Lease Agreement for the years ended 31 December 2019 and 2020 are RMB4,500,000 and RMB4,500,000, respectively. Please also refer to note 34 to the Financial Statements for details. The aggregate transaction amount incurred in accordance with the Chengdu Lease Agreement for the year ended 31 December 2019 was RMB2,932,000.

2. Sichuan Haidilao Warehouse Storage Service Agreement

On 6 July 2018, Sichuan Haidilao and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Sichuan Haidilao Warehouse Storage Service Agreement, pursuant to which Sichuan Haidilao Group agreed to provide warehousing facilities and related services, including warehouse storage, sorting process management, stock-taking, and other logistics services, to the Group in connection with storage of our products. Sichuan Haidilao is our connected person and therefore the transactions under the Sichuan Haidilao Warehouse Storage Service Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Sichuan Haidilao Warehouse Storage Service Agreement has a term of two years from 1 January 2019 to 31 December 2020. Please refer to the announcement of the Company dated 6 July 2018 for details.

The annual caps for the rental payable under the Haidilao Warehouse Storage Service Agreement for the years ended 31 December 2019 and 2020 are RMB300,000 and RMB360,000, respectively. Please also refer to note 34 to the Financial Statements for details. The aggregate transaction amount incurred in accordance with the Haidilao Warehouse Storage Service Agreement for the year ended 31 December 2019 was RMB245,000.

截至2019年及2020年12月31日止年度，根據成都租賃協議應付租金的年度上限分別為人民幣4,500,000元及人民幣4,500,000元。有關詳情亦請參閱財務報表附註34。截至2019年12月31日止年度，根據成都租賃協議產生的總交易金額為人民幣2,932,000元。

2. 四川海底撈倉儲服務協議

於2018年7月6日，四川海底撈與我們的全資附屬公司頤海上海（各自為其本身及代表其附屬公司）訂立四川海底撈倉儲服務協議，據此，四川海底撈集團同意就我們產品的儲存向本集團提供倉儲設施及相關服務（包括倉儲、分類加工管理、盤點及其他物流服務）。四川海底撈為我們的關連人士，因此根據上市規則第十四A章，四川海底撈倉儲服務協議項下的交易構成持續關連交易。

四川海底撈倉儲服務協議自2019年1月1日至2020年12月31日為期兩年。有關詳情，請參閱本公司日期為2018年7月6日的公告。

截至2019年及2020年12月31日止年度，根據海底撈倉儲服務協議應付租金的年度上限分別為人民幣300,000元及人民幣360,000元。有關詳情亦請參閱財務報表附註34。截至2019年12月31日止年度，根據海底撈倉儲服務協議產生的總交易金額為人民幣245,000元。

Directors' Report

董事會報告

3. Shuhai Warehouse Storage Service Agreement

On 6 July 2018, Shuhai Supply Chain and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Shuhai Warehouse Storage Service Agreement, pursuant to which Shuhai Supply Chain Group agreed to provide warehousing facilities and related services, including warehouse storage, sorting process management, stock-taking, and other logistics services, to the Group in connection with storage of our products. Shuhai Supply Chain is our connected person and therefore the transactions under the Shuhai Warehouse Storage Service Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Shuhai Warehouse Storage Service Agreement has a term of two years from 1 January 2019 to 31 December 2020. Please refer to the announcement of the Company dated 6 July 2018 for details.

The annual caps for the rental payable under the Shuhai Warehouse Storage Service Agreement for the years ended 31 December 2019 and 2020 are RMB10,600,000 and RMB17,400,000, respectively. Please also refer to note 34 to the Financial Statements for details. The aggregate transaction amount incurred in accordance with the Shuhai Warehouse Storage Service Agreement for the year ended 31 December 2019 was RMB9,508,000.

3. 蜀海倉儲服務協議

於2018年7月6日，蜀海供應鏈與我們的全資附屬公司頤海上海（各自為其本身及代表其附屬公司）訂立蜀海倉儲服務協議，據此蜀海供應鏈集團同意就儲存我們的產品向本集團提供倉庫設施及相關服務（包括倉儲、分類加工管理、盤點及其他物流服務）。蜀海供應鏈為我們的關連人士，因此根據上市規則第十四A章，蜀海倉儲服務協議項下的交易構成持續關連交易。

蜀海倉儲服務協議自2019年1月1日至2020年12月31日為期兩年。有關詳情，請參閱本公司日期為2018年7月6日的公告。

截至2019年及2020年12月31日止年度，根據蜀海倉儲服務協議應付租金的年度上限分別修訂為人民幣10,600,000元及人民幣17,400,000元。有關詳情亦請參閱財務報表附註34。截至2019年12月31日止年度，根據蜀海倉儲服務協議產生的總交易金額為人民幣9,508,000元。

4. Master Sales Agreement

On 6 July 2018, Singapore Haidilao and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Master Sales Agreement, pursuant to which we agreed to supply Haidilao Customized Products, Haidilao Retail Products and Small Hotpot Products to the Haidilao Group. Singapore Haidilao is our connected person and therefore the transactions under the Master Sales Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Master Sales Agreement has a term of two years from 1 January 2019 to 31 December 2020. Please refer to the announcement and circular of the Company dated 6 July 2018 and 19 July 2018, respectively, for details.

The annual caps receivable under the Master Sales Agreement for the years ended 31 December 2019 and 2020 are RMB2,337,900,000 and RMB3,567,300,000, respectively. Please also refer to note 34 to the Financial Statements for details. The aggregate transaction amount incurred in accordance with the Master Sales Agreement for the year ended 31 December 2019 was RMB1,625,628,000.

4. 總銷售協議

於2018年7月6日，新加坡海底撈及我們的全資附屬公司頤海上海（各自為其本身及代表其附屬公司）訂立總銷售協議，據此，我們同意向海底撈集團供應海底撈定製產品、海底撈零售產品及小火鍋產品。新加坡海底撈為我們的關連人士，因此根據上市規則第十四A章，總銷售協議項下的交易構成持續關連交易。

總銷售協議自2019年1月1日至2020年12月31日為期兩年。有關詳情，請分別參閱本公司日期為2018年7月6日及2018年7月19日的公告及通函。

截至2019年及2020年12月31日止年度，根據總銷售協議應收的年度上限分別修訂為人民幣2,337,900,000元及人民幣3,567,300,000元。有關詳情亦請參閱財務報表附註34。截至2019年12月31日止年度，根據總銷售協議產生的總交易金額為人民幣1,625,628,000元。

Directors' Report

董事會報告

5. Shuhai Sales Agreement

On 6 July 2018, Shuhai Supply Chain and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Shuhai Sales Agreement, pursuant to which we agreed to sell hot pot soup flavoring products, hot pot dipping sauce products and other compound condiment products to Shuhai Supply Chain Group for sales and distribution to its customers who are catering service providers. Shuhai Supply Chain is our connected person and therefore the transactions under the Shuhai Sales Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Shuhai Sales Agreement has a term of two years from 1 January 2019 to 31 December 2020. Please refer to the announcement and circular of the Company dated 6 July 2018 and 19 July 2018, respectively, for details.

The annual caps for the transactions under the Shuhai Sales Agreement for the years ended 31 December 2019 and 2020 are initially RMB19,660,000 and RMB29,500,000, and further revised to RMB80,860,000 and RMB131,660,000 respectively. Please refer to the announcement and circular of the Company dated 10 June 2019 and 14 June 2019, respectively. Please also refer to note 34 to the Financial Statements for details. The aggregate transaction amount incurred in accordance with the Shuhai Sales Agreement for the year ended 31 December 2019 was RMB37,410,000.

5. 蜀海銷售協議

於2018年7月6日，蜀海供應鏈與我們的全資附屬公司頤海上海（各自為其本身及代表其附屬公司）訂立蜀海銷售協議，據此，我們同意向蜀海供應鏈集團銷售火鍋底料產品、火鍋蘸料產品及其他複合調味品，以供向其餐飲服務供應商客戶進行銷售及經銷。蜀海供應鏈為我們的關連人士，因此根據上市規則第十四A章，蜀海銷售協議項下的交易構成持續關連交易。

蜀海銷售協議自2019年1月1日至2020年12月31日為期兩年。有關詳情，請分別參閱本公司日期為2018年7月6日及2018年7月19日的公告及通函。

截至2019年及2020年12月31日止年度，根據蜀海銷售協議的交易的年度上限分別為人民幣19,660,000元及人民幣29,500,000元，並進一步修訂至人民幣80,860,000元及人民幣131,660,000元。請參閱本公司日期為2019年6月10日及2019年6月14日的公告及通函。有關詳情亦請參閱財務報表附註34。截至2019年12月31日止年度，根據蜀海銷售協議產生的總交易金額為人民幣37,410,000元。

6. Framework Sales and Purchase Agreements

On 18 September 2017, the Joint Venture and Yihai Shanghai, our wholly owned subsidiary and for itself and on behalf of its subsidiaries, entered into the Framework Sales and Purchase Agreements, pursuant to which (i) we agreed to sell hot pot soup flavouring products to the Joint Venture as raw materials for the manufacture of Small Hot Pot Products; and (ii) the Joint Venture agreed to sell Small Hot Pot Products to us. The Joint Venture is our connected subsidiary and therefore transactions under the Framework Sales and Purchase Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Framework Sales and Purchase Agreements have an initial term of three years from 6 November 2017 to 31 August 2020 and is renewable for further term of three years from time to time, subject to compliance with the Listing Rules and applicable laws and regulations. Please refer to the announcement of the Company dated 18 September 2017 and 6 November 2017 for details.

As the Framework Sales and Purchase Agreement will expire on 31 August 2020, the Joint Venture and Yihai Shanghai entered into a new Framework Sales and Purchase Agreement on 6 July 2018 for a term of four months from 1 September 2020 to 31 December 2020. The nature of the new Framework Sales and Purchase Agreement is similar to the Framework Sales and Purchase Agreement. Please refer to the announcement and circular of the Company dated 6 July 2018 and 19 July 2018, respectively, for details.

The annual caps for the transactions under the Framework Sales and Purchase Agreements for the year ended 31 December 2019 and 2020 are initially RMB205,500,000 and RMB356,666,000, and further revised to RMB258,362,000 and RMB452,317,000 respectively. Please refer to the announcement and circular of the Company dated 10 June 2019 and 14 June 2019, respectively, for details. Please also refer to note 34 to the Financial Statements for details. The aggregate transaction amount incurred in accordance with the Framework Sales and Purchase Agreements for the year ended 31 December 2019 was RMB185,615,000.

6. 產品互供框架協議

於2017年9月18日，合資公司與我們的全資附屬公司頤海上海（為其本身及代表其附屬公司）訂立產品互供框架協議，據此，(i)我們同意向合資公司出售火鍋底料產品，用作生產小火鍋產品的原材料；及(ii)合資公司同意向我們出售小火鍋產品。合資公司為我們的關連附屬公司，因此根據上市規則第十四A章，產品互供框架協議項下的交易構成持續關連交易。

產品互供框架協議初步為期三年，自2017年11月6日起至2020年8月31日止，可不時另外續期三年，惟須符合上市規則及適用法律法規的要求。有關詳情請參閱本公司日期為2017年9月18日及2017年11月6日的公告。

由於產品互供框架協議將於2020年8月31日屆滿，合營公司與頤海上海於2018年7月6日訂立新產品互供框架協議，自2020年9月1日至2020年12月31日為期四個月。新產品互供框架協議的性質類似產品互供框架協議。有關詳情，請分別參閱本公司日期為2018年7月6日及2018年7月19日的公告及通函。

截至2019年及2020年12月31日止年度，根據產品互供框架協議的交易的年度上限初始分別為人民幣205,500,000元及人民幣356,666,000元，而後分別修改為人民幣258,362,000元及人民幣452,317,000元。有關詳情，請分別參閱本公司日期為2019年6月10日及2019年6月14日的公告及通函。有關詳情亦請參閱財務報表附註34。截至2019年12月31日止年度，根據產品互供框架協議產生的總交易金額為人民幣185,615,000元。

Directors' Report

董事會報告

7. Shuhai Purchase Agreement

On 10 June 2019, the Company and Shuhai Supply Chain entered into the Shuhai Purchase Agreement, pursuant to which we agreed to purchase food ingredients (such as beef and bovine offal) from Shuhai Supply Chain Group. Such food ingredients will primarily be used in the manufacture of the Small Hot Pot Products. Shuhai Supply Chain is our connected person and therefore the transactions under the Shuhai Purchase Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Shuhai Purchase Agreement has a term of not more than two years from 10 June 2019 to 31 December 2020. Please refer to the announcement and circular of the Company dated 10 June 2019 and 14 June 2019, respectively, for details.

The annual caps for the Shuhai Purchase Agreement for the seven months ended 31 December 2019 and the year ended 31 December 2020 are RMB85,584,000 and RMB228,037,000, respectively. Please also refer to note 34 to the Financial Statements for details. The aggregate transaction amount incurred in accordance with the Shuhai Purchase Agreement for the year ended 31 December 2019 was RMB22,266,000.

The Group has followed policies and guidelines when determining the price and terms of the continuing connected transactions conducted for the year ended 31 December 2019.

The auditor of the Group has reviewed the continuing connected transactions referred to above and confirmed to the Board that the continuing connected transactions: (i) have received the approval of the Board; (ii) were in accordance with the pricing policies of the Group; (iii) were entered into in accordance with the relevant agreement governing the transaction; and (iv) have not exceeded the caps.

7. 蜀海購買協議

於2019年6月10日，本公司與蜀海供應鏈訂立蜀海購買協議，據此，我們同意向蜀海供應鏈集團購買牛肉及牛雜等食材。該等食材將主要用於製作小火鍋產品。蜀海供應鏈為我們的關連人士，因此根據上市規則第十四A章，蜀海購買協議項下的交易構成持續關連交易。

蜀海購買協議年期為自2019年6月10日至2020年12月31日止為期不超過兩年。有關詳情，請分別參閱本公司日期為2019年6月10日及2019年6月14日的公告及通函。

截至2019年12月31日止七個月及截至2020年12月31日止年度，蜀海購買協議的年度上限分別為人民幣85,584,000元及人民幣228,037,000元。有關詳情亦請參閱財務報表附註34。截至2019年12月31日止年度，根據蜀海購買協議產生的總交易金額為人民幣22,266,000元。

本集團於釐定截至2019年12月31日止年度進行的持續關連交易的價格及條款時已遵守政策及指引。

本集團核數師已審閱上述持續關連交易，並向董事會確認，該等持續關連交易：(i)已獲董事會批准；(ii)符合本集團的定價政策；(iii)根據規管交易的相關協議訂立；及(iv)並無超出上限。

The independent non-executive Directors have confirmed that the above continuing connected transactions were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement (including the pricing principle and guidelines set out therein) governing them and on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company has designated a team of senior management from business operation, legal, risk control and finance departments and Board office to monitor the continuing connected transactions and ensure that the continuing connected transactions with the abovementioned connected persons are on arm's length basis and that the annual caps are not exceeded. Such team of senior management continuously traces and regularly monitors the progress of the continuing connected transactions and reports to management of the Company. They review the continuing connected transactions with the finance department to ensure that annual caps are not exceeded. They will also communicate with the Audit Committee, management and the Board of Directors, monthly or as needed, to report the progress of the continuing connected transactions, and request for approval of new changes of existing transaction terms. The heads of different departments of the Company will be informed on a periodic basis in relation to the terms and pricing policies of the continuing connected transactions as well. The Audit Committee has also assigned the independent internal audit team the task to ensure that the Company's internal control measures in respect of the continuing connected transactions remain effective and complete. With these measures, the independent non-executive Directors could therefore assess and give the confirmations in the preceding paragraph.

Save for disclosed above, during the year ended 31 December 2019, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

獨立非執行董事確認，本集團乃(i)於其日常及一般業務過程中；(ii)根據正常或更佳商業條款；及(iii)根據規管交易的相關協議（包括其中規定的定價原則及指引）並按公平、合理及符合本公司及股東整體利益之條款訂立上述持續關連交易。

本公司已指定一支由業務經營、法律、風險控制及財務部門以及董事會辦公室組成的高級管理層團隊以監察持續關連交易及確保與上文所提及關連人士進行的持續關連交易乃按公平磋商釐定，且並無超出年度上限。有關高級管理層團隊持續追蹤及定期監察持續關連交易進程，並向本公司管理層報告。彼等與財務部審閱持續關連交易以確保並無超出年度上限。彼等亦將會每月或(如需要)與審計委員會、管理層及董事會進行溝通，以報告持續關連交易進程，並要求批准現有交易條款的新變動。本公司不同部門主管將會獲定期知會持續關連交易條款及定價政策。審計委員會亦指派獨立內部審計團隊任務，確保有關持續關連交易的本公司內部控制措施保持有效及完整。隨著該等措施，獨立非執行董事因而可評估於上一段給予確認。

除上文所披露者外，我們於截至2019年12月31日止年度並無訂立任何根據上市規則第14A.49條及第14A.71條須予披露之關連交易或持續關連交易。

Directors' Report

董事會報告

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected and Continuing Connected Transactions" above, there were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the year ended 31 December 2019 or as of 31 December 2019.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Connected and Continuing Connected Transactions" above, no contract of significance was entered into between the Company, or one of its subsidiary companies, and any of its Controlling Shareholders or subsidiaries during the year ended 31 December 2019.

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 ended 31 December 2019 and up to the date of this annual report.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to Article 33 of the Articles of Association and subject to Cayman Islands Companies Law, each Director shall be indemnified, out of the assets of the Company, against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favor, or in which he/she is acquitted.

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended 31 December 2019.

董事於重要交易、安排或合約中的重大權益

除上文「關連及持續關連交易」一節所披露者外，並無本公司的或其附屬公司屬其中一名訂約方且董事或其關連實體（如《公司條例》第486條所定義）於其中直接或間接擁有重大權益以及於截至2019年12月31日止年度或截至2019年12月31日仍然存續之重要交易、安排或合約。

重大合約

除上文「關連及持續關連交易」一節所披露者外，於截至2019年12月31日止年度，本公司或其中一間附屬公司與其任何控股股東或附屬公司之間概無訂立任何重大合約。

管理合約

截至2019年12月31日止年度及直至本年報日期為止，概無訂立或存在任何有關本公司全部或重大部分業務之管理及行政的合約。

董事獲准許的彌償條文

根據組織章程細則第33條及受開曼群島公司法約束，各董事有權從本公司的資產中獲得彌償，以彌償其作為董事在勝訴或無罪的任何民事或刑事法律訴訟中進行抗辯而招致或蒙受的一切損失或法律責任。

於截至2019年12月31日止年度，本公司已為本集團的董事安排適當的董事責任保險。

REMUNERATION POLICY, DIRECTORS' REMUNERATION AND PENSION SCHEME

As at 31 December 2019, we had 1,907 employees. The remuneration of our employees includes salaries and allowances. We provide training to our staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The Group follows closely the demand of business development and continuously improves its incentive system and implements a competitive remuneration policy.

The Group offers competitive remuneration packages to the Directors. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration during the year ended 31 December 2019 are set out in note 36 to the Financial Statements.

In accordance with the laws and regulations in the PRC, the Group has arranged for its PRC employees to join defined contribution plans, including pension, medical, housing and other welfare benefits, organised by the PRC government. No forfeited contribution under this scheme is available to reduce the contribution payable in future years. The Group also provides social insurance, including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for the employees of the Group.

SHARE OPTION SCHEME

During the year ended 31 December 2019, the Company did not have any share option scheme which was required to be disclosed.

薪酬政策、董事薪酬及退休金計劃

於2019年12月31日，我們擁有1,907名僱員。僱員的薪酬包括薪金及津貼。我們亦為員工提供培訓，以提升其技術及產品知識。本集團的薪酬政策乃基於僱員個人的表現制定，並會定期予以檢討。本集團緊貼業務發展需求，不斷優化激勵體系，實施具有競爭力的薪酬政策。

本集團為董事提供具競爭力的薪酬待遇。其他酬金由董事會經參照董事職務、職責及表現以及本集團的業績而釐定。於截至2019年12月31日止年度董事酬金的詳情載於財務報表附註36。

根據中國法律及法規，本集團已安排其中國僱員加入由中國政府組織的界定供款計劃，當中包括退休金、醫療、住房及其他福利。本計劃並無可供沒收供款以供削減未來年度應付供款。本集團亦為本集團僱員提供社保，當中包括退休金保險、失業保險、工傷保險及醫療保險。

購股權計劃

於截至2019年12月31日止年度，本公司並無任何須予披露的購股權計劃。

Directors' Report

董事會報告

THE RESTRICTED SHARE UNIT SCHEME

The Company has approved and adopted a RSU Scheme by a resolution of the Shareholders on 24 February 2016 and a resolution of the Board on 24 February 2016. The RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Scheme does not involve the grant of options by the Company to subscribe for new Shares.

The RSUs do not carry any right to vote at general meetings of the Company. No RSU grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an award of RSUs (the "Award") pursuant to the RSU Scheme, unless and until such Shares underlying the Award are actually transferred to the RSU grantee upon vesting of the RSU. Unless otherwise specified by the Board in its entire discretion, the RSU grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying an Award. Please refer to the section headed "Appendix IV – Statutory and General Information" of the Prospectus for details.

The Company approved and granted 9,140,000 RSUs among which 1,510,000 were granted to two Directors pursuant to the RSU Scheme on 28 December 2016. Please refer to the announcement of the Company dated 28 December 2016 for details. As at 31 December 2019, 620,000 RSUs out of the 9,140,000 RSUs that were granted on 28 December 2016 have been cancelled due to resignation of our employees and all of the remaining RSUs (i.e. 8,520,000 RSUs) have been vested in accordance with the vesting period as set out in the announcement.

The Company approved and granted 1,510,000 RSUs among which 770,000 were granted to five Directors pursuant to the RSU Scheme on 9 December 2018. Please refer to the announcement of the Company dated 10 December 2018 for details. As at 31 December 2019, all of the 1,510,000 RSUs have been vested in accordance with the vesting period as set out in the announcement.

受限制股份單位計劃

本公司已根據股東於2016年2月24日的決議案及董事會於2016年2月24日的決議案批准及採納受限制股份單位計劃。受限制股份單位計劃並不受限於上市規則第十七章的條文，因為受限制股份單位計劃並不涉及由本公司授出可認購新股份的購股權。

受限制股份單位並無附帶任何可於本公司股東大會上投票的權利。除非及直至該等與受限制股份單位獎勵（「獎勵」）相關的股份於受限制股份單位歸屬時實際轉讓予受限制股份單位受託人，否則並無受限制股份單位受託人因根據受限制股份單位計劃授出獎勵而享有任何股東權利。除非董事會全權酌情決定別行指明，否則受限制股份單位受託人並無任何權利分享與獎勵相關的任何股份的任何現金或非現金收入、股息或分派及／或出售非現金及非實物分派的所得款項。有關詳情，請參閱招股章程「附錄四 – 法定及一般資料」章節。

於2016年12月28日，本公司已根據受限制股份單位計劃批准及授出9,140,000個受限制股份單位，其中1,510,000份乃授予兩名董事。詳情請參閱本公司日期為2016年12月28日的公告。截至2019年12月31日，於2016年12月28日授出的9,140,000個受限制股份單位中的620,000個受限制股份單位，由於我們僱員辭任已被註銷，而其餘全部受限制股份單位（即8,520,000個受限制股份單位）已根據該公告載列的歸屬期予以歸屬。

於2018年12月9日，本公司已根據受限制股份單位計劃批准及授出1,510,000份受限制股份單位，其中770,000份乃授予五名董事。詳情請參閱該本公司日期為2018年12月10日之公告。於2019年12月31日，全部1,510,000個受限制股份單位已根據該公告載列的歸屬期予以歸屬。

The Company approved and granted 750,000 RSUs among which 670,000 were granted to five Directors pursuant to the RSU Scheme on 27 December 2019. Please refer to the announcement of the Company dated 27 December 2019 for details. As at 31 December 2019, all of the 750,000 RSUs have been vested in accordance with the vesting period as set out in the announcement.

Save as disclosed above, as at 31 December 2019, no RSU had been granted or agreed to be granted by the Company pursuant to the RSU Scheme.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2019.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 5.3% and 23.5%; and the respective percentage of the total sales attributable to the Group's largest customer and five largest customers was 14.3% and 38.9%.

Our largest customer was Xinpai Shanghai, second largest customer was Sichuan Haizhiyan Trading Co., Ltd.* (四川海之雁貿易有限公司) and third largest customer was Sichuan Xinpai Catering Management Co., Ltd.*(四川新派餐飲管理有限公司), all of which are wholly-owned subsidiaries of Haidilao International Holding Ltd (stock code: 6862). The aggregate percentage of the total sales attributable to these three largest customers was 36.2%. Mr. Zhang Yong and Ms. Shu Ping are the controlling shareholders, and Mr. Shi Yonghong and his spouse are the substantial shareholders of Haidilao International Holding Ltd.

Except as disclosed above, none of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest suppliers or customers.

於2019年12月27日，本公司已根據受限制股份單位計劃批准及授出750,000份受限制股份單位，其中670,000份乃授予五名董事。詳情請參閱該本公司日期為2019年12月27日之公告。於2019年12月31日，全部750,000個受限制股份單位已根據該公告載列的歸屬期予以歸屬。

除上文所披露者外，截至2019年12月31日，並無受限制股份單位已獲本公司根據受限制股份單位計劃授出或同意授出。

股權掛鈎協議

除本年報披露者外，本公司於截至2019年12月31日止年度並無訂立股權掛鈎協議。

主要客戶及供應商

於截至2019年12月31日止年度，本集團最大供應商及五大供應商應佔相關採購百分比合共為5.3%及23.5%；及本集團最大客戶及五大客戶應佔銷售總額相關百分比為14.3%及38.9%。

我們的最大客戶為新派上海和第二大客戶為四川海之雁貿易有限公司及第三大客戶為四川新派餐飲管理有限公司，所有均為海底撈國際控股有限公司（股份代號：6862）的全資附屬公司。三大客戶應佔總銷量的總百分比為36.2%。張勇先生和舒萍女士為海底撈國際控股有限公司的控股股東，而施永宏先生及其配偶為其主要股東。

除上述披露者外，董事或彼等緊密聯繫人或任何股東（據董事所知其擁有本公司超過5%的已發行股本）概無於五大供應商或客戶中擁有重大權益。

Directors' Report

董事會報告

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code since the Listing Date and up to the date of this annual report.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company since the Listing Date and up to the date of this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company had applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the code provisions in the Corporate Governance Code for the year ended 31 December 2019, except for the deviation from the Corporate Governance Code provision A.2.1. Please refer to the Corporate Governance Report of this annual report for details.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, certified public accountants.

PricewaterhouseCoopers will retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the AGM.

收購、出售或贖回本公司上市證券

於截至2019年12月31日止年度，本公司及其任何附屬公司均無購買、贖回或出售本公司任何上市證券。

證券交易的標準守則

本公司已採納標準守則。已向所有董事作出特別查詢，而董事亦已確認彼等自上市日期起至本報告日期一直遵守標準守則。

可能擁有本公司內幕消息的本公司僱員亦須遵守證券交易的標準守則。自上市日期起至本年報日期，本公司並無注意到出現本公司僱員不遵守標準守則的事件。

遵守企業管治守則

除僅偏離企業管治守則條文A.2.1條外，本公司已採納企業管治守則的原則及守則條文，並於截至2019年12月31日止年度為止一直遵守企業管治守則內之守則條文。有關詳情，請參閱本年報企業管治報告。

核數師

本集團截至2019年12月31日止年度的綜合財務報表乃由執業會計師羅兵咸永道會計師事務所審核。

羅兵咸永道會計師事務所將會退任並合資格應聘續任。該等聘用續任的決議案將於股東周年大會上提呈。

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from Tuesday, 19 May 2020 to Friday, 22 May 2020, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM. The Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 18 May 2020 will be eligible to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 18 May 2020. The register of members of the Company will also be closed from Thursday, 28 May 2020 to Monday, 1 June 2020, both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. The Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 1 June 2020 will be entitled to the final dividend. In order to be eligible to entitle to the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 27 May 2020.

By order of the Board

Shi Yonghong

Chairman of the Board

Hong Kong, 20 April 2020

暫停辦理過戶登記及記錄日

本公司將於2020年5月19日(星期二)至2020年5月22日(星期五)(包括首尾兩日)暫停辦理股份過戶登記手續,以釐定合資格出席股東週年大會及於其中投票的股東。於2019年5月18日(星期一)營業時間結束時名列在本公司股東名冊上的股東將有資格參加股東週年大會並於其中投票。為符合資格出席股東週年大會並於會上投票,所有過戶文件連同有關股票證書及過戶表格,須於2020年5月18日(星期一)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712至1716室。本公司亦將於2020年5月28日(星期四)至2020年6月1日(星期一)(包括首尾兩日)暫停辦理股份過戶登記手續,以釐定合資格領取末期股息之股東。於2020年6月1日(星期一)營業時間結束時名列本公司股東名冊的股東將有資格收取末期股息。為符合資格收取末期股息,所有過戶文件連同有關股票證書及過戶表格,須不遲於2020年5月27日(星期三)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

承董事會命

施永宏

董事會主席

香港, 2020年4月20日

The Environmental, Social and Governance Report

環境、社會及管治報告

ABOUT THE REPORT

Yihai International Holding Limited (hereinafter “Yihai”, “the Group”, “the Company” or “we”) is pleased to present our report on Environmental, Social and Governance (ESG) for the year 2019 (“the Report”). This is the fourth consecutive ESG report we have disclosed to the public regarding our ESG management philosophy and performance of our practices. We aim to disclose in this report the concepts and practices on sustainable development of the Group in a transparent manner and enhance the mutual understanding and communication of the various stakeholders of the Group.

PREPARATION BASIS OF THE REPORT

The Report is prepared in accordance with Appendix 27 *Environmental, Social and Governance Reporting Guide* (the “ESG Reporting Guide”) to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the “Listing Rules”) by Hong Kong Exchanges and Clearing Limited (“HKEx”). We follow the principles of importance, quantification, balance and consistency, and strive to fully represent our current management status and performance results in terms of environmental, social and governance for the year. This report should be read together in conjunction with the “Corporate Governance Report” in the Group’s *2019 Annual Report* for a more comprehensive understanding of the Group’s ESG performance. The Report has complied with the “comply or explain” provisions set out in the *ESG Reporting Guide*.

關於本報告

頤海國際控股有限公司（下稱「頤海」「本集團」「本公司」或「我們」）欣然呈列2019年度之環境、社會及管治報告（「本報告」）。本報告係我們連續第四年向社會發佈本公司在環境、社會及管治（「ESG」）方面的管理理念與績效表現，我們希望本報告能傳遞本集團的可持續發展理念與管理實踐，促進各利益相關方對本集團的了解和溝通。

報告編製標準

本報告編製依據為香港交易及結算所有有限公司發佈的《香港聯合交易所有限公司證券上市規則》（「上市規則」）所載之附錄二十七《環境、社會及管治報告指引》（「《ESG報告指引》」），遵循重要性、量化、平衡、一致性匯報原則，力求充分反映本集團本年度在ESG方面的管理現狀及績效成果。本報告應與本集團《2019年年度報告》「企業管治報告」章節結合閱讀、以幫助讀者更全面地了解本集團ESG表現。本報告已遵守《ESG報告指引》載列的「不遵守就解釋」條文。

REPORTING SCOPE

Unless otherwise stated, the Report covers the period from 1 January 2019 to 31 December 2019 which is the same as the period covered by the annual report of the Company. All data involved in the Report are derived from internal documents or statistical reports of the Group.

ESG MANAGEMENT

ESG Concept

We believe that sustainable and robust ESG performance is essential to the sustainable development of the Group's business and the community where the Group operates. The dynamic combination of commercial and social needs is bound to embrace more influential social effects. We are not only committed to achieving sound financial performance, but also realising greater overall benefits through actively identifying stakeholders' expectations, discovering areas where our business development coheres with environmental and social demands, exercising prudent management over our ESG risks, fully integrating our existing and potential resources to provide more value-added products and services for the society, striving to enhance our corporate value and ensuring the Group's long-term sustainable development.

ESG Governance System

The Group has established an ESG governance system that functions at different levels where the Board of Directors takes responsibilities, the management takes a leading role, and departments cooperate flexibly to effectively carry out ESG actions. The Board of Directors is responsible for reviewing and supervising the implementation of the ESG strategy and objectives on a regular basis. The management is responsible for implementing the ESG strategy and objectives. The ESG Working Group formed by various departments of the headquarter is responsible for carrying out specific ESG work in their respective fields of work. Branches and sub-branches are responsible for carrying out local ESG work under the guidance of the ESG Working Group. The establishment of the ESG governance system ensures that the environmental and social risks related to each business are properly managed and that the ESG concept and strategy are effectively implemented.

報告範圍

除特別說明外，本報告涵蓋期間為2019年1月1日至2019年12月31日，與公司年報內容所涵蓋時間相同。報告內涉及所有數據均來自本集團內部文件或統計報告。

ESG管理方針

ESG理念

我們相信持續穩健的ESG表現對本集團業務與本集團所在社區的可持續發展至關重要。商業和社會需求的有機結合方能產生更具影響的社會效應，我們不僅致力於實現強健的財務業績，亦致力於積極識別各利益相關方的期望，不斷發掘自身業務發展和環境、社會需求的契合點，審慎管理自身的ESG風險，充分整合現有及潛在資源以為社會創造更具價值的產品和服務，努力提升企業價值，確保本集團的長期持續發展。

ESG治理體系

本集團建立了「董事會負責、管理層領導、跨部門配合」上下聯動的ESG治理體系。董事會定期審閱和監督ESG戰略和目標，管理層負責落實ESG戰略及目標，多個部門組成ESG工作小組，在各自工作領域負責ESG具體工作的開展。分支機構在ESG工作小組的指導下，開展當地的ESG工作。ESG治理體系的建立，確保了各項業務涉及的環境、社會風險得到妥善管理，並使ESG理念和策略得到有效落實。

The Environmental, Social and Governance Report

環境、社會及管治報告

Communication with Stakeholders and Substantial Analysis

The Group has maintained effective communication with the stakeholders through various channels, with an objective to fully understand and actively respond to their comments and demands, thus enabling our business and operations to better satisfy their needs and expectations through continuous enhancement of internal optimisation and management.

利益相關方溝通及實質性分析

本集團通過多種渠道與各利益相關方進行有效溝通，及時了解並積極回應各利益相關方的意見與訴求，不斷加強內部優化與管理，促使本集團業務與運營更好地滿足其需求與期望。

Major Stakeholders 主要利益相關方	ESG Topics ESG議題	Communication Channels 溝通渠道
Government and Regulators 政府監管部門	Compliance with laws and regulations 遵紀守法 Transparent governance 透明治理 Environmental management 環保管理 Taxation in accordance with law 依法納稅	Meetings of government and regulators 政府監管機構的會議 Disclosure of compliance reports 合規報告披露 Forums and seminars 論壇及研討會 Institutional inspection 機構考察
Investors 投資者	Operation compliance 合規經營 Investment return 投資回報 Market development 開拓市場 Product innovation 產品創新	Strengthen internal control management 強化內控管理 Shareholders' meeting 股東大會 Regular announcement 定期公告 Temporary announcement 臨時公告
Employees 僱員	Employee rights 員工權益 Employee remuneration and benefits 員工待遇與福利 Occupational Health and Safety 職業健康安全 Training and development 員工發展培訓	Workers' representative conference 職工代表大會 Employee activities 員工活動 Internal training 內部培訓 Symposium 座談會
Customers 消費者	Product quality and safety 產品質量與安全 Customer rights 客戶權益 Customer service 客戶服務	Industry Research 行業調研 Customer Complaint hot line 客戶投訴電話 Satisfaction survey 滿意度調查

Major Stakeholders 主要利益相關方	ESG Topics ESG議題	Communication Channels 溝通渠道
Suppliers 供應商	Transparent procurement 透明採購 Equal competition 平等競爭 Business ethics 商業道德	Supplier management 供應商管理 Supplier inspection 供應商考察 Supplier communication 供應商溝通
Community and the public 社區與公眾	Community development 社區發展 Social welfare 社區公益 Public charity 公益慈善	Volunteer activities 志願者活動 Public welfare activities 公益活動 Charitable contribution 慈善捐贈

We conducted substantial analysis on the 11 ESG topics presented in the *ESG Reporting Guide* and identified the material topics for the current year by considering the Group's strategy and business development direction for the year. The analysis results indicated that topics in relation to "Product Responsibility", "Emissions", "Use of Resources", "Environmental and Natural Resources", and "Health and Safety" had a higher level of materiality; while those in relation to "Employment", "Development and Training", "Labour Standards", "Supply Chain Management", "Anti-corruption" and "Community Investment" had a lower level of materiality. The Group will discuss the contents of each topic in the Report.

我們結合本年度的戰略和業務發展方向，就《ESG報告指引》所列11個層面的ESG議題進行實質性分析，識別出了本年度重要的議題。評估結果顯示，「產品責任」「排放物」「資源使用」「環境及天然資源」和「健康安全」的重要性較高；「員工僱傭」「發展與培訓」「勞工準則」「供應鏈管理」「反貪污」及「社區投資」的重要性相對較低。本集團將在報告中分別討論各個議題所含內容。

FOOD SAFETY-ORIENTED PROTECTION OF NUTRITION AND HEALTH

食安為本，守護營養健康

The Group attaches great importance to product quality management and devotes itself to ensuring product safety and quality and the legitimate rights and interests of consumers through the continuous improvement of quality management procedures. In 2019, we were not aware of any violation of laws or regulations governing product responsibility regarding product quality, advertising, labelling, consumer privacy and rights protection, etc., which led to any lawsuit with significant impact on the Group.

本集團非常重視產品的質量管理，通過對質量管理工作流程的不斷改進和完善，確保產品的安全優質與消費者的合法權益。本年度我們未知悉有任何違反產品質量、廣告、標籤、消費者隱私及權益保護等產品責任方面的法律法規並對公司造成重大影響的訴訟案件。

The Environmental, Social and Governance Report

環境、社會及管治報告

Focus on Food Safety

As a responsible food production enterprise, the Group strictly observes food-related laws and regulations and regulatory standards, such as the *Food Safety Law of the People's Republic of China*, *Measures for the Administration of Food Recall of the People's Republic of China*, and the *National Food Safety Standard – Compound Seasoning*. Through strictly managing and controlling each and every production procedure, we are committed to providing consumers with qualified, safe and assured products and comprehensively enhancing consumer confidence and satisfaction in our products. In response to the update of the *Food Safety Law of the People's Republic of China* in 2019, we developed the bottom line standard for food safety, clarified the standards and bottom lines in all processes from raw materials to finished products, and further enhanced food safety control. In 2019, the *National Food Safety Standard – Compound Seasoning (GB 31644-2018)* took effect. We tested and evaluated all related products in accordance with the relevant standards for compound seasoning products, and updated the labelling on the package to carry out food safety management.

To ensure product quality, we implemented all-round quality verification process from raw materials to finished products in a more rigorous way: we continued to strengthen the examination on supplier access qualification from the beginning and introduce only the qualified suppliers by sample testing, the supplier can only be introduced after being qualified; each batch of raw materials were verified upon arrival in accordance with relevant standards; during production, parameters were verified and controlled based on the work flow; we developed *Regulations on Food Safety Rewards and Punishments*, and involved external professional organisations to inspect suppliers' factories in accordance with the *Regulations on Food Safety Rewards and Punishments* and relevant laws and regulations. The results would affect the factory's points-based management and would be directly associated with the factory's performance; each batch of products were verified before delivery from the factory to ensure every single product can meet our quality requirement. Additionally, in 2019, we strictly screened and evaluated all quality management personnel, and conducted work-with-certification training for employees responsible for on-site quality control, raw material delivery and acceptance, product release, and supplier review. We further optimised the quality of raw materials, the production process and quality standards of finished products through risk analysis of the whole supply chain.

專注食品安全

作為負責任的食品生產企業，本集團嚴格遵守《中華人民共和國食品安全法》、《中華人民共和國食品召回管理辦法》及《食品安全國家標準 複合調味料》等食品安全相關的法律法規與規章制度標準。我們致力於為消費者提供優質、安全、放心的產品，通過嚴格管控各個生產環節，全面提升消費者對本集團產品的信賴度與滿意度。針對《中華人民共和國食品安全法》本年度的更新，我們制定了《紅線管理制度》，建立了食品安全類紅線標準，釐清從原料到產品所有過程的紅線問題，進一步加強食品安全管控。2019年《食品安全國家標準 複合調味料》(GB 31644-2018)開始實施，我們按照複合調味料相關標準對所有相關產品進行檢測評估，同時在產品包裝上進行更新標注，落實食品安全管理工作。

為確保產品品質，我們嚴格執行從原材料到產成品的全方位質量檢定過程：從源頭上強化供應商准入資質審核，對提供的樣品進行檢測，合格後方可引入該供應商；在每批原材料到貨後，依照相關標準進行檢驗；在產品生產過程中按照生產工藝流程進行參數檢定和控制，並制定了《食品安全獎懲條例》，組織外部專業機構按照《食品安全獎懲條例》及相關法律法規對工廠進行查核，查核結果將運用到工廠積分制管理中，與工廠損益直接掛鉤；產品出廠前對每一批次進行檢定，以確保每一件出廠產品都能達到我們的質量要求。此外，2019年我們對所有質量管理崗位人員進行了嚴格的篩選與考核，並對現場質控、原料驗收、產品放行以及供應商審核人員進行了持證上崗培訓。通過對全供應鏈的風險分析，我們進一步優化原料品相、生產過程和成品質量標準。

To enhance product quality control of OEM and ODM, we carried out on-site management, inspections and sample tests of products. We set up OEM and ODM management teams to manage and supervise OEM products: When the OEM was introduced, the management team carried out risk assessment in advance and conducted on-site review and certification, and only the companies that passed the certification can be introduced into use; different OEM factories are managed in different ways based on their risk levels, and the A-level factories with high risks required full-time on-site supervision; the Food and Safety Department conducted in-depth evaluations of the product inspection capabilities of all OEM factories, and required the inspection personnel of OEM factories to work with certification, further improving product safety and quality control.

In terms of product recall, the Group prepared its *Food Recall Management Policy* in line with the *Measures for the Administration of Food Recall of the People's Republic of China* based on the Group's business characteristics, which elaborated and improved relevant categories and emergency measures for product recall, making product recall process more compliant, clear and convenient. If a problem of quality or safety was detected in the products in stock, we would isolate the defective products in a timely manner to stop delivery. If the delivered products were defective, we would look up shipping destinations and communicate with relevant distributors, logistics stations or stores in a timely manner to stop selling, and isolate such products for inspection. Follow-up measures would be taken later in accordance with the *Process for Handling Nonconforming Products* to prevent defective products flowing into the market. If the sold products were reported to have safety problems, the Group would make internal records according to consumers' feedback in a timely manner, and relevant departments would analyse the causes and put forward schemes for improvement; at the same time, the Quality Assurance Department and Customer Service Centre would coordinate and cooperate to solve the problems for consumers in an effective way.

Promotion of Product Traceability

The Group attaches great importance to source management and continuously promotes the whole-process traceability management of products in order to enhance its ability to control the quality of products. All products of the Group can be traced in the factory by the QR code on the product package. In terms of main raw materials such as salad oil, beef tallow, tomato, Sichuan pepper, mushroom, etc., we strive to trace back to specific companies, product batches, and even planting fields, strictly control product quality, and enhance food safety guarantees to assure our consumers.

為加強對原始設備製造商(「OEM」)和原始設計製造商(「ODM」)的產品質量管控，我們實行駐廠管理，開展巡檢，對產品進行抽樣檢查。我們設立了OEM及ODM管理小組，對OEM產品進行管理監督：代工廠引入時，管理小組會提前進行風險評估，並進行現場審核認證，只有通過認證的公司方能引入使用；按照風險級別對不同的代工廠進行分級管理，針對風險較高的A級工廠施行全天駐廠；食品安全部對所有OEM工廠產品檢驗能力進行了深度的評估，同時培訓OEM工廠的檢驗人員並要求其持證上崗，進一步強化產品的安全與質量控制。

在產品召回方面，根據《中華人民共和國食品召回管理辦法》，結合本集團的業務特點，本集團制定了《食品召回管理辦法》，細化了相關產品召回類別和應急措施，使得產品召回流程更加合規、清晰、便捷。如發現在庫產品存在質量安全問題，我們會第一時間將問題產品進行隔離，避免出倉發貨；若發現已發貨產品存在異常，則調取產品發貨去向，及時聯繫相關經銷商、物流站或門店停止銷售，隔離待檢，並依照《不合格品處理流程》進行後續跟進處理，切實保證避免問題產品在市面流通；已出售產品發現安全問題的，本集團內部根據消費者反饋進行及時備案，相關部門分析問題產生的原因並提出改進方案，同時本集團品質控制部與客服中心積極溝通合作，切實有效解決消費者問題。

推動產品全程追溯

本集團重視源頭管理，持續推動產品全程追溯管理，以提升自身對於產品的質量管控能力。本集團全部產品均可以利用產品包裝上的二維碼做到廠內追溯。針對主要原材料如色拉油、牛油、番茄、花椒、菌類等，我們努力追溯到具體的企業、產品批次、乃至種植地，對產品質量進行嚴格把控，加強消費者的食品安全保障，讓消費者更加放心。

The Environmental, Social and Governance Report

環境、社會及管治報告

Case: Traceable Tomatoes

The tomatoes used as raw materials by the Group can be traced from seed selection to product delivery. At the planting stage, the varieties of tomatoes and the selection of growers are determined after evaluation, and all the pesticides used are collected by suppliers and then distributed to growers. At each stage of tomato growth, quality control personnel will conduct spot check on farmers to verify whether they have applied fertilizer, watered, weeded and other field work in accordance with the requirements and proportion. At the harvesting stage, suppliers arrange the centralised machinery collections, and directly send the harvest to the detection area of the processing factory to be tested for maturity and quality before going through any organisations and warehouses. After passing the test, tomatoes will be immediately cleaned and put into production. The whole process takes no more than 4-6 hours. For the whole production process of ketchup, tomatoes are processed in closed pipelines and directly bottled and sealed. Every barrel of ketchup has an identification number used for tracing its information including specific production line, bottling nozzle, delivery vehicle, planting field and seed type.

Case: Beef Tallow Quality Control

Beef tallow is one of the important raw materials for the Group's production. The Group traces the source through the refinery to specific body parts. There are requirements on suppliers' qualification and the Group only accepts tallow from three parts including sirloin oil, tripe oil, split oil to prevent miscellaneous oil and fake oil. Meanwhile, in order to ensure the food safety, the Group adopts on-site supervision to verify the qualification certificates of upstream suppliers for each batch of raw materials, and supervises the whole process of material feeding. Suppliers need to provide us with the product processing technology and regularly provide their updated information and qualification certificates. The Group's quality control personnel audit the upstream cattle slaughtering plant to ensure the safety and compliance of raw materials. To ensure the stability of the flavour, suppliers organise on-site personnel and internal quality control personnel to conduct on-site examination before each shipment, and the Group's on-site personnel is to stamp for passing the examination and approving permission of release for the shipment.

案例：可追溯的番茄

本集團所使用的原料番茄從種子選擇到產品運輸可做到全程追溯。在種植階段，番茄的品種及種植戶的選擇均由調查後進行確認，所使用的農藥均由供應商集採分發給各個種植戶，在番茄生長的各個階段均有品控人員對農戶進行點檢，核實其是否按照要求及配比進行施肥澆水、除草等田間工作。在採摘階段，供應商統一安排機器集採，中間不經過任何組織及倉庫，直接送到加工廠待檢區域進行青果、霉果的檢測，檢測合格將直接進行清洗投入生產，從採摘到運輸投入生產不超過4-6個小時。在番茄醬的生產階段，全程由密閉管道加工，直接進行灌裝封存，每桶番茄醬均有一個身份編號以便於追蹤，可追溯信息包括具體的生產線、灌裝噴嘴、運輸車輛、種植田地及種子型號。

案例：牛油質量管控

牛油是本集團生產所需的重要原材料之一，本集團尋源到煉油廠，並追溯到牛油供應的身體部位，要求供應商資質證件符合規定，僅允許將牛腰油、牛肚油、牛分割油三個部位的牛油供應給頤海，杜絕雜油、假油。同時，為了保證牛油食品安全，本集團採取駐廠監管，核查每批次原料上游供應商的資質證件，並在投料環節全程監管；供應商需要將產品的加工工藝提供給我們，並定期提供更新之後的原料供應商明細以及資質證件；本集團品控人員則對上游牛屠宰工廠進行審核，以保證原料的安全和合規；為保證牛油風味的穩定性，每次發貨前供應商組織駐廠人員和供應商內部品控人員進行現場品評，通過驗證之後由本集團駐廠人員蓋章方可放行。

Satisfaction of Health Demands

The Group promotes the nutrition and health of food and actively responds to the concept of “Three Reductions and Three Healthies” proposed in the *National Nutrition Plan (2017-2030)*, including salt reduction, oil reduction, sugar reduction, healthy mouth, healthy weight, and healthy bones. The Group takes into account consumers’ health demands and is committed to providing consumers healthy food.

We conduct online surveys on consumer satisfaction through online evaluations and fan-based surveys, and decision-making for service quality and our product improvement is based on consumer evaluations. We continue to develop new products and optimise existing products based on the health and nutrition needs of various consumers. Meanwhile, the Group sets up the *Sensory Testing System*, under which a product is tasted for feedback on its flavour in simulated consumption scenarios during product release process, in an attempt to provide a direction for improvement on consumers’ sensory experience and reduce poor consumer experience due to unstable taste of our products.

Hotpot condiment is the Company’s main product. Traditional Sichuan spicy hotpot leaves consumers the impression of high fat and salt. On such basis, the Group carries out researches on healthy oil and fat, and “Less Salt, Same Taste”, committed to making hotpot condiments with healthier raw materials and healthier fats.

We have met the health needs of consumers in a directional manner. At present, we are implementing “clean labels” throughout the Company that is, using as few additives as possible in products and preserving natural food in the ingredient. Additives of all our products are in compliance with relevant food regulations, based on which we advocate less additives and more natural food, and are committed to solving preservative problems with natural additives. Currently, “clean labels” covers all the products of the Group.

The Company also consider the needs of international consumers, and specifically collects dining preferences of consumers in all countries and regions, so as to meet consumers’ needs and optimise products. We are aware that international consumers have higher health requirements for oil, fat and tomato products. Therefore, the Group has set up projects and conducted research on such needs. R&D projects

滿足健康訴求

本集團十分關注食品的營養與健康，積極響應《國民營養計劃(2017-2030年)》提出的「三減三健」概念，即減鹽、減油、減糖，健康口腔、健康體重、健康骨骼，切實考慮消費者的健康訴求，致力於使消費者吃得舒心、吃得健康。

我們通過線上消費者評價、粉絲群調查等形式開展線上消費者滿意度調查，並基於消費者評價，為服務質量及產品改進提供決策依據。我們根據各類消費者的健康營養的需求，不斷開發新的產品並對已有的產品進行優化。同時，本集團建立了《感官測試制度》，在產品放行過程中，通過小組模擬消費場景、品評產品口味，為提高消費者感官體驗提供了改進方向，並減少了因終端產品口味不穩定而造成的消費者不佳體驗。

火鍋調味料產品是本公司的主要業務，傳統的川式麻辣火鍋給人以高油脂、高鹽的印象。基於此，本集團開展了健康油脂研究、「減鹽不降味」研究，致力於用更健康的原材料、更健康的油脂製作火鍋底料，以緩解此類問題。

我們有方向性地引領消費者的健康需求，目前我們在全公司推行「清潔標籤」，即在產品中盡量少地使用添加劑、保持標籤配料欄中的食品天然屬性。本公司所有產品的添加劑均符合相關食品要求規定，在此基礎上，我們提倡少添加、更天然，致力於以天然的添加劑解決防腐問題。目前「清潔標籤」工作覆蓋本集團所有的產品。

本公司同樣關注國外消費者的需求，專門收集每個國家和地區消費者的用餐偏好，據此抓取消費者的需求並優化產品。我們了解到，國外消費者對於油脂、番茄製品等有更高的健康需求，因此本集團對此類需求進行立項研究，目

The Environmental, Social and Governance Report

環境、社會及管治報告

currently focus on reducing oil and fat in the hotpot condiments, reducing the irritation to the stomach and intestines from Sichuan pepper and spice, while preserving good taste. The ingredients are optimised to meet the needs of international consumers.

GREEN-ORIENTED PRACTICE ON ENVIRONMENTAL RESPONSIBILITIES

Pursuant to the *Environmental Protection Law of the People's Republic of China*, and the *Energy Conservation Law of the People's Republic of China*, the Group practices sustainable development concepts of low-carbon, environmental protection, energy saving and emission reduction, to actively fulfil its environmental responsibilities. We actively identify the latest environmental compliance requirements through the official websites of national and local government agencies and WeChat public accounts, timely update the laws and regulations database applicable to the business of the Group, and continuously improve safety and environmental protection management system on such basis to ensure the operating activities of the Group are legal and compliant.

While enhancing our environmental compliance management system, we have been exploring feasible energy-saving and emission reduction technologies and procedures during the course of business. Besides, the Group has also attempted to enhance the staff's awareness of environmental protection to minimise the impact of our production and operation activities on the surrounding environment. No violation of laws and regulations or legal actions concerning the Group's environmental protection was reported in 2019.

Improvement of Safety and Environmental Protection Management System

Based on the applicable laws and regulations identified, we develop new management policies such as the *Contractor Safety Management Policy*, *Environmental Risk Assessment and Management Policy*, and *Fire Safety Management Policy*, and revise the *Environmental Protection Management Policy* to further clarify the management scope of contractors and strengthen supervision; to specify classification of chemical accidents to clarify statistical standards for accident rates; in terms of the environment, to instruct factories to evaluate environmental risks, promote compliance management, reduce violations risks, and continuously improve the Group's safety and environmental protection management system. The Group also regularly conducts compliance reviews auditing on the operation of the safety and environmental protection system of various factories to ensure that the production

前研究內容包括在保證口感的前提下減少火鍋底料中的油脂，降低花椒、辣椒等對腸胃的刺激等，進行配料優化，以滿足國外消費者的需求。

綠色為標，踐行環保責任

本集團切實踐行低碳環保、節能減排的永續發展理念，嚴格遵守《中華人民共和國環境保護法》和《中華人民共和國節約能源法》等法律法規，積極踐行環保責任。我們通過國家及地方政府機構官方網站和微信公眾號等渠道積極識別最新的環保合規要求，實時更新適用於本集團業務的法律法規庫，並在此基礎上不斷完善安全環保管理體系，確保本集團經營活動合法合規。

我們在強化自身環境合規管理的同時，亦不斷探索生產經營過程中可行的節能減排技術與工藝，提升員工的環境保護意識，降低因本集團生產運營活動對周邊環境造成的影響。2019年度，本集團在環境保護領域未發生相關違法違規訴訟事件。

完善安全環保管理體系

在識別適用法律法規的基礎上，我們本年度新增《承包商安全管理制度》《環境風險評估管理制度》《消防安全管理制度》等管理制度，並對《環境保護管理制度》進行修訂，進一步明確了對承包商的管理範圍，以強化監管力度；細化工傷事故的分級，以明晰事故率統計標準；並從環境方面指導工廠對環境風險進行評估，推進合規化管理，降低違規風險，不斷完善本集團安全環保管理體系。本集團亦定期開展針對各工廠安全環保體系的運行情況的合規性審計，以確保工廠生產流程合法合規。2019年，本集團

processes are in compliance with laws and regulations. In 2019, the Group developed the *Red Bottom Line Management Policy*. Based on the gradually maturing management system of factories, the Group authorised factories to rectify minor on-site problems to enhance the flexibility of safety management. Meanwhile, the Group conducted safety and environmental protection training for all frontline personnel, and arranged examinations to ensure the effectiveness of the training.

In 2019, the Group further optimized the management and control mechanism of production waste gas, waste water, solid waste, hazardous waste and noise in each factory, effectively implemented various measures for energy conservation, emission reduction and hazardous waste treatment stipulated by the Group, and further standardized and normalized the environmental management.

Emissions Control

The Group strictly abided by national and local laws, regulations and standards for emissions, such as *the Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, *the Water Pollution Prevention and Control Law of the People's Republic of China* and *the Law on the Prevention and Control of Environment Pollution Caused by Solid Wastes of the People's Republic of China*, and continuously enhanced management and control measures for exhaust control, sewage treatment and solid waste management.

Exhaust Emission Reduction

Regarding the aspect of exhaust emission control, the Group requires all factories to install extraction hoods and oil smoke purifiers for better purification of smoke. In 2019, we changed the existing spray treatment to treatment that requires activated carbon adsorption, desorption and catalytic combustion process. At present, the new treatment is fully upgraded in Zhengzhou Factory and Bazhou Factory. Zhengzhou ingredient fry workshop improved the oil smoke purification efficiency from about 85% to more than 95% through this process, which greatly facilitated emission reduction. We also plan to continue optimising the emission system in Ma'anshan Factory and the Zhengzhou Factory in 2020 to improve the efficiency of waste gas treatment.

制定了《紅線管理制度》，基於工廠逐步成熟的管理制度，授權工廠進行輕微現場問題的糾正，以加強安全管理的靈活性。同時，本集團針對所有一線人員進行安全環保培訓，並設以考試考核，確保培訓的有效性。

本集團在2019年進一步優化各工廠生產廢氣、廢水、固廢、危廢及噪聲的管控機制，有效執行本集團規定的各項節能減排與危廢處理措施，使得環境管理工作進一步標準化與規範化。

控制污染排放

本集團在污染物排放方面嚴格遵守《中華人民共和國大氣污染防治法》、《中華人民共和國水污染防治法》及《中華人民共和國固體廢物污染環境防治法》等國家和地方法律法規和排放標準，並持續推進廢氣、污水處理及固廢管理三方面的各項管控措施。

降低廢氣排放

在降低廢氣排放方面，本集團要求各工廠必須安裝抽油煙罩和油煙淨化器，加強油煙廢氣的淨化處理。我們今年改變原有的光氧催化處理方式，採用活性炭吸附脫附催化燃燒工藝對油煙廢氣進行處理，目前鄭州工廠紅味產品工藝和霸州工廠所有工藝已完成改造。鄭州炒料車間通過該工藝將油煙淨化效率從85%左右提高到95%以上，廢氣污染物減排效果明顯提升。我們還計劃於2020年在馬鞍山工廠、鄭州工廠持續優化廢氣系統，提升廢氣處理效果。

The Environmental, Social and Governance Report

環境、社會及管治報告

Improvement of Waste Water Treatment

Due to the Group's business nature, sewage arises from the wok washing water discharged by stir-frying workshops. In this regard, all factories have been equipped with a set of centralised suction and discharge vacuum system and oil-water separation system to treat wok washing water before direct discharge of sewage containing waste oil. In 2019, the Group updated equipment and process for waste water treatment. The new factory adopted CIP (clean in place) system, to separate oil and water with oil filter tank before the waste water entering the sewage station. In addition, all the factories of the Group have sewage treatment stations. Waste water produced from factory canteen is firstly pre-treated by an oil filter and purification tank, and is then, together with domestic sewage from the factory area, sent to the sewage treatment station in the factory area for further treatment. Finally, the treated waste water is discharged into the municipal sewage treatment plant in the industrial park when it meets the national emission standard.

Enhancement of Solid Waste Management

The Group expressly stipulates measures for managing solid waste in *the Environmental Protection Management Policy* that all factories must set up storage warehouses and garbage bins, and garbage must be classified into general solid waste and hazardous waste by designated staff after being collected from the bins.

General waste, such as household waste from the factories, is collected for centralised treatment every day; raw material waste residues, waste oil collected by oil smoke purifiers and waste package materials are sent to qualified professional waste treatment companies for processing. All hazardous wastes are kept in specialised warehouses, reported to environmental protection authorities and then treated by qualified third parties as required, including waste chemical reagents, waste toner cartridges and ink cartridges and hazardous waste batteries with special symbols. The Group's monthly compliance audit for the environment protecting management system of safe production includes the audit for solid waste and hazardous waste to ensure compliance. In 2019, all hazardous wastes produced by factories of the Group were treated in line with laws and regulations.

改進污水處理

基於本集團的業務特點，污水主要來源於工廠炒制車間產生的炒鍋清洗廢水。對此本集團所有工廠均安裝整套刷鍋水真空集中吸排系統和油水分離系統，以避免含廢油的污水直接排放；2019年，本集團對污水處理進行了設備更新及工藝升級，新工廠採用CIP（即在線清洗）系統清潔，污水進入污水站前設計隔油池進行油水分離，減少污水處理的負擔，也減少了水資源的耗用。此外，每個工廠均設有獨立的污水處理站，廠區食堂餐飲產生的廢水通過隔油淨化池預處理後，與廠區生活污水一起排入工廠污水處理站進行處理，再按國家和當地排放標準達標後排入工業園區市政污水處理廠。

加強固廢管理

本集團編製的《環境保護管理制度》中明確規定了固體廢棄物的管理措施，規定各工廠必須配置固體廢棄物存儲倉庫及分類存儲垃圾箱，廢棄物在統一收集後由專人分類為一般固體廢棄物與危險廢棄物。

一般廢棄物諸如工廠廠區內的生活垃圾實行日清日結、集中處理；而原料廢渣、油煙淨化器收集的廢油、廢包裝材料等則交由有資質的供應商統一處理；本集團的危險廢棄物諸如廢化學試劑、廢舊硒鼓墨盒及有專門標識的危廢電池等，由工廠專用的危廢倉庫儲存，並在環境保護部門備案，最後交由有資質的第三方處置商進行合規處理。本集團每月的安全環保管理體系審計，包含對固廢和危廢處理流程的審計，以確保合法合規。本年度本集團各工廠產生的全部危險廢棄物均已實現合法合規的存儲及處置。

Promotion of Energy Conservation and Emission Reduction

We have continued to explore practical energy-saving measures in our production and operation. We have achieved energy saving, energy consumption reduction, carbon emission reduction by measures including enhanced management, process upgrade of factory technology, etc. The Group also steps up publicity efforts for energy conservation and emission reduction to enhance employees' environmental awareness.

To further integrate energy management and control into the production and operation, we employ competent staff at the group level and skilled engineers in factories to analyse energy usage in each production line as well as guide and support the energy-saving management and control in each production stage to save energy. We establish a competition mechanism to reduce emissions and rank every factory based on indicators such as energy consumption per unit to urge all factories to actively promote energy efficiency.

Case: Energy saving and emission reduction effect of each factory

All factories have made excellent achievements in the conservation of water, electricity, gas, paper, and fuel, as follows: the water trap was upgraded for steam and water recycle to save 540 tons of water, 7,968 tons of steam, and RMB50,076 of cost per year; labelling was changed to coding to save 3,585kg of paper per year; partially processed condiments were converted to local production, saving 34,000 litres of fuel from transportation annually; carton compressive capability was changed from 4,000N to 3,000N, saving 14 tons of paper per year, extraction and emission of cooking were improved, saving 370,000 kwh of electricity per month.

We are constantly innovating and exploring more effective energy-saving technologies. The Group upgraded the cooking process, and changed gas wok to steam wok cooking in new factories, which not only reduced energy loss to achieve energy saving, but also improved the working environment of employees; the Group collected and recycled the surplus heat from the production process to save energy consumption. For example, Chengdu Factory used steam panels to collect surplus heat from frying workshops, which is directly used to heat cold water to provide hot water for production, saving more than 2,000 cubic meters of natural gas per month. Extraction method of workshops were improved to save electricity, for example, Bazhou factory directly took out the smoke from the wok and replaced the hood with a fan reducing average air volume of every wok by 3

推進節能減排

我們在生產運營中持續探索切實可行的節能減排措施，通過精益管理、工廠技術工藝改造等措施達到節約資源、降低能耗、減少碳排放的效果。本集團亦加大節能減排的宣傳力度，以增強員工的環保意識。

為了將能源管控進一步融入到工廠生產經營中，我們在集團層面設置了精益管理崗位，各工廠配置了精益工程師，通過對生產條線每月的能源使用數據展開分析，對各個生產環節的節能管控提供指導與支持，達到降低能耗的目的。我們建立減排賽馬機制，依據單位能耗等指標對各工廠進行排名，以督促各工廠積極開展節能降耗工作。

案例：各工廠節能減排效果

各工廠在水電氣、紙張、油耗節約等方面取得優異成果，重大成果列舉如下：對疏水閥進行改造，對蒸汽與水進行回收，每年節約水540噸，節約蒸汽7,968噸，年節約金額人民幣50,076元；紙質標籤改為噴碼，年節約標籤紙3,585千克；部分代加工火鍋底料轉由本地生產，年節約車輛用油3.4萬升；紙箱由抗壓4,000牛頓改為3,000牛頓，年節約紙箱用紙14噸；炒鍋抽排改善，月節約用電37萬度。

我們不斷創新和探索更有效的節能技術。本集團對炒鍋工藝進行改造升級，在新工廠將燃氣炒鍋改造為蒸汽炒鍋，不僅減少能量的散失以達到節約能源的目的，也改善了員工的工作環境；收集生產過程的富餘熱量循環再利用，以節約能源支出，如成都工廠使用蒸汽板換，收集炒制車間富餘熱量直接對冷水進行加熱，進而提供生產用熱水，每月可以節省天然氣2,000餘立方米；炒制車間改善抽排方式以節約電能，如霸州工廠直接將煙氣從鍋中抽走，用風筒代替煙罩，平均每口炒鍋風量減小3倍，年

The Environmental, Social and Governance Report

環境、社會及管治報告

times, and saving the annual operating cost by RMB2.078 million; the Group optimised the process or process parameters to reduce energy consumption, for example, through the process optimisation, Chengdu Factory saved electricity and labour by eliminating the cutting operation of tomatoes, and the annual savings were about RMB72,000; Ma'anshan Factory optimised hot oil stirring speed, shortened hot oil heating time, and reduced energy consumption; Zhengzhou Factory has optimised single-pot production, cutting labour costs and energy consumption. Various measures on energy efficiency also brought considerable economic benefits to the Company.

In terms of the use of water, the Company fully promoted water saving, and posted publicity signs for water saving in public areas to remind employees of water saving. Factories of the Group have introduced evaporative condensers to improve the recycling rate of indirect cooling water; automatic induction water outlet devices have been installed in the wash basin of every workshop. Some factories (such as Zhengzhou and Bazhou) have installed secondary/tertiary water meters, and other factories are gradually implementing data monitoring and conducting year-on-year analysis of water consumption to promote water conservation. In addition, the new factories used CIP system to separate oil and water, which eased burden of waste water treatment and reduced water consumption.

In terms of carbon emission reduction, the Group optimised all processes of transportation of raw materials, product manufacturing, and transportation of finished products. For example, the Ma'anshan factory uses baskets instead of boxes, when the transportation distance of self-serving small hot pot's raw materials and packaging materials are relatively close, and reuses baskets to reduce packaging material consumption. The Group has adjusted the transportation methods of finished products. Starting from June, instead of factories directly delivering to local distributors, the Group set up 6 sub-warehouses, and developed a "factory-warehouse-local distribution" model, achieving spot to spot transportation; we introduced some raw materials suppliers of mini hotpots' to Ma'anshan in 2019, reducing packaging and transportation; additionally, when selecting and purchasing raw materials for production, factories of the Group preferred local sources or those from nearby regions where possible to improve efficiency while saving energy.

運行成本節約人民幣207.8萬元；通過優化工藝或工藝參數，達到降低能耗的效果，如成都工廠通過工藝優化，取消番茄丁絞切作業，節約電能和人工，年節約金額約人民幣7.2萬元；馬鞍山工廠優化熱油攪拌速度，縮短熱油加熱時間，降低了能耗；鄭州工廠通過優化工藝，增加單鍋產量，降低人工成本與能耗。節能降耗的各類措施也為公司帶來可觀的經濟效益。

在水資源使用方面，本公司全面提倡節約用水，並在各公共區域張貼節約用水的宣傳標識，提高員工節約意識。本集團各工廠均使用蒸發式冷凝器，提高間接冷卻水循環率；各工廠車間洗手池安裝自動感應出水裝置，部分工廠（如鄭州工廠、霸州工廠）已經安裝二級、三級計量水表，其他工廠也在陸續推進數據化監控並進行用水量的同比環比分析，以此促進節約用水。此外，新工廠採用CIP系統，進而進行油水分離，減少污水處理負荷，也減少了水的耗用。

在碳減排方面，本集團針對運輸原材料、產品製造、成品運輸等各環節進行優化，例如，在馬鞍山工廠，自加熱小火鍋在原材料採購、包裝材料方面運輸距離較近時採用以筐代箱，並將筐重複利用，減少包材耗用。本集團對成品運輸環節進行調整，從6月開始，改變原有工廠直接發貨到各地經銷商的方式，而是設置6個分倉，通過工廠發貨到分倉，經由分倉發貨到經銷商的模式，整車裝箱，實現點對點運輸；本年度，我們將小火鍋的部分供應商引入馬鞍山，從而減少了包裝和運輸；此外，本集團各工廠在選用和採購生產原材料時，盡可能選購在工廠所在地或其鄰近地區出產的原材料，提升效率的同時實現了能源的節約。

Environmental Performance

環境數據績效表

Emissions and Energy Consumption

排放物及能耗概況

Index 指標	Unit ⁸ 單位 ⁸	2018 2018年	2019 ⁹ 2019年 ⁹
Annual revenue 全年收入	million RMB 百萬元人民幣	2,681.373	4,282.488
Emissions 廢氣排放總量	Tonnes 噸	4.94	5.82
Stationary sources emission¹ 固定源廢氣排放 ¹	Tonnes 噸	4.94	5.82
No ₂ emission 二氧化氮排放量	Tonnes 噸	0.89	1.19
So ₂ emission 二氧化硫排放量	Tonnes 噸	0.37	0.46
Fume emission 油煙排放量	Tonnes 噸	2.79	2.98
Smoke and dust 煙塵	Tonnes 噸	0.89	1.19
Annual emissions per revenue ² 單位經營收入廢氣排放總量 ²	Tonnes/million RMB 噸／百萬元人民幣	0.0018	0.0014
Total waste water discharged³ 廢水排放總量 ³	Tonnes 噸	16.66	26.10
COD emission 需氧量(COD)	Tonnes 噸	6.88	15.87
BOD ₅ emission 5日生化需氧量(BOD ₅)排放量	Tonnes 噸	2.36	3.42
Suspended solids 懸浮物	Tonnes 噸	5.96	5.65
Ammonia and nitrogen 氨氮	Tonnes 噸	1.06	1.02
Animal and vegetable oils 動植物油	Tonnes 噸	0.40	0.14
Annual waste water discharged per revenue 單位經營收入廢水排放總量	Tonnes/million RMB 噸／百萬元人民幣	0.0062	0.0061
Total hazardous waste⁴ 有害廢棄物總量 ⁴	Tonnes 噸	2.9	7.03
Waste chemical reagent 廢化學試劑	Tonnes 噸	2.6	6.57
Waste engine oil 廢機油	Tonnes 噸	0.3	0.40
Waste engine oil 廢礦物油	Tonnes 噸	0.00	0.00
Waste lead-acid accumulators 廢鉛蓄電池	Tonnes 噸	0.00	0.00
Waste fluorescent lamps 廢熒光燈管	Tonnes 噸	0.00	0.00
Others 其他	Tonnes 噸	0.00	0.06
Annual hazardous waste per revenue 單位經營收入有害廢棄物總量	Tonnes/million RMB 噸／百萬元人民幣	0.0011	0.0016

The Environmental, Social and Governance Report

環境、社會及管治報告

Emissions and Energy Consumption (Cont'd)

排放物及能耗概況(續)

Index 指標	Unit 單位	2018 2018年	2019 2019年
Total non-hazardous waste⁵ 無害廢棄物總量 ⁵	Tonnes 噸	6,485.69	8,044.98
Household waste 生活垃圾	Tonnes 噸	544.60	586.50
Sludge at sewage treatment stations 污水站污泥	Tonnes 噸	1,381.00	1,413.00
Production waste 生產廢物	Tonnes 噸	4,560.09	6,045.48
Annual non-hazardous waste per revenue 單位經營收入無害廢棄物排放量	Tonnes/million RMB 噸／百萬元人民幣	2.42	1.88
Total energy consumption⁶ 能源消耗總量 ⁶	MWh 兆瓦時	52,655.19	80,756.05
Direct energy consumption 直接能源消耗	MWh 兆瓦時	40,143.80	53,821.70
Natural gas consumption 天然氣消耗量	MWh 兆瓦時	40,019.73	53,683.83
Petrol consumption 汽油消耗量	MWh 兆瓦時	42.61	97.57
Diesel consumption 柴油消耗量	MWh 兆瓦時	81.46	40.30
Indirect energy consumption 間接能源消耗	MWh 兆瓦時	12,511.39	26,934.35
Electricity consumption 電消耗量	MWh 兆瓦時	12,511.39	26,934.35
Annual energy consumption per revenue 全年每單位收入能源消耗量	MWh/million RMB 兆瓦時／百萬元人民幣	19.64	18.86
Municipal water consumption 市政自來水耗用量	Tonnes 噸	236,680.57	385,008.00
Annual municipal water consumption per revenue 單位經營收入市政自來水耗用量	Tonnes/million RMB 噸／百萬元人民幣	88.27	89.90
Total packaging materials consumption⁷ 包裝材料使用總量 ⁷	Tonnes 噸	6,253.80	13,154.60
Annual packing materials consumption per revenue 單位經營收入包裝材料使用量	Tonnes/million RMB 噸／百萬元人民幣	2.33	3.07

Greenhouse Gas Emissions

溫室氣體排放概況

Index 指標	Unit 單位	2018 2018年	2019 2019年
Total greenhouse emissions (Scope 1 and Scope 2)¹⁰ 溫室氣體排放總量(範疇一、範疇二) ¹⁰	Tonnes 噸	16,798.93	27,725.84
Direct emissions (Scope 1) 直接排放(範疇一)	Tonnes 噸	7,879.68	10,605.62
Natural gas 天然氣	Tonnes 噸	7,825.30	10,494.12
Petrol and diesel 汽油及柴油	Tonnes 噸	54.38	111.50
Indirect emissions (Scope 2) 間接排放(範疇二)	Tonnes 噸	8,919.25	17,120.22
Outsourced power 外購電力	Tonnes 噸	8,919.25	17,120.22
Annual greenhouse gas emissions per revenue 單位經營收入溫室氣體排放	Tonnes/million RMB 噸/百萬元人民幣	6.27	6.47

Notes:

註：

- Waste gases emitted from stationary sources consisting of nitrogen oxides, sulphur dioxide, fumes and particulates contained in exhausted gases emitted by factories, which mainly come from the burning of natural gas. Among others, the nitrogen dioxide emission is calculated based on the *Coefficients on Pollutants Generated from the Combustion of Coal and Natural Gas*, sulphur dioxide emission is calculated based on the *Practical Data Handbook for Environmental Protection*, fume emission is calculated based on the data in monitoring reports prepared by third parties, and smoke and dust emission is calculated based on the *Coefficients on Pollutants Generated from the Combustion of Coal and Natural Gas*.
- Our self-owned vehicles did not consume much petrol and diesel, and according to the principle of materiality, the data of mobile source emissions is not disclosed.
- The data of COD (Chemical Oxygen Demand) emission, BOD₅ (5 day Biochemical Oxygen Demand) emission, suspended solids, ammonia nitrogen indicator in waste water discharged from stationary sources is calculated based on total waste water discharged at the outlet of sewage treatment stations multiplied respectively by the average concentration of BOD₅, total phosphorus, ammonia and nitrogen at the outlet.
- Hazardous waste is handed over to qualified third parties for treatment, and is calculated based on the data recorded on the hazardous waste transfer manifests or receipts of waste recyclers during the reporting period.
- 固定源廢氣由工廠排放的廢氣中氮氧化物、二氧化硫、油煙、顆粒物等組成，主要來源於天然氣燃燒，其中二氧化氮排放根據《煤、天然氣燃燒的污染物產生系數》進行核算，二氧化硫排放根據《環境保護實用數據手冊》進行核算，油煙排放根據第三方監測報告內數據指標進行估算，煙塵排放根據《煤、天然氣燃燒的污染物產生系數》進行核算。
- 本公司自由交通工具汽油柴油年消耗量較少，根據重要性原則，暫不披露移動源廢氣排放數據。
- 固定源廢水中，化學需氧量(COD)排放量、5日生化需氧量(BOD₅)排放量、懸浮物、氨氮指標根據污水處理站排水口的總排水量分別乘以排水口BOD₅的平均濃度、排水口總磷的平均濃度、排水口氨氮的平均濃度計算得出數據。
- 有害廢棄物交給有資質第三方處理，根據本報告期內危險廢物轉移聯單或廢物回收商回收單據上記錄的數據進行核算。

The Environmental, Social and Governance Report

環境、社會及管治報告

5. Non-hazardous waste includes household waste, sludge at sewage treatment stations and production waste, and is calculated based on the data provided by factories, waste pick-up units, or third-party waste recyclers.
 6. Energy consumption data, including electricity consumption, natural gas consumption and fuel consumption of group-financed vehicles, is calculated based on the consumption of electricity and fuel, and the conversion factors provided in the *General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008)*.
 7. Packaging materials include tabs, inner packaging bags, condiment product packaging boxes, white boxes, sauce product (including box body, transparent cover and cover film), sauce product packaging boxes, trays, small white barrels (including cover, barrel body and handle) and condiment product rolling films.
 8. The 2019 environmental density data are disclosed using environmental performance data and the Group's annual revenue.
 9. The disclosure scope of environmental performance data in 2019 includes Chengdu Yueyihai factory, Zhengzhou Shuhai factory, Ma'anshan Yihai factory, Bazhou factory and Fuhai factory, among which Bazhou factory and Fuhai factory are new included in the disclosure scope.
 10. Greenhouse gases include carbon dioxide, methane and nitrous oxide, mainly resulted from outsourcing electricity, natural gas consumption, diesel consumption of diesel-powered generators and group-financed vehicles. Greenhouse gas emissions are measured in carbon dioxide equivalents and calculated based on *2017 Baseline Emission Factors for Regional Power Grids in China* issued by the Ministry of Ecological Environment of the People's Republic of China and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories revised in 2019* issued by the Intergovernmental Panel on Climate Change (IPCC).
5. 無害廢棄物包括生活垃圾、污水站污泥、生產廢物，根據工廠或垃圾清運單位、第三方收購單位提供的數據進行核算。
 6. 能源消耗量數據是根據電力及燃料的消耗量及《綜合能耗計算通則(GB/T 2589-2008)》提供的相關轉換因子進行計算，包含電力、天然氣和公車耗油。
 7. 包裝材料包括標籤、底料內袋、底料箱、白箱、蘸料(盒身、透明蓋、蓋膜)、蘸料包裝箱、托盤使用量、餐飲裝小白桶(面蓋、桶身、提手)及底料卷膜。
 8. 2019年密度類數據採用環境數據和集團全年收入進行披露。
 9. 2019年環境績效數據披露範圍包括成都悅頤海工廠、鄭州蜀海工廠、馬鞍山頤海工廠、霸州工廠及馥海工廠，其中霸州工廠和馥海工廠為新增披露範圍。
 10. 溫室氣體清單包括二氧化碳、甲烷和氧化亞氮，主要源自外購電力、天然氣消耗、柴油發電機及自有交通工具耗油。溫室氣體核算乃按二氧化碳當量呈列，並根據中華人民共和國生態環境部刊發的《2017年中國區域電網基準線排放因子》及政府間氣候變化專門委員會(IPCC)刊發的《IPCC 2006年國家溫室氣體清單指南2019修訂版》進行核算。

RISK-ORIENTED DEVOTION OF SUPPLY CHAIN MANAGEMENT

An important component of the development strategy of the Group is to “emphasise safe and quality food and prevent risks in the supply of raw materials”. The Group has established a series of supply chain management systems to develop a responsible supply chain and to promote the improvement and development of the entire supply chain system.

Strict Selection Criteria for Suppliers

The Group chooses suppliers in strict compliance with requirements of laws and regulations such as the *Anti-unfair Competition Law of the People's Republic of China*, combined with *Supplier Safety Management Policy developed by the Company*.

風險為尺，深耕供應鏈管理

「注重食品安全質量，防範原材料供應風險」是本集團發展戰略中的重要組成部分。本集團建立了一系列供應鏈管理制度，力求打造責任供應鏈，推動整個供應鏈體系的進步與發展。

嚴把供應商准入關口

本集團嚴格遵守《中華人民共和國反不正當競爭法》等法律法規的要求，並結合公司制定的《供應商安全管理制度》對供貨商進行篩選。

We require suppliers to submit qualification certificates and licenses, and to sign a safety and environmental agreement. Those who fail to provide satisfactory certificates will not be selected. We will give priority to products and services of environmental protection and renewable resources. We prioritise environmentally friendly raw materials when designing products. For example, we use recyclable materials as packaging, and use degradable carton packaging instead of plastic barrels for food and beverage products.

During the review and assessment process, suppliers will fill in the *Supplier Assessment Form* as required by the Company, which takes environmental performance and employee health status of the suppliers into account. Only those approved by the Company will win potential cooperation. Suppliers are required to have access to environmental protection facilities such as waste water treatment during the review. Meanwhile, suppliers are encouraged to optimise process design and reduce the use of resources and energy.

When establishing partnership, suppliers must sign valid contracts and the *Letter of Commitment Relating to Supplier Integrity* and agree to abide by *Supplier Award System*, *Supplier Punishment System*, *Supplier Delivery Rules* and the *Letter Relating to Spot Check on Supplier Factories* prior to effecting formal business, so as to ensure that the suppliers accept supervision and review from the Group. Requirements for supplier assessment from the ESG perspective were incorporated into the *Supplier Assessment Form* by the Group in response to relevant national policies this year, which emphasised on assessing environment compliance of suppliers' factories to lower risks arising from environmental issues of suppliers that may affect regular supply.

In 2019, we conducted 144 on-site supplier reviews on new suppliers (including existing suppliers supplying new raw materials), and conducted strict selection criteria for suppliers.

Enhancement of the Supplier System Construction

We also proactively carry out continuous on-site visits to suppliers to pay close attention to market information regarding raw materials and auxiliary materials, processing and manufacturing conditions, risk resistance capabilities and state of operation of the suppliers, so as to make better decisions as to whether the suppliers can meet long-term procurement strategies of the Group. The Group requires purchasing

在供應商選擇時，我們要求產品供應商需按照本集團的索證制度提交各類資質證件和牌照，並簽訂安全環保協議，對於證件資質不符合要求的廠家不予准入。我們會考慮優先使用環保產品、可再生資源等產品及服務管理。從產品設計上我們優先選擇環保原料，例如使用可回收材料作為包裝，在餐飲渠道產品上使用可降解的紙箱包裝替代塑料桶裝產品。

在審核評估階段，廠家需按照本公司的要求填寫《供應商評審表》，我們將供應商的環保工作、員工健康狀況納入審核範圍，通過本公司審核的廠家才有可能開展正式合作。在供應商審核中將具備污水處理等環保設施作為準入條件，同時鼓勵供應商從工藝設計上進行優化，減少資源和能源的使用。

在合作關係確定但在正式業務發生前，我們要求各供貨商必須簽訂有效合同和《供應商廉潔承諾書》，並同意遵守本集團的《供應商獎勵制度》《供應商處罰制度》《供應商送貨規定》和《供應商突擊審廠函》，確保供應商接受我們的監督與審核。為了響應國家政策，提高企業社會責任，本集團在《供應商評審表》里增加了ESG範疇的審核要求，重點評估供應商工廠的環保合規狀況，降低供應商因環境問題而影響對本集團正常供貨的風險。

2019年，我們針對新供應商准入（含現有供應商供應新原料）進行了144次的供應商現場審核，在供應商的准入方面進行了嚴格的把關。

夯實供應商體系建設

我們積極開展供應商現場觀察、回訪工作，着重了解關注原輔材料行情、供應商加工生產狀況、抗風險能力以及經營狀況等，從而更好地判斷其是否能滿足本集團產品長期採購策略。對於生產用主要原料供應商，本集團要求負責採購

The Environmental, Social and Governance Report

環境、社會及管治報告

staff responsible for contacting major production material suppliers to regular visit these suppliers every half a year to ensure material safety and stabilised product prices. After the visits, the purchasing staff is required to fill in the *Suppliers Revisit and Assessment Form* and submit to the supplier administrator for documentation and records.

The Group classifies suppliers into three levels of A, B and C based on quantity and risk levels of raw materials. A-level suppliers are the most important with strictest inspection, including salad oil, beef tallow, tomato, Sichuan pepper, mushroom and so on. Based on different raw materials, the risk levels and the Group's special requirements, we have developed customised review standards and specifications to better identify risks to ensure that the raw material suppliers are in line with laws and regulations, and the quality of raw materials meets the Group's requirements. In 2019, we adjusted and updated the factory-examination standards on raw material suppliers based on different industries. For example, the factory-examination standards on suppliers engaging in rock sugar industry were distinguished from the original factory-examination standards on raw materials and auxiliary materials for food, and the factory-examination standards on food packaging containers and non-food packaging containers were distinguished. The updated standards took environmental protection into consideration, and made clear requirements on enterprises' pollutant discharge qualifications.

We examine suppliers regularly to mitigate raw material risks. In 2019, on-site and real-time monitoring as well as monthly spot inspections were adopted to beef tallow suppliers and fungus powder suppliers; douban (broad bean chilli sauce) suppliers went through 3 spot inspections in accordance with the production and service condition. Centralised spot checks were carried out during the production period on suppliers of quarterly production and annual sale of raw materials while corresponding checks were carried out on suppliers of other raw materials. Furthermore, the Group launched spot checks on third parties in 2019, such as cross checks on Shuhai Supply Chain Solutions ("Shuhai") and Haidilao as our largest customer, inspects some of the Group's suppliers. By the end of 2019, we have conducted 141 on-site spot checks on existing suppliers of raw materials and self-serving small hot pot and original equipment manufacturers (the "OEMs"), intensifying the daily supervision and management of the existing suppliers.

The Group has established a performance evaluation system to regularly assess suppliers according to the *Suppliers Performance Assessment and Evaluation Form*, where ranking is divided into four grades of A, B, C, and D. For suppliers with evaluation result of Grade

的人員每半年回訪一次，確保供應商產品原料的安全性及產品價格的穩定性。完成回訪後需填寫《供應商回訪考察表》並提報給供應商管理員進行存檔備案。

本集團依據原料使用量、原料風險級別將供應商分為A、B、C三級，其中A級供應商最重要，檢查也越嚴格，包括色拉油、牛油、番茄、花椒、菌類等。依據不同的原料、原料的風險特性及本集團對原料的特殊要求，本集團制定了定制化審核標準規範，以便更好地區別風險，確保本集團原料供應商合法合規，原料質量滿足本集團需求。2019年，我們結合國內不同行業的綜合情況，對某些原材料供應商的審廠標準進行了更新調整，例如將冰糖行業的審廠標準從原有的食品原輔料審廠標準中獨立出來，將食品用包裝容器與非食品用包裝容器的審廠標準進行了區分等。更新後的審廠標準中依然考慮了環境保護相關因素，對企業的排污資質等作出明確要求。

我們根據不同原料風險進行不同頻次的檢查。本年度我們對牛油供應商、菌粉類供應商進行駐廠實時監控，並進行每月突擊檢查；對豆瓣類供應商根據生產和使用情況進行了3次突擊檢查；對季產年銷類原料在產季進行集中突擊審核，其他類原料根據使用情況每年進行相應的查核；此外，開展了諸如蜀海交叉檢查的第三方突擊查核工作，由作為最大客戶的海底撈對本集團部分供應商進行檢查。截止2019年末，我們對現有原料供應商和自加熱小火鍋及代工廠類供應商各進行了141次現場突擊檢查，強化了對現有供應商的日常監管。

本集團針對供應商建立了績效評價體系，依據《供應商績效考核評價表》定期對其進行考核，評分劃分為A、B、C及D共4個等級。對評價結果為A的供應商，

A, the Group would provide them with preferential policies, such as financial support, technical coaching, and guidance to its management personnel and on-site directions from the Group's quality control team. Suppliers rated Grade D twice in a row will be added into the list of eliminated suppliers. If there is a need to engage such a supplier again, the supplier shall go through new application and evaluation procedures for being engaged as a supplier. Suppliers violating relevant regulations of the Group will be added into the Group's supplier blacklist, and in principle, such suppliers will never be engaged again. They can be used only upon meeting special conditions for example, they must undergo strict assessment, and can only be used after at least a year from the date of being blacklisted. In addition, such suppliers shall provide a warranty statement, and if similar problems occur again, there will be no chance for future cooperation.

Extensive Communication with Suppliers

The Group regularly organises discussions on standards requirements among suppliers. In 2019, key representative suppliers were gathered for communication regarding the top ten materials. The *Standard Incentive Policy for Improvement* was released and communicated. Meanwhile, in 2019, the Group encouraged suppliers to put forward valuable suggestions, and the reward for suggestions adopted reached about RMB30,000. At the beginning of 2019, the Company held the first General Meeting of Yihai Suppliers, presenting the guidelines for selecting suppliers and daily management methods and collecting their questions. We initiated communication to address such questions, such as it was difficult to distinguish small yellow ginger from large yellow ginger in the past, but now we use technology to test, and inform the dealers of the company's testing standards and methods. In 2019, self-serving small hot pot's customer complaints from suppliers were significantly decreased, down 50% compared with last year, and thus suppliers' economic losses were also significantly reduced.

At the same time, the Group listens to the voices of suppliers, and has developed a variety of communication channels such as complaint mailbox, hotline and WeChat platform. Once a complaint is received, the Group will handle the case in accordance with the *Suppliers Complaint Response Procedures* and reply with a *Response Letter to Supplier's Opinion*. For true and verified supplier complaints, the Group will reward the suppliers in accordance with the *Supplier Award Regulations*. The Group conducts opinion surveys for suppliers every half a year, gives timely feedback to relevant departments and personnel and replies to the suppliers regarding solutions and outcomes.

本集團給予資金支持、技術指導、管理人員指導、品控駐廠指導等優惠政策；對連續兩次評價結果為D的供應商，則將其納入本集團供應商淘汰名單，納入淘汰名單的供應商如需重新啟用，一律按照供應商新建流程進行申請；對於違反本集團相關規定的供應商，會被納入本集團供應商黑名單，被納入黑名單的供貨商原則上永不啟用，若遇特殊情況需啟用的必須經過嚴格審批，拉黑時間和啟用時間需至少要間隔一年，同時供貨商應提供保證書，若再次出現類似問題將永不合作。

加強供應商溝通交流

本集團定期組織供應商開展標準制定的討論，本年度針對十大物料召集有代表性的供應商進行溝通，據此出台了《標準改善激勵制度》，同時本集團也鼓勵供應商提建議，2019年度此項獎勵合計約人民幣3萬元。2019年初，公司第一次召開頤海供應商管理大會，向供應商介紹了引入準則和日常管理辦法，收集供應商的疑問並針對供應商的困惑進行溝通，例如對於人工很難分辨小黃姜和大黃姜的問題，改由技術檢測進行區分，並將公司的檢測標準及方法告知經銷商。2019年，供應商關於自加熱小火鍋的客戶投訴得到明顯改善，較去年降低了50%，供應商的經濟損失也大幅減少。

與此同時，本集團注重傾聽供應商的聲音，設立了投訴郵箱、熱線電話以及微信平台等多種溝通渠道。接到投訴後，本集團將按《供應商投訴問題處理流程》進行處理並回覆《供應商意見反饋回覆函》，對於投訴、申訴屬實的，本集團會根據《供應商獎勵制度》落實對供應商的獎勵。本集團每半年進行一次供應商意見調查，將供應商反饋的問題及時與相關部門人員溝通，並將處理方案及結果回覆給供應商。

The Environmental, Social and Governance Report

環境、社會及管治報告

Support for Supplier Management Enhancement

The Group also focuses on market information regarding product-related raw materials and future development in the industry. For suppliers supplying products with characteristics but being engaged in the industries which lacks standardised management, we provide guidance on operating management and food processing for suppliers. In doing so, characteristics of the products are retained, risks of food safety are lowered, and consequently, enhancing the overall level of the industry. In particular, a dedicated on-site supervision team is assembled for the management of self-serving small hot pot suppliers to ensure the quality of raw materials by various means including raw material check, process monitoring, finished product inspection, etc. Meanwhile, the quality of raw materials is checked and the suppliers are examined and evaluated based on the problems found.

In order to improve the quality management ability of OEM suppliers and ensure a stable supply of raw materials, the Food Safety Department has carried out training on laboratory testing knowledge and ability for some laboratory testing personnel of OEM factories, and hired third-party OEM factories to train the QC personnel of suppliers on Global Standard for Food Safety (BRC standards). Meanwhile, with a view to improving the efficiency of the verification teams of suppliers, the Group has conducted training and examination of theoretical knowledge for team members, and certification examination of on-site practical operation. Team members are not allowed to carry out inspection before obtaining certification.

賦能供應商管理提升

本集團也會重點關注產品原材料行情以及供應商所供產品後期行業的發展大環境，對於行業整體不規範、但是產品具有一定特色的供應商，本集團會成立專門的幫扶小組，對供應商的經營管理和食品工藝提供指導，既能夠保留產品特色性，又可以降低本集團食品安全風險，提高行業整體水平。尤其是對自加熱小火鍋類供應商建立了專門的駐廠監管團隊，從原材料、過程監控、成品檢測等多個方面確保原料的質量，同時對其進行查核，依據查核問題對此類供應商進行考核評價。

為提升代工廠供應商的質量管理能力，確保本集團原料質量穩定供應，本集團針對一部分代工廠化驗檢測人員開展了化驗檢測知識能力方面的培訓，並且聘請第三方機構針對代工廠供應商質量管理人員開展了食品安全全球標準（「BRC標準」）培訓；同時，為提升供應商審核團隊人員的素質，本集團對審核人員均進行了理論知識的培訓考試以及現場實操的認證考試，要求其必須持證上崗，未獲得相應資質的人員不能進行審核工作。

Suppliers Data

供應商數據統計

	Programme/Year 項目 / 年度	2018 2018年	2019 2019年
Total suppliers¹¹	供應商總數量 ¹¹	359	491
Overseas suppliers	境外供應商數量	10	9
Regional suppliers	地區供應商數量	349	482
Suppliers in East China	華東地區供應商數量	108	169
Suppliers in Central and South China	中南地區供應商數量	88	111
Suppliers in North China	華北地區供應商數量	47	104
Suppliers in Northwest China	西北地區供應商數量	16	12
Suppliers in Southwest China	西南地區供應商數量	85	81
Suppliers in Northeast China	東北地區供應商數量	5	5
Suppliers that have completed risk assessments on environment and society¹²	已完成環境、社會風險評估的 供應商數量 ¹²	170	285

Notes:

- The location of a supplier is determined by its place of registration. The suppliers in 2019 cover full category types of suppliers, whilst those in 2018 only covered those that were raw material suppliers.
- Suppliers that have completed risk assessments on environment and society refer to those which went through the risk assessment initiated by relevant departments of the Group on environment and safety (including environmental protection, human resource management, occupational health and safety, etc.).

註：

- 供應商所在地按其註冊地址確定，2019年的供應商口徑為全品類供應商，2018年供應商口徑為原料供應商。
- 已完成環境、社會風險評估的供應商：已由公司相關部門完成對其環境、社會類（主要包括對環護工作、人資管理、職業健康與安全等方面）相關風險評估的供應商。

PEOPLE ORIENTATION AND EMPLOYEE CARE

Employees are not only the key to the Group's sustainable development but also the most valuable asset. Adhering to the concept of people oriented, we provide our employees with equal employment opportunities, welfare, a platform for training and development and we also attach significant importance to employees' health and care.

Employment

In strict compliance with such laws and regulations as the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection on Minors*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Women and Children*, as well as administrative rules at operating sites, the Group has established and developed human resources management system.

以人為本，關愛員工成長

員工是維持本集團可持續發展的關鍵因素，是本集團最寶貴的財富。我們貫徹以人為本的理念，為員工提供平等的就業機會、福利待遇、培訓與發展的平臺，重視員工健康，關愛員工成長。

員工僱傭

我們嚴格遵守《中華人民共和國勞動法》《中華人民共和國勞動合同法》《中華人民共和國未成年人保護法》《中華人民共和國婦女兒童權益保護法》等相關法律法規及運營場所所在地的有關管理條例，搭建本集團人事管理體系。

The Environmental, Social and Governance Report

環境、社會及管治報告

The Group strictly abides by the legal procedures in the process of signing, renewing, terminating and cancelling labour contracts with employees, in order to guarantee all relevant procedures are implemented in terms of fairness, open and justice. Any discrimination against gender, nationality, age, race, geographical origin or family status in the recruitment process are forbidden pursuant to the *Yihai Employee Recruitment Management Policy*. As for the disabled, we offer positions with relatively less requirements on skills such as online customer service and guards. In 2019, we recruited ten disabled persons. In addition, employment of child labour is strictly prohibited, which is clearly established in the human resource information system to ensure that the candidates under 16 years old cannot be recruited. We clearly stipulate the working hours required for the position in the employee's labour contract, and add flexible working system to the *Yihai Employee Attendance, Vacation and Welfare System* to prohibit forced labour. In 2019, the Group did not engage in any illegal employment and forced labour.

In 2019, we further carried out the talent introduction to recruit middle and high-level talent through internal referrals, website recruitment, head-hunting recommendation, etc. In addition, we also cooperated with colleges and universities specialising in food science and technology. By virtue of students' graduation design and internship, communication and mutual understanding between the Group and the students were enhanced prior to their employment, which helps the Group to identify talent more accurately.

Employee Remuneration and Benefits

Abiding by the national laws and regulations regarding minimum wage and the basic welfare, the Group provides employees with various social benefits and public holidays in accordance with relevant laws. For those in high-risk positions, they are additionally covered by the employer's liability insurance. In 2019, the Group revised the *Yihai Employee Attendance, Leave and Welfare Policy* to further standardise maternity insurance for employees.

本集團在與員工簽訂、續訂、終止、解除勞動合同等過程中，嚴格遵守法定程序，所有流程保證公平、公開、公正。我們在《頤海員工招聘管理制度》中明確規定，不允許由於性別、民族、年齡、膚色、地域、家庭狀況等因素而導致的歧視行為，杜絕招聘過程中任何涉及到歧視的現象。我們根據殘疾人身體情況提供技術性要求低的崗位（在線客服、門崗等），本年度共招聘10名殘障人士；同時，我們明確規定禁止招聘童工，並在人事信息系統中進行專門設置，以限制未滿16周歲的求職者信息在集團系統中的錄入。我們在員工勞動合同中明確規定了崗位所要求的工作時長，並在《頤海員工考勤、休假及福利制度》中增加彈性工作制，禁止出現強迫勞工現象。本公司2019年度未出現非法聘用勞工或強制勞工的情況。

2019年，我們進一步開展人才引進工作，不僅通過內部推薦、網站招聘、獵頭推薦等多種途徑招納中高端人才，同時還通過與食品院校的對口合作，借助學生畢業設計、提供實習崗位等環節，促進學生與本集團間的溝通與了解，有助於本集團更精準地識別人才。

員工待遇與福利

本集團遵守國家各地關於最低工資標準和基本福利的法律法規要求，為員工依法提供各類法定福利和法定假期。在高危崗位工作的員工，工廠還為其購買僱主責任險。2019年，本集團對《頤海員工考勤、休假及福利制度》進行了修訂，進一步規範員工生育保障。

The Group formulated a fair and transparent remuneration review and promotion mechanism, providing competitive remuneration based on different businesses and job requirements, as well as employees' personal ability and performances. At the same time, the Group provides comprehensive welfare benefits, including family visiting vacation, housing subsidies, child care allowance, parental care allowance, child education allowance, congratulatory gifts for birthday/marriage/child-birth, injury allowance, and welfare for grandparents etc. Besides, the Group organises a series of employee activities, including parent-child companionship activities, sports events, skill contests, amusements to strengthen employees' experience of satisfaction and belonging.

Case: Parent-Child Companionship Activities

At present, the Group is fully carrying out parent-child companionship activities to make up for employees as parents who lack time to accompany their children. We also encourage these employees to bring their left-behind children to their side. The Group also provides additional education subsidies, childcare subsidies and nursery subsidies for senior employees. The Group is striving to reunite more left-behind children with their parents. Except for financial support above, the Group also provides psychological training and organises parent-child companionship activities for employees and their children, sparing them more time to interact with their children and better understand their children's psychological status. As at 31 December 2019, 88 families participated the parent-child companionship activities.

本集團制定了公平透明的薪酬考核與晉升機制，根據業務和崗位要求，以及員工個人能力與表現，提供具有競爭力的薪酬待遇。同時，本集團為員工制定了全面福利保障，包括：法定假期及其他假期例如探親假、住房補貼、育嬰補貼、父母補貼、子女教育補貼、慶生／結婚／生育賀禮、傷病慰問金、祖父母／外祖父母福利等。此外，本集團開展一系列員工活動，包括親子陪伴活動、體育比賽、技能比拼、文娛活動等，以此提升員工滿意度和歸屬感。

案例：親子陪伴活動

本集團目前全面推行親子陪伴活動，目的在於彌補父母對孩子陪伴的缺失，鼓勵父母將孩子接到身邊，為老員工提供教育補貼、保育補貼、託管班補貼等，爭取讓更多的留守孩子與父母團聚。除了經濟援助以外，還為家長和孩子提供心理培訓、親子陪伴活動，讓父母有更多的時間與孩子互動，更好地了解孩子的心理狀況。截止2019年12月31日，已有88個家庭完成親子陪伴，將孩子接到自己身邊。

The Environmental, Social and Governance Report

環境、社會及管治報告

Case: Summer Camps for Employees' Children

In order to enrich children's life, help them achieve progress and promote their healthy growth during the summer holidays, the Group has initiated summer camps in many cities including Beijing, Zhengzhou, Chengdu and Ma'anshan since 2016. The activities are financed by the Group and all employees' children are welcome to join. 2019 Summer Camp was themed with "Life Safety: Self-protection + Survival in the Wild" and 237 children of employees participated in the camp. Aiming at strengthening their awareness and skills of safeguarding, teaching them self-protection and helping them master self-rescue knowledge and basic skills, the Group launched an activity themed "wild survival" to increase the child's willpower and train their ability to adapt to the social environment.

案例：員工子女夏令營

為豐富員工子女的假期生活，同時希望可以通過本集團的幫助，在暑假期間讓員工的孩子有更多收穫，助力員工子女健康成長，本集團從2016年開始，在北京、鄭州、成都、馬鞍山等地每年度組織不同主題的夏令營活動，本集團員工子女均可參加，活動費用由本集團承擔。2019年度夏令營主題為「生命安全：安全防護+野外生存」，共有237名員工子女參加，旨在幫助孩子們增強安全防護的意識和能力，學會自我保護，掌握安全自救常識和基礎技巧，通過「野外生存」環節，磨煉了孩子的意志，培養了孩子對社會環境的適應能力。



Employment and Employee Turnover

員工僱傭與流失概況

	Year 年度	2018 2018年		2019 2019年	
Total headcount	總僱員	1,976		1,907	
By nature	按性質分類				
Full-time employee	全職	1,632	82.6%	1,899	99.6%
Part-time employee	兼職	344	17.4%	8	0.4%
By gender	按性別分類				
Male	男性	1,107	56.0%	1,092	57.3%
Female	女性	869	44.0%	815	42.7%
By age group	按年齡分類				
<30 years old	<30歲	780	40%	704	36.9%
30-40 (exclusive) years old	30歲 – 40歲	715	36%	703	36.9%
40-50 (exclusive) years old	40歲 – 50歲	419	21%	420	22.0%
>=50 years old	>=50歲	62	3%	80	4.2%
By region¹³	按地區分類¹³				
East China	華東地區	660	33.4%	927	48.6%
Central and South China	中南地區	696	35.2%	356	18.7%
North China	華北地區	414	21.0%	364	19.1%
Northwest China	西北地區	25	1.3%	29	1.5%
Southwest China	西南地區	172	8.7%	196	10.3%
Northeast China	東北地區	9	0.4%	24	1.3%
Hong Kong, Macao and Taiwan	港澳台地區	0	0.0%	2	0.1%
Overseas	海外	0	0.0%	9	0.4%
Total employee turnover	總離職	469		582	
By gender	按性別分類				
Male	男性	301	64.2%	359	61.7%
Female	女性	168	35.8%	223	38.3%
By age group	按年齡分類				
<30 years old	<30歲	195	41.6%	264	45.4%
30-40 (exclusive) years old	30歲 – 40歲	181	38.6%	190	32.6%
40-50 (exclusive) years old	40歲 – 50歲	77	16.4%	106	18.2%
>=50 years old	>=50歲	16	3.4%	22	3.8%
By region	按地區分類				
East China	華東地區	248	52.9%	430	73.9%
Central and South China	中南地區	102	21.7%	23	4.0%
North China	華北地區	91	19.4%	102	17.5%
Southwest China	西南地區	21	4.5%	27	4.6%
Northeast and Northwest China	東北及西北地區	7	1.5%	0	0.0%
Hong Kong, Macao and Taiwan	港澳台地區	0	0.0%	0	0.0%
Overseas	海外	0	0.0%	0	0.0%

The Environmental, Social and Governance Report

環境、社會及管治報告

Note:

13. East China covers Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong.

Central and South China covers Henan, Hubei, Hunan, Guangdong, Guangxi and Hainan.

North China covers Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia.

Northwest China covers Ningxia, Xinjiang, Qinghai, Shaanxi and Gansu.

Southwest China covers Chongqing, Sichuan, Guizhou, Yunnan and Tibet.

Northeast China covers Liaoning, Jilin and Heilongjiang.

Overseas covers areas except for mainland China, Hong Kong, Macao and Taiwan

Health and Safety of Employees

The Group has been tracking and strictly complying with national laws and regulations related to health and safety that has a significant impact on production management and day-to-day operations, including the *Labour Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Production Safety Law of the People's Republic of China*, and the *Interim Provisions on Supervision and Administration of Work Safety at Food Production Enterprises*, etc. On this basis, and combined with features of its operations, the Group has established a series of safety management policies, including the *Safety Inspection Management Policy*, the *Hidden Safety Risks Identification and Elimination Policy*, the *Safety Training Management Policy*, the *Safety Incident Management Policy*, the *Warning and Informing Policy for Occupational Hazards* to standardise production safety procedures and reduce occupational hazardous risks. Additionally, the Group updated the *Contractor Safety Management Policy*, the *Fire Safety Management Policy*, etc. in 2019, which has strengthened the supervision on contractors and contributed a further improvement on the Group's safety management system. In 2019, there were no reported incidents of death casualties of employees arising from the Group's production and operations.

註：

13. 華東地區：上海、江蘇、浙江、安徽、福建、江西、山東

中南地區：河南、湖北、湖南、廣東、廣西、海南

華北地區：北京、天津、河北、山西、內蒙古

西北地區：寧夏、新疆、青海、陝西、甘肅

西南地區：重慶、四川、貴州、雲南、西藏

東北地區：遼寧、吉林、黑龍江

海外地區：除中國大陸（內地）、港澳台以外的地區

員工健康與安全

本集團持續追蹤並嚴格遵守對生產管理及日常運營有重大影響的健康安全相關法律及規例，包括《中華人民共和國勞動法》《中華人民共和國職業病防治法》《中華人民共和國安全生產法》《食品生產企業安全生產監督管理暫行規定》等。在此基礎上，結合業務特點，本集團建立了《安全檢查管理制度》《安全隱患排查制度》《安全培訓管理制度》《安全事故管理制度》《職業危害警示與告知制度》等一系列安全管理制度，規範安全生產作業流程、降低員工遭受職業性危害的風險，並於2019年更新了《承包商安全管理制度》《消防安全管理制度》等，加強了對承包商的監督，進一步完善本集團的安全管理體系。本年度本集團未有員工因生產安全事故而死亡的情況發生。

Every year, the Group regularly organises medical examinations for employees. Relying on the city-level Centres for Disease Control and Prevention, the new recruits and employees with expired health certificate are subject to medical examinations. The Group also cooperates with third-party physical examination companies to arrange for an additional physical examination every year for female employees, employees with a high frequency business trip record, employees at the management level or above and employees over 50 years old, so as to help them recognise their health status comprehensively and reduce occupational health risks. In 2019, the Group organised 387 medical examinations. In addition, the Group organises annual physical examination for health certificate for every employee.

The Group takes a series of measures to ensure the employees' safety, including strict health occupational pre-job, on-job and off-job physical examination; separate safety paths for people and vehicles; continuous 5S improvement on site and increase in the professional pulse-jet series dust filters to reduce the dust hazard on site and eliminate the risk of dust explosion; providing 3M dust-proof cotton face masks; noise-cancelling ear protectors; anti-smash labour protection shoes. Additionally, the Group developed events such as "Safety Promotion Month", "Safety Knowledge Contest" to publicise the importance of safety production. Meanwhile, in order to intensify employees' awareness of safety production, we held emergency drills in 2019.

Case: Yihai Ma'anshan Fire Control Training

The National Fire Control Publicity Month in November 2019 was themed with "Away from Fire Hazard and Build A Beautiful Homeland". Specifically, Yihai Ma'anshan Factory organised theme fire training. The on-site fire safety supervisor explained in detail the configuration of indoor hydrant components and the spot inspection of firefighting facilities to each team. Staff on site learned about how to use these facilities through training, communication and explanation. In addition, practical exercises were carried out on site in conjunction with theory explanation to deepen employees' understanding and awareness of fire safety.

In 2019, the Group had no reported incidents of death casualties of employee arising from operations nor did it have cases of penalties imposed by relevant authorities due to violation of national laws on working safety and hygiene.

本集團每年亦定期組織員工體檢，依託各地市級疾病預防控制中心對新入職員工和健康證到期員工進行體檢。本集團還與第三方體檢管理集團展開合作，對女性員工、長期出差員工、經理級以上員工及50歲以上員工額外組織一次體檢，幫助員工更加全面地了解自身健康狀況，降低職業健康風險。本年度針對這部分員工我們共組織了387人次的體檢。另外，本集團亦會組織每人每年參加一次健康證體檢項目。

本集團採取系列措施保障員工安全，其中包括嚴格執行健康職業崗前、崗中和離崗體檢；廠區範圍內人車分流；現場持續5S精益改善，增加了專業的脈衝式布袋除塵器，降低現場的粉塵危害並杜絕塵爆風險；配備3M防塵棉口罩、防噪護耳器、防砸傷的勞保鞋等，以此為員工安全保障提供物質基礎。此外，本集團還開展了「安全宣傳月」「安全知識競賽」等活動，宣傳安全生產的重要性。同時，為了提高員工安全生產意識，本年度還開展了消防安全應急演練。

案例：頤海馬鞍山消防培訓

2019年11月是全國消防宣傳月，主題為「防範火災風險，建設美好家園」。頤海馬鞍山工廠針對性地組織員工開展了主題消防培訓。現場消防安全員為各班組員工詳細講解了室內消火栓組件配置及消防設施點檢問題。通過培訓及與現場員工的溝通，達到了全員都會使用消防設施的目標。另外現場開展了實操演練，配合理論講解，以加深員工印象，提高消防安全意識。

2019年本集團無因工死亡案例，亦沒有因違反關於勞動安全衛生的國家法律而受到相關政府部門的處罰。

The Environmental, Social and Governance Report

環境、社會及管治報告

Employee Health and Safety¹⁴

	Programme/Year 項目／年度	2018 2018年	2019 2019年
Work-related deaths (persons)	因工死亡人數	0	0
Percentage of work-related deaths (%)	因工死亡比率(%)	0	0
Work-related injuries (persons)	因工受傷人數	2	9
Loss of work time due to work-related injuries (day)	因工傷損失工作時間(天)	160	128.5

Note:

14. Data of health and safety is based on the information on attendance sheets and statistics of manual recording.

Training and Development of Employees

We are committed to forging an ideal career development platform for our employees and cultivating talent in line with our goals and development strategies through establishing branded and professional talent development system. At the same time, we constantly update our internal strategies on talent cultivation based on the characteristics of condiment industry, in combination with increasing requirements on the comprehensive quality of employees and the tendency of younger, better educated and more professional business teams. In 2019, the Group organised various training programs, including orientation for new recruits, production safety training, training for safety management of chemicals, training for electricity safety, training for warehousing management, management system for warehouses under lease, training for communication skills, training for enhancement of ability to act, and excellent team management. We also held a contest of knowledge and skill to advance employees' business skill and occupational quality.

The Company further improves the training mode of centralised management, division of labour responsibilities and implementation by levels. In order to enable employees to quickly adapt to the working environment, understand the work requirements and intensify their safety awareness, the Group organises training for new employees. The Group also provides some senior executives with training in industrial and commercial school to improve their management skills and experience. In addition, each factory requires on-job certification and provides on-the-job skill training for employees. They may obtain an on-job qualification certificate after passing the on-job skill training.

員工健康安全概況¹⁴

註：

14. 健康與安全數據來源於考勤表及手工台賬統計。

員工培訓與發展

我們致力於成為員工理想的職業發展平台，通過建立品牌化、專業化的人才發展體系，培養與集團目標及發展戰略一致的人才。同時基於調味品行業特點，我們也持續更新內部培養理念，對從業人員綜合素質要求日益提高，對業務團隊年輕化、知識化、專業化的要求不斷提升。本集團本年度組織了包括新員工入職培訓、生產安全培訓、化學品安全管理培訓、電氣安全培訓、倉儲管理培訓、外租庫管理制度、溝通技巧培訓、執行力提升培訓、卓越管理團隊等多種類型的培訓，我們亦舉辦了一場知識技能大賽，幫助員工有效提升業務技能和職業素質。

公司進一步完善歸口管理、分工負責、分級落實的培訓模式。為使員工快速適應工作環境，理解工作要求，提高自身安全意識，本集團為新入職的員工統一組織培訓；本集團還為部分高管提供工商學院的相關培訓，以提高管理人員的管理水平和經驗技能；此外，每個工廠都設置了上崗認證，為員工提供崗位技能培訓，員工崗位技能培訓合格後方可取得上崗資格證明。

Case: Yihai (Ma'anshan) Factory Enhanced Innovation Sharing

The Enhanced Innovation Sharing is one of the Company's innovative training courses. By providing a platform for innovation, improvement and sharing, the Company shares good real examples with everyone. Moreover, experts, instructors from other famous companies have been invited to deliver lectures and bring us more good ideas. By sharing the excellent cases and interactive brainstorming, it leads more excellent employees to actively participate in the training, gain a better understanding on logical thinking and continue to optimise their skills and improve labour efficiency.

案例：頤海(馬鞍山)工廠精益創享會

精益創享會是本集團創新的一種培訓形式，通過為員工提供一個創新、改善和分享的平台，將優秀的案例分享給員工，同時也邀請了其他著名企業的專家參與，將更多優秀的理念帶入到本集團。通過優秀案例分享、頭腦風暴式的互動，更多優秀的同事積極主動地參與了精益改善培訓，了解了精益邏輯與思維並不斷改善、優化自己的技能，提高勞動效率。

Employee training

員工培訓概況

	Year 年度	2018 2018年		2019 2019年	
Number of trainees	培訓人數	1,131		1,391	
By gender	按性別分類				
Male	男性	676	60%	775	56%
Female	女性	455	40%	616	44%
By role	按職能分類				
Senior management	高級管理層人員	4	1%	3	1%
Middle management	中級管理層人員	56	5%	57	4%
Employees other than senior or middle management	非管理層	1,071	94%	1,331	95%
Total hours of training	總培訓時長	20,697		23,185	
By gender	按性別分類				
Male	男性	12,280	59%	12,193	53%
Female	女性	8,417	41%	10,992	47%
By role	按職能分類				
Senior management	高級管理層人員	1,280	6%	637	3%
Middle management	中級管理層人員	769	4%	1,280	5%
Employees other than senior or middle management	非管理層	18,648	90%	21,268	92%
Average hours of training	平均培訓時長				
By gender	按性別分類				
Male	男性	18		16	
Female	女性	18		18	
By title	按職能分類				
Senior management	高級管理層人員	320		212	
Middle management	中級管理層人員	14		22	
Employees other than senior or middle management	非管理層	17		16	

The Environmental, Social and Governance Report

環境、社會及管治報告

STEADY AND SUSTAINABLE DEVELOPMENT BASED ON COMPLIANCE

Safeguard on Customers' Rights and Interests

For the sake of active response to customers' feedback, complaints and suggestions, and reassuring consumers, the Group strictly abides by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and other laws and regulations and develops corresponding rules and regulations. In 2019, the *Fleeing Goods Management Policy* and the *Distributor Authorisation Management Policy* were revised and updated. Among them, the *Fleeing Goods Management Policy* further clarifies the definition standard of fleeing goods, so as to enhance fleeing good control of distributors and ensure the healthy and orderly development of the consumers' market. The *Distributor Authorisation Management Policy* makes clear description of the authorised areas, channels, products and authorised channels of the distributors and promotes the Group's management on the distributors.

We have established a thorough customer service system and customer complaint response mechanism to protect the legitimate rights and interests of consumers. The Group sets up an exclusive position, Customer Complaints Dealer. The person on duty is dedicated to fill in the *Registration Form of Customer Complaints in 2019*. The form records details of customer complaints including product batch number, product type, classification and detailed description as well as the expected solutions. Furthermore, the specific information is conveyed to the relevant departments of the Group for clear division of responsibilities and follow-up actions according to *Yihai Customer Complaint Management Measures*. If necessary, we will promptly launch product verification and retrospective recall process to effectively solve the customer complaints. We specifically added in *Yihai Customer Complaint Management Measures* to address complaints arising from self-serving small hot pot products, as a result of our strengthened selection and quality control over agricultural raw materials, such complaints received of this nature decreased.

At the same time, we continued to enrich the *Standard Terms for Product Feature Description* and extensively carried out activities to popularise the knowledge of our raw materials among consumers to enhance their cognitive ability and discernment in an effective way. To ensure consistent quality of raw materials, the Group designated special personnel to suppliers of the main materials and product assembly plants to perform on-site monitoring and management to build up confidence in our new products among customers.

合規為基，穩健持續發展

維護客戶權益

為了能夠積極應對消費者反饋投訴意見及建議，及時消除消費者疑慮，本集團嚴格遵守《中華人民共和國消費者權益保護法》等法律法規，以此建立相應的規章制度，本年度本集團對《竄貨管理制度》《經銷商授權管理制度》進行了修訂或新增。其中，《竄貨管理制度》進一步明確竄貨的界定標準，以此提升對經銷商的竄貨管理力度，保障市場秩序良性發展；《經銷商授權管理制度》對經銷商授權區域、渠道、產品以及授權渠道進行了明確，推動本集團對經銷商的管理。

我們建立了完善的客戶服務體系與客戶投訴應對機制，以保護消費者的合法權益。本集團特設客戶投訴專員崗位，專門負責填寫《2019年客訴問題登記表》，包括產品批號、產品類型、問題歸類及詳細描述、期望處理結果等詳細的客訴情況，並根據《頤海客訴管理辦法》將具體信息傳達至本集團有關部門進行明確的責任劃分與後續對接處理。如有必要，我們會及時啟動產品檢定及追溯召回流程，切實解決客訴問題。針對自加熱小火鍋產品出現的消費者投訴，我們及時調整了《頤海客訴管理辦法》中相關客訴類型，通過進一步加強對農副類原料的挑選與品質管控，有效降低相關客訴。

同時，我們不斷完善《產品特性描述之標準話術》，在消費者中廣泛開展原料知識普及活動，有效提升消費者對產品原料的認知能力與辨別水平。為了保證產品原料質量的穩定性，我們會派出專人對主要食材供應商和產品組裝工廠進行駐廠式監控管理，進一步提升了消費者對公司新產品的信心。

Performance Indicator Related to Customer Complaints

客戶投訴相關績效指標數據

	Description/Year 項目 / 年度	2018 2018年	2019 2019年
Customer Complaints (times) ¹⁵	客戶投訴事件 (次) ¹⁵	1.51	1.92

Note:

15. Customer complaints (times) for the year = Total complaints that year/ annual production (in millions of packages)

註：

15. 當年客戶投訴事件(次) = 全年客訴起數 / 全年生產量(以百萬包計)。

Protection of Customer Privacy

The Group's sales model is divided into selling through distributors and selling on line. In distribution mode, we fully respect the customer's privacy and protect their information. In relation to on-line sales, we have developed the *Customer Information Confidentiality Policy for Internet Marketing Department* based on the *Cybersecurity Law of the People's Republic of China*, which specifies data security measures and supervision methods, as well as corresponding punitive measures in case of any violation, to protect the information of relevant departments and customers, standardise on-line store accounts and safeguard the Group's rights and interests.

保護客戶隱私

本集團的銷售模式分為經銷商模式及線上銷售模式。經銷商模式下，我們充分尊重客戶隱私，對客戶信息進行嚴密保護。對於線上銷售，我們嚴格遵守《中華人民共和國網絡安全法》等法律法規的要求，制定了《互聯網營銷部保密制度》，明確相關保密措施細則及監察方法，並對各類違反該保密制度的行為作出相應的懲處規定，以保護客戶資料信息、規範管理線上店鋪賬號並維護本集團權益。

Enhancement of Brand Image

In 2019, we continued to strictly adhere to the applicable laws and regulations governing advertising and labelling, such as the *Advertising Law of the People's Republic of China*. In 2019, the updated *Food Safety Law of the People's Republic of China* further increased the requirements on e-commerce, and thus the Group intensified the examination and verification on e-commerce advertisements. All advertisements should be reviewed by the Brand Management Committee to ensure compliance with the requirements of the Advertising Law.

樹立品牌形象

本年度我們繼續嚴格遵守《中華人民共和國廣告法》等與廣告宣傳營銷及標識規範使用相關的各項法律法規。本年度《中華人民共和國食品安全法》的更新對於電商的要求進一步提升，因此本集團加大對電商廣告的審核力度，所有廣告發佈需經過品牌管理委員會的審核，確保符合相關法律法規要求。

Besides, we have developed the *Yihai Marketing Management Procedures* to ensure the compliance of all promotion materials of major marketing activities in an effective way. In order to minimise possible risks of our Internet Marketing Department from committing intriguing publishing pictures, texts, videos and other information in new internet channels, and safeguarding the rights and interests of the Group, we also formulated the *Management Procedures for Infringement Avoidance of Internet Marketing Department*, which specifies measures and supervision methods to prevent infringement, as well as corresponding punitive measures in case of any violation.

此外，我們已制定了《頤海市場活動管理辦法》，旨在有效把控所有重大市場活動的宣傳文案之合法合規性。為在最大程度上規避本集團在各互聯網新渠道展示的图片、文字與視頻等信息可能存在的侵權風險，保障本集團權益，我們亦制定了《互聯網營銷部規避侵權管理辦法》，明確規定了防止相關侵權之措施與監察方法，並制定了相應的違規懲處辦法。完善的廣告宣傳與標識使用管理機

The Environmental, Social and Governance Report

環境、社會及管治報告

The well-established advertising and labelling management mechanism has strongly safeguarded the integrity of our marketing and avoided sending false information to consumers.

Protection of Intellectual Property Rights

The Group strictly abides by the *Anti-unfair Competition Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other applicable laws and regulations to safeguard intellectual properties. To this end, we have systematically reviewed our existing application procedures regarding the different intellectual property the Group owns, and formulated a new version of *Administrative Measures for Intellectual Property*, which covers detailed and highly operable provisions for establishment and updating of the intellectual property database as well as its supplement, striving to achieve standardised management of all intellectual property related matters within the Group. When applying for a trademark and patent, departments within the Group would complete and submit the *Application for Trademark* and the *Technical Disclosure Statement*, etc., in which such information as the background and necessity of the application would be specified. Prior to proceeding with the application process as planned, the above documents would be reviewed and approved with specific personnel responsible for the application assigned.

Promotion of Integrity

In strict compliance with applicable national laws and regulations related to bribery, extortion, fraud and money laundering, including the *Anti-unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and the *Anti-money Laundering Law of the People's Republic of China*, we have formulated the *Yihai International Anti-fraud and Anti-corruption Management Policy* to regulate the occupational behaviours of the directors, senior and middle management and the general staff, so that they would strictly comply with the relevant laws, industry standards and norms, occupational ethics, and the Group's regulations. The policy also aims to establish a culture of integrity, diligence and dedication to duties, and to prevent infringement of the interests of the Group and its shareholders. The following aspects are specified in the Policy:

- Promoting and creating a corporate culture of honesty, integrity, anti-fraud and anti-corruption;

制強有力地保障了本集團的誠信營銷，避免向消費者傳遞錯誤信息。

保障知識產權

本集團遵照《中華人民共和國反不正當競爭法》《中華人民共和國商標法》及相關法律法規制度，開展知識產權的建立及維護。我們系統梳理並匯總了本集團已有的各項知識產權申請流程，重新制定《知識產權管理辦法》，規範化管理本集團內所有知識產權相關事宜，亦對知識產權庫的建立、更新及補充等方面作出詳細且極具可操作性的規定。本集團各部門在申請商標及專利時，需要完整填寫並提交《商標申請書》《技術交底書》等材料，闡明該申請之背景和必要性等信息，由相關部門負責人簽字確認並指定具體對接人後，有計劃地進行申請與實施。

堅持廉潔建設

本集團嚴格遵守《中華人民共和國反不正當競爭法》《關於禁止商業賄賂行為的暫行規定》和《中華人民共和國反洗錢法》等與防止賄賂、勒索、欺詐及洗錢相關的國家法律法規要求，並制定了《頤海國際反舞弊、反貪腐理制度》，旨在規範董事、高、中級管理層職員和普通職員的職業行為，嚴格遵守相關法律、行業規範和準則、職業道德及集團規章制度，樹立廉潔和勤勉敬業的良好風氣，防止損害本集團及股東利益的行為發生。該制度明確描述了以下內容：

- 倡導誠信正直的企業文化，營造反舞弊、反貪腐的企業文化環境；

- Evaluating risk of fraud and corruption, and establishing the procedures and mechanisms of control, to lower the possibility of fraud and corruption;
- Risk Control and Audit Department is a standing body for anti-fraud and anti-corruption, which is responsible for organizing and implementing the anti-fraud and anti-corruption work within the company, and reports to the audit committee on a regularly basis. Its main responsibilities include assessing and evaluating the establishment and implementation of the company's anti-fraud and anti-corruption control mechanism; carrying out publicity activities in terms of anti-fraud and anti-corruption; accepting reports of corruption and malpractice cases and organizing investigations of reported cases, eventually issuing opinions and report to management, and reporting regularly to the board of directors through the audit committee;
- A dedicated hotline, email and WeChat official account through which all staff and partners can report on misconduct, fraud and non-compliance matters related to the issues of the Group at any time, so that we could detect and rectify them in a timely manner.
- 評估舞弊、貪腐風險並建立具體的控制程序和機制，以降低舞弊、貪腐發生的機會；
- 風控審計部為反舞弊、反貪腐工作的常設機構，負責具體組織及執行公司範圍內反舞弊和反貪腐工作，並定期向審計委員會匯報。其工作職責主要包括審核及評估公司反舞弊和反貪腐控制機制的建立和實施、開展公司反腐倡廉相關的宣傳活動、接受舞弊和貪腐案件舉報並開展案件的調查、出具處理意見並及向管理層報告，同時定期通過審計委員會向董事會匯報；
- 為及時發現並糾正與本集團事務有關的失當行為、舞弊情況及違規事件，我們設有專門的舉報熱線、郵箱和微信公眾號，所有員工與合作夥伴均可以通過以上渠道隨時舉報。

The Group has systematically established an internal system for anti-corruption. *The Code of Discipline for Directors and Employees*, for instance, is applicable to all our staff including full-time, part-time and temporary employees. According to the Code, employees are required to strictly observe the applicable rules and regulations on anti-corruption and anti-fraud while performing business on behalf of the Group. Direct/indirect requests, receipts and offers of any benefits are equally prohibited. Besides, prior to accepting other work outside the Group, employees shall apply for a written approval from appropriate approvers, who shall determine on whether the work is in conflict with the applicant's position in the Group and the Group's interests. In addition, we have been continually implementing the *Yihai Misconduct Management Measures* which specified non-compliance and misconduct by employees, including corruption, fraud and deception. In terms of high-risk positions, such as procurement, marketing and promotion, we require employees to sign *the Letter of Commitment relating to Integrity in Procurement*, and *the Letter of Commitment Relating to Sales and Promotion*, to enable them to get a better understanding of misconduct which is explicitly prohibited in performance of their business, efficiently restraining and regulating their behaviours, and enhancing the awareness of ethical conduct and integrity. In 2019, we add the OEM resident representative to the high-risk position, and ask the employees to sign the *letter of*

我們系統化建立起本集團內部的反貪腐管理制度。針對本集團董事及包括全職、兼職及臨時工在內的全部員工，制定了《董事及職員紀律守則》，規定員工在執行任何集團事務時，必須嚴格遵守反賄賂舞弊的相關制度條例，禁止直接或間接索取、接受或向他人提供任何利益；集團職員如欲兼任本集團以外的工作，均須事先申請書面批准，核准人員應在綜合考慮該項工作是否與申請人在本集團職務或本集團利益構成衝突後作出相應批覆。另外，我們繼續堅持執行《頤海禁令管理辦法》，明令禁止包括貪污舞弊、弄虛作假在內的違規失當行為。針對採購、銷售推廣等高風險崗位，我們要求崗位從業員工需簽署《採購廉潔承諾書》和《銷售推廣承諾書》，以明確其在在從業過程中不得觸碰的高壓線，有效約束並規範其行為，增強道德操守與廉潔從業意識。2019年，我們將OEM駐廠代表新增為高風險崗位，並要求從業員工簽署《駐廠代表廉潔承諾書》。同時，本集團還建立了對關鍵崗位

The Environmental, Social and Governance Report

環境、社會及管治報告

commitment relating to resident representative. At the same time, the Group has established a collective responsibility system for key positions, which expressly states that the management assumes the responsibility for supervising and guiding subordinates to perform their duties with integrity.

The Group has also attached great importance to integrity and honesty in the external business cooperation. The key partners, including suppliers and distributors, are required to sign *the Letter of Commitment Relating to Supplier Integrity* or *the Letter of Commitment Relating to Distributor Integrity*, prior to officially signing contracts with us. These letters of commitment explicitly express our integrity requirement for suppliers and distributors and inform them of complaint and reporting channels that aim to prevent possible corruption and fraud to the greatest extent during cooperation. The Group is entitled to terminate or cease partnership with suppliers, distributors or other partners under the contracts, if they violate any clause under their commitment to cooperate with integrity, and to hold them liable to any breach of contract pursuant to the liability clause in the contract. The Group also implements a reward incentive system for our partners to promote our partners to disclose any non-compliance, misconducts or frauds perpetuated by any employees of the Group.

The Group's Risk Control and Audit Department, the major responsible department for anti-corruption and anti-fraud, works out annual plans for special audit and conducts audit on internal control and anti-fraud focusing on procedures of main business and critical focus areas of the Group and reports issues based on such audit plans. In addition, the Risk Control and Audit Department also conducts audits on assignment or resignation of personnel in key positions. In 2019, we carried out special audits and internal control inspections to identify and improve the management problems in business process actively and timely, protecting the benefits of the company. Further, we carried out "sunshine publicity" activities and integrity examinations, and also sent integrity reminders to our partners on public holidays. This has promoted and encouraged our employees and important partners to follow the Group's integrity policies and further strengthened their understanding of the Group's integrity policies and anti-fraud requirements.

In 2019, the Group was not involved in any litigation caused either by itself or its employee's misconduct relating to corruption, fraud, extortion and money-laundering with material impact on the Group. Combating corruption and building a clean governance is increasingly vital to the sustainable development of the Group. We always adhere to

的擔保制度，強調了集團管理者對其下屬員工廉潔從業負有相應的監督和指導責任。

本集團亦注重在外部商業合作中的廉潔與誠信。重要商業合作夥伴在與我們正式簽署合同之前，需首先簽署廉潔承諾書，例如供應商需簽訂《供應商廉潔承諾書》、經銷商需簽訂《經銷商廉潔承諾書》。該廉潔承諾書向各供應商與經銷商明確表達了本集團的廉潔要求，並告知其相關投訴和舉報渠道，以最大程度杜絕在合作過程中可能出現的貪腐舞弊事件。另外，若供應商或經銷商等合作方違反廉潔合作承諾之任一條款，本集團有權依照合同約定解除合作關係，亦可執行合同中約定的相應違約責任承擔條款。而合作方如投訴或舉報本集團工作人員有違規、舞弊等行為，相關情況一經查實，我們將對該合作夥伴進行相應獎勵。

作為本集團反貪污舞弊的重要負責部門，風控審計部每年制定專項審計和內控審計計劃，並根據該計劃及相關舉報信息進行反舞弊稽查，範圍覆蓋本集團主要業務流程和重點關注領域。同時，風控審計部亦會對集團關鍵崗位人員調動或離職執行離任審計。在2019年，我們開展了專項審計及內控檢查，主動及時發現並改進業務流程中存在的管理問題，保障了公司利益；另外我們開展了陽光宣傳、廉潔制度考試以及節假日對合作夥伴的廉潔提醒，通過以上方式對全體員工和重要合作夥伴進行了本集團的廉潔政策培訓和宣導，進一步深化其對公司廉潔政策和反舞弊要求的理解。

本年度內，本集團未發生因集團或僱員提出的貪污、欺詐、勒索及洗黑錢等因素導致、並對本集團造成重大影響的訴訟案件，亦未發現重大內控缺陷。隨着本集團業務水平的不斷提升，反腐倡

maintaining our management system for integrity and honesty to further enhance internal control and governance.

CONTRIBUTION TO THE PUBLIC WELFARE IN THE NAME OF LOVE

The Group has constantly carried forward the idea for undertaking social responsibility that provides safety and quality food for the market and customers. We give back to the society in fulfilling our social responsibility and actively participate in public welfare undertakings. We take the initiative to understand the needs and expectation of local and neighbouring communities where we operate and encourage the staff to participate in community public welfare activities. The Group also takes concrete actions to ensure that it has taken the interests of local communities into consideration when conducting our business activities. In addition, we are dedicated to promoting common growth of ourselves and communities and to contributing to public welfare.

In 2019, more emphasis was given to community investment. The office of the Board of Directors took the lead in organising various departments to participate in diversified social welfare activities with an investment amount of nearly RMB970,000, including RMB490,000 for education and RMB480,000 for charity.

Funding for Underprivileged Students

As the backbone in the future development of the society, students are one of the groups that we are most concerned about. We grant subsidy to poor students to help them successfully complete their studies. In 2019, the Company provided financial aid to 50 poor students from Sichuan Tongjiang Xinwen Primary School; provided jobs to fresh graduates from Henan University of Animal Husbandry and Economy and other colleges, and subsidised 30 poor college students. In terms of financing and donating to education, the Group continued to expand the channels of social donation to help students, improve the financial aid system for students, and light up the path of learning for poor students with love.

廉對企業可持續發展的重要性愈加凸顯，我們將始終堅持並完善廉潔誠信的集團制度體系，將集團內控監督與管治提升到一個新水平。

以愛為名，助力公益事業

本集團繼續傳承優良的社會責任理念，在為市場和廣大消費者提供安全優質食品的同時，注重履行企業責任，關注公益事業，努力回饋社會。我們主動了解運營所在社區及其周邊的內在需求與期望，鼓勵員工參與各項社區公益活動，以實際行動將社區利益與本集團業務共融，促進企業與社區的共同成長，為公益事業助力。

2019年，本集團加大社區投資力度，開展了一系列形式多樣的社會公益活動，由集團董事會辦公室牽頭，公司總部多個業務部門協同參與，共投入資金約人民幣97萬元，其中教育事業捐助資金人民幣49萬元，愛心捐贈活動資金投入人民幣48萬元。

資助學校貧困學生

學生是未來社會發展的中堅力量，亦是我們重點關注的群體之一。為助力貧困學生順利完成學業，本公司為多所學校的貧困學子提供助學資金。本年度我們為四川通江新文小學的50名貧困生提供了資助；為河南牧業經濟學院等學生提供應屆生就業崗位，並資助了30名貧困大學生。在教育公益事業上，本集團不斷拓寬社會捐資助學渠道，完善學生資助體系，用愛心點亮貧困學子的求學之路。

The Environmental, Social and Governance Report

環境、社會及管治報告

Opportunities of Employment Practice

We actively carry out school-enterprise scientific research cooperation, talent training, student practice and other activities with colleges and universities to provide students with better employment opportunities. We donate to set up innovation and entrepreneurship award fund for fresh graduates from China Agricultural University, which is used for graduation design projects and off-campus internships. In 2019, we also established an university-enterprise cooperative relationship with China Agricultural University by jointly setting up the “Yihai (Bazhou) Food Co., Ltd. – College of Food Science & Nutrition Engineering of China Agricultural University Innovative and Entrepreneurial Base” (the “IE Base”), which is aimed at providing the undergraduate and graduate students with more experience and practising opportunities. It is beneficial to the development of the students’ ability of production practice. Additionally, it can build a bridge between the Company and the colleges or universities by virtue of this platform, satisfying the demand of the Company, speeding up the transformation of scientific research achievements and strengthening motive force of the enterprise development.

Special Care Service Centres

Beijing HYQZ Intellectually Disabled Service Centre started to launch health recovery charity programs for children in single parent families, criminal parent families, poor families or remote areas in 2012. The Group has been cooperating with the Centre for a long time to organise voluntary service and donation activities. In 2019, we donated goods and materials equivalent to RMB30,000 to HYQZ Intellectually Disabled Service Centre.

On 28 May 2019, ahead of the Children’s Day, we went to HYQZ Intellectually Disabled Service Centre in Tongzhou District to conduct a visiting activity. We brought clothes and food to the children, played games and made dumplings with them. After the event, we further donated goods and materials including TVs, sheets, quilt covers, clothes, etc., hoping they feel our care and warmth.

提供就業實踐機會

我們積極與高校開展校企科研合作、人才培養、學生實習實踐等合作，為在校學生提供就業實踐機會。我們與中國農業大學建立了校企合作關係，為其應屆畢業生捐資設立創新創業獎基金，用於學生畢業設計項目及校外實習等。本年度，我們還與中國農業大學共同設立了「頤海（霸州）食品有限公司－中國農業大學食品科學與營養工程學院創新創業基地」，旨在為大學生及研究生提供實踐和鍛煉的機會，不僅有利於培養學生的生產實踐能力，還能借此平台搭建企業與高校的橋樑，將企業的需求落到實處，加快科研成果的轉化，為企業提供更大的發展動力。

關愛特殊服務中心

北京宏遠啟智智障人士服務中心（下稱「宏遠啟智」）於2012年面向社會發起了救助單親、服刑、貧困、邊遠地區家庭殘疾孩子的康復公益活動。本集團長期以來與之合作，組織開展志願服務與捐贈活動。本年度，我們累計為宏遠啟智捐贈價值人民幣30,000元的物資。

2019年5月28日，六一兒童節前夕，我們的員工抵達通州區北京宏遠啟智智障人士服務中心開展慰問活動，為孩子們帶去衣物和食品，陪伴他們做遊戲、包餃子。活動結束後，我們依舊心系孩子們，又為宏遠啟智捐贈了電視機及床單、被罩、衣物等物資，希望他們能感受到社會的關愛與溫暖。

Efforts on the Control of COVID-19

COVID-19 (COVID-19) has been spreading in China and some other countries and regions since early 2020. In the face of the sudden outbreak, the Company donated 2 million RMB worth of self-serving small hot pot products to the Hubei Charity Federation on January 25th, 2020. It was heard that Jinyintan Hospital in Wuhan and Renmin Hospital of Wuhan University are in urgent need of living materials. On 11 February 2020, the Company made designated donation of 40,000 boxes of self-serving small hot pot to these two hospitals. Since February 12, we have, via Hubei Charity Federation, made a daily donation of 20,000 boxes of self-serving small hot pot to frontline medical staff in Hubei until the epidemic in Hubei province is brought under control, contributing to the fight against the disease.

援助新冠病毒疫情防控

2020年初起，新型冠狀病毒肺炎（COVID-19）開始於中國和其他一些國家和地區傳播。面對突如其來的疫情，本公司於2020年1月25日向湖北慈善總會捐贈了價值人民幣200萬元的自加熱小火鍋產品。在得知武漢金銀潭醫院和武漢大學人民醫院急需生活物資時，於2020年2月11日為兩個醫院定向捐贈4萬盒自加熱小火鍋，並自2月12日起，通過湖北省慈善總會每天捐贈2萬盒自加熱小火鍋給湖北抗疫一線的醫護人員，直到湖北全省疫情平穩，為抗擊疫情貢獻一份力量。

Independent Auditor's Report

獨立核數師報告



羅兵咸永道

To the Shareholders of YIHAI INTERNATIONAL HOLDING LTD.
(incorporated in the Cayman Islands with limited liability)

致頤海國際控股有限公司股東
(於開曼群島註冊成立的有限公司)

OPINION

意見

What we have audited

我們已審計的內容

The consolidated financial statements of YIHAI INTERNATIONAL HOLDING LTD. (the "Company") and its subsidiaries (the "Group") set out on pages 156 to 268, which comprise:

頤海國際控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第156至268頁的綜合財務報表，包括：

- the consolidated balance sheet as at 31 December 2019;
 - the consolidated statement of profit or loss and other comprehensive income for the year then ended;
 - the consolidated statement of changes in equity for the year then ended;
 - the consolidated statement of cash flows for the year then ended; and
 - the notes to the consolidated financial statements, which include a summary of significant accounting policies.
- 於2019年12月31日的綜合資產負債表、
 - 截至該日止年度的綜合損益及其他全面收益表、
 - 截至該日止年度的綜合權益變動表、
 - 截至該日止年度的綜合現金流量表及
 - 綜合財務報表附註，包括主要會計政策概要。

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

我們的意見

我們認為，該等綜合財務報表已根據《國際財務報告準則》真實而中肯地反映了貴集團於2019年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據《國際審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據國際會計師職業道德準則理事會頒佈的《國際會計師職業道德守則（包含國際獨立性標準）》（以下簡稱「道德守則」），我們獨立於貴集團，並已履行道德守則中的其他職業道德責任。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to impairment provision for inventories:

Key Audit Matter

關鍵審計事項

Impairment provision for inventories

存貨減值準備

Refer to Notes 2.13, 4.1(a) and 12 of the consolidated financial statements.

Inventories are carried at the lower of cost and net realisable value, being estimated selling price less estimated selling costs, where applicable, impairment provision is made to write down the inventories to their net realisable value.

As at 31 December 2019, the Group's balance of gross inventories was RMB297,334,000.

The estimation of impairment provision for inventories involves significant management judgment based on the consideration of key factors such as aging profile, prior experiences, estimated future selling prices and selling expenses.

The impairment assessment is an area of focus for us given the inherent uncertainties and the significant amount of the gross inventory balance.

關鍵審計事項

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

我們在審計中識別的關鍵審計事項是關於存貨減值準備：

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Our audit procedures relating to impairment provision for inventories included the following:

- We obtained and understood the Group's inventory provisioning policy.
- We understood and evaluated the relevant controls over the generation of inventory aging schedule and the process of the estimation of inventory impairment provision.
- We evaluated, on sample basis, the assumptions in estimating future selling prices and selling expenses by reference to historical records and sales transactions after year end.
- On sample basis, we tested the aging profile of the year end raw materials and finished goods.
- We observed physical condition of inventories during stocktake to identify if any inventories were slow-moving, damaged, or obsolete.

We found the assumptions adopted and judgment applied by management were supported by the evidence we gathered and consistent with our understanding.

Key Audit Matter**關鍵審計事項**

請參閱綜合財務報表附註2.13、4.1(a)及附註12.

存貨乃按其成本與可變現淨值(即為預估的銷售價格減去預估的銷售成本)孰低者列賬,適用時,撇減存貨的減值準備至其可變現淨值。

於2019年12月31日,貴集團的存貨總額為人民幣297,334,000元。

存貨的減值準備估計涉及管理層重大判斷,該等判斷需考慮庫齡結構、過往經驗、預估未來售價以及銷售開支等關鍵因素。

鑒於減值固有的不確定性,且減值金額重大,我們尤為關注減值評估。

How our audit addressed the Key Audit Matter**我們的審計如何處理關鍵審計事項**

針對存貨減值準備,我們的審計程序包括如下:

- 我們獲得並了解了貴集團的存貨準備政策。
- 我們對存貨庫齡時間表的生成及存貨減值準備的估計過程的相關控制進行了解及評估。
- 我們參考歷史記錄及年結日後的銷售交易,在抽樣的基礎上對預估未來售價及銷售費用的假設進行了評估。
- 在抽樣的基礎上,我們對年結日的原材料及產成品的庫齡結構進行了測試。
- 我們在存貨盤點期間查看了存貨的物理狀況,以確定存貨是否出現滯銷、損壞或報廢。

我們發現,管理層採取的假設和運用的判斷均有據可依,並與我們的預期一致。

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Five-Year Performance Review and Management Discussion and Analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Statement, Profiles of Directors and Senior Management, Corporate Governance Report, Directors' Report and the Environmental, Social and Governance Report, which are expected to be made available to us after that date.

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

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

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

When we read the Chairman's Statement, Profiles of Directors and Senior Management, Corporate Governance Report, Directors' Report and the Environmental, Social and Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee of the Company and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE OF THE COMPANY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs 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.

其他信息

貴公司董事須對其他信息負責。其他信息包括我們在本核數師報告日前取得的五年業績回顧和管理層討論與分析內的信息（但不包括綜合財務報表及我們的核數師報告），以及預期會在本核數師報告日後取得的董事長報告書、董事及高級管理層簡介、企業管治報告、董事會報告和環境、社會及管治報告內的信息。

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

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

基於我們對在本核數師報告日前取得的其他信息所執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

當我們閱讀董事長報告書、董事及高級管理層簡介、企業管治報告、董事會報告和環境、社會及管治報告。後，如果我們認為其中存在重大錯誤陳述，我們需要將有關事項與貴公司審計委員會溝通，並考慮我們的法律權利和義務後採取適當行動。

貴公司董事和審計委員會就綜合財務報表須承擔的責任

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

貴公司審計委員會須負責監督貴集團的財務報告過程。

核數師就審計綜合財務報表承擔的責任

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

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

Independent Auditor's Report

獨立核數師報告

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

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

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

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

Independent Auditor's Report

獨立核數師報告

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Cheuk Kay.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2020

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

出具本獨立核數師報告的審計項目合夥人是黃焯棋。

羅兵咸永道會計師事務所
執業會計師

香港，2020年3月25日

Consolidated Balance Sheet

綜合資產負債表

		As at 31 December 於12月31日		
		Note 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	8	483,393	308,616
Right-of-use assets	使用權資產	9	151,435	–
Land use rights	土地使用權	6,9	–	75,034
Intangible assets	無形資產	7	17,649	5,309
Deferred income tax assets	遞延所得稅資產	11	25,445	23,889
Other assets	其他資產	13	194,949	156,027
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	17	84,893	12,000
Total non-current assets	非流動資產總值		957,764	580,875
Current assets	流動資產			
Inventories	存貨	12	297,334	275,815
Other current assets	其他流動資產	13	168,879	213,178
Trade receivables	貿易應收款項	14	269,175	206,893
Other financial assets at amortised cost	按攤銷成本計量的其他金融資產	15	7,762	5,368
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	17	89,596	–
Term deposits with initial term over three months and within one year	初始期限為三個月至一年的定期存款	16	484,845	–
Cash and cash equivalents	現金及現金等價物	16	1,036,396	1,179,910
Total current assets	流動資產總值		2,353,987	1,881,164
Total assets	資產總值		3,311,751	2,462,039
Equity	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	18	68	68
Shares held for employee share scheme	就僱員股份計劃持有的股份	19	(4)	(5)
Reserves	儲備	20	2,613,785	2,005,127
Capital and reserves attributable to owners of the Company	本公司擁有人應佔資本及儲備		2,613,849	2,005,190
Non-controlling interests	非控股權益	10	114,298	34,531
Total equity	權益總額		2,728,147	2,039,721

Consolidated Balance Sheet

綜合資產負債表

		As at 31 December 於12月31日		
		Note 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Liabilities	負債			
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	9	26,361	-
Deferred income tax liabilities	遞延所得稅負債	11	381	-
Total non-current liabilities	非流動負債總額		26,742	-
Current liabilities	流動負債			
Trade payables	貿易應付款項	22	217,418	188,659
Contract liabilities	合約負債	24	46,224	45,350
Lease liabilities	租賃負債	9	12,790	-
Other payables and accruals	其他應付款項及應計費用	23	173,589	103,616
Current income tax liabilities	即期所得稅負債		106,841	84,693
Total current liabilities	流動負債總額		556,862	422,318
Total liabilities	負債總額		583,604	422,318
Total equity and liabilities	權益及負債總額		3,311,751	2,462,039
Net current assets	流動資產淨值		1,797,125	1,458,846

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

上述綜合資產負債表應與隨附附註一併閱讀。

The financial statements on pages 156 to 268 were approved by the Board of Directors on 25 March 2020 and were signed on its behalf.

第156頁至第268頁的財務報表於2020年3月25日獲董事會批准，並由下列董事代為簽署。

SHI YONGHONG

施永宏
Director
董事

SUN SHENGFENG

孫勝峰
Director
董事

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

		Year ended 31 December 截至12月31日止年度		
		Note 附註	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Revenue	收入	5	4,282,488	2,681,373
Cost of sales	銷售成本	25	(2,641,088)	(1,642,476)
Gross profit	毛利		1,641,400	1,038,897
Distribution expenses	經銷開支	25	(383,344)	(241,474)
Administrative expenses	行政開支	25	(265,590)	(163,196)
Other income and gains – net	其他收入及收益淨額	27	79,035	86,203
Operating profit	經營溢利		1,071,501	720,430
Finance income	融資收入	28	23,679	10,071
Finance costs	融資成本	28	(1,560)	–
Finance income – net	融資收入淨額	28	22,119	10,071
Profit before income tax	除所得稅前溢利		1,093,620	730,501
Income tax expense	所得稅開支	29	(298,615)	(182,597)
Profit for the year	年內溢利		795,005	547,904
Profit is attributable to:	以下人士應佔溢利：			
Owners of the Company	本公司擁有人		718,634	517,793
Non-controlling interests	非控股權益		76,371	30,111
Other comprehensive income	其他全面收入			
<i>Items that may be reclassified to profit or loss</i>	<i>可重新分類至損益的項目</i>			
– Currency translation differences	– 匯兌差額		843	–
Other comprehensive income for the year, net of tax	年內其他全面收入（扣除稅項）		843	–
Total comprehensive income	全面收入總額		795,848	547,904
Total comprehensive income attributable to:	以下人士應佔全面收入總額：			
– Owners of the Company	– 本公司擁有人		719,469	517,793
– Non-controlling interests	– 非控股權益		76,379	30,111
Earnings per share attributable to owners of the Company	本公司擁有人應佔每股盈利			
<i>(expressed in RMB cents per share)</i>	<i>(以每股人民幣分列示)</i>			
– Basic	– 基本	30	74.1	53.4
– Diluted	– 攤薄	30	74.1	53.1

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

上述綜合損益及其他全面收益表應與隨附附註一併閱讀。

Consolidated Statement of Changes in Equity

綜合權益變動表

		Attributable to owners of the Company 本公司擁有人應佔					
		Share capital (Note 18)	Shares held for employee share scheme (Note 19) 就僱員股份 計劃持有的 股份 (附註19)	Reserves (Note 20) 儲備 (附註20)	Total	Non- controlling interests	Total equity
		股本 (附註18)	股份 (附註19)	儲備 (附註20)	總計	非控股權益	權益總額
Note		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Year ended 31 December 2018	截至2018年12月31日止年度						
Balance at 1 January 2018	於2018年1月1日結餘	68	(5)	1,501,326	1,501,389	4,420	1,505,809
Comprehensive income	全面收入						
Profit for the year	年內溢利	-	-	517,793	517,793	30,111	547,904
Other comprehensive income	其他全面收入	-	-	-	-	-	-
Total comprehensive income	全面收入總額	-	-	517,793	517,793	30,111	547,904
Transactions with owners in their capacity as owners:	與擁有人(以彼等之擁有人身份) 交易:						
Share-based payment expense	以股份為基礎的付款開支	21	-	34,202	34,202	-	34,202
Shares vested under employee share scheme	根據僱員股份計劃歸屬的股份	21	-	97	97	-	97
Dividends provided for or paid	已計提或已派付股息	31	-	(48,291)	(48,291)	-	(48,291)
Total transactions with owners	與擁有人交易總額	-	-	(13,992)	(13,992)	-	(13,992)
Balance at 31 December 2018	於2018年12月31日結餘	68	(5)	2,005,127	2,005,190	34,531	2,039,721
Year ended 31 December 2019	截至2019年12月31日止年度						
Balance at 1 January 2019	於2019年1月1日結餘	68	(5)	2,005,127	2,005,190	34,531	2,039,721
Comprehensive income	全面收入						
Profit for the year	年內溢利	-	-	718,634	718,634	76,371	795,005
Other comprehensive income	其他全面收入						
Currency translation differences	匯兌差額	-	-	835	835	8	843
Total comprehensive income	全面收入總額	-	-	719,469	719,469	76,379	795,848
Transactions with owners in their capacity as owners:	與擁有人(以彼等之擁有人身份) 交易:						
Capital injections from non-controlling interests	非控股權益注資	-	-	-	-	3,388	3,388
Share-based payment expense	以股份為基礎的付款開支	21	-	37,487	37,487	-	37,487
Shares vested under employee share scheme	根據僱員股份計劃歸屬的股份	19, 21	1	345	346	-	346
Dividends provided for or paid	已計提或已派付股息	31	-	(148,643)	(148,643)	-	(148,643)
Total transactions with owners	與擁有人交易總額	-	1	(110,811)	(110,810)	3,388	(107,422)
Balance at 31 December 2019	於2019年12月31日結餘	68	(4)	2,613,785	2,613,849	114,298	2,728,147

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

上述綜合權益變動表應與隨附附註一併閱讀。

Consolidated Statement of Cash Flows

綜合現金流量表

		Year ended 31 December 截至12月31日止年度		
		Note 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Cash flows from operating activities				
Cash generated from operations	經營活動所得現金流量			
Interest received	經營所得現金	32	1,205,355	479,006
Income tax paid	已收利息		23,679	10,071
	已付所得稅		(277,642)	(160,506)
Net cash inflow from operating activities	經營活動所得現金流入淨額		951,392	328,571
Cash flows from investing activities				
Purchases of property, plant and equipment	投資活動所得現金流量			
	購買物業、廠房及設備		(258,049)	(252,706)
Purchases of financial assets at fair value through profit or loss	購買按公平值計入損益的金融資產		(158,701)	(12,000)
Purchases of right-of-use assets	購買使用權資產		(40,305)	(41,017)
Purchases of intangible assets	購買無形資產		(15,069)	(1,304)
Investment income from financial assets at fair value through profit or loss	來自按公平值計入損益的金融資產的投資收入		6,395	8,753
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	32	3,320	3,468
Proceeds from disposal of financial assets at fair value through profit or loss	出售按公平值計入損益的金融資產的所得款項		-	34,396
Increase in term deposits with initial terms over three months and within one year	初始期限為三個月至一年的定期存款增加		(484,845)	-
Net cash outflow from investing activities	投資活動所用現金淨額		(947,254)	(260,410)
Cash flows from financing activities				
Dividends paid to the Company's shareholders	融資活動所得現金流量			
	向本公司股東派付股息	31	(148,643)	(48,291)
Payments for lease liabilities	租賃負債付款	9	(8,827)	-
Capital injections from non-controlling interests	非控股權益注資		3,388	-
Net cash outflow from financing activities	融資活動所用現金淨額		(154,082)	(48,291)
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額		(149,944)	19,870
Cash and cash equivalents at beginning of the financial year	財政年初現金及現金等價物	16	1,179,910	1,130,205
Effects of exchange rate changes on cash and cash equivalents	現金及現金等價物匯率變動的影響		6,430	29,835
Cash and cash equivalents at end of year	年末現金及現金等價物	16	1,036,396	1,179,910

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

上述綜合現金流量表應與隨附附註一併閱讀。

1. GENERAL INFORMATION

YIHAI INTERNATIONAL HOLDING LTD. (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the production and sales of hot pot condiment, Chinese-style compound condiment, and convenient ready-to-eat food products in the People’s Republic of China (the “PRC”).

The Company was incorporated in the Cayman Islands on 18 October 2013 as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

The Company’s global offering of its shares (the “Global Offering”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKSE”) was completed on 13 July 2016.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

These financial statements have been approved for issue by the Board of Directors on 25 March 2020.

1. 一般資料

頤海國際控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）在中華人民共和國（「中國」）主要從事火鍋調料、中式複合調味料及方便速食的生產及銷售。

本公司於2013年10月18日在開曼群島根據開曼群島1961年第3號法例第22章公司法（經綜合及修訂）註冊成立為獲豁免有限公司。本公司的註冊辦事處地址為Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands。

本公司股份在香港聯合交易所有限公司（「香港聯交所」）主板的全球發售（「全球發售」）已於2016年7月13日完成。

除非另有指明，否則本綜合財務報表以人民幣（「人民幣」）呈列。

該等財務報表已於2020年3月25日獲董事會批准刊發。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(i) *Compliance with IFRS and HKCO*

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

(ii) *Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which measured at fair value.

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

The Group has applied the following new standard, amendments and interpretation for the first time for their annual reporting period commencing from 1 January 2019, which are relevant to its operations:

- *IFRS 16 Leases*
- *Annual Improvements to IFRS Standards 2015 – 2017 Cycle*

2. 重大會計政策概要

本附註提供於編製此等綜合財務報表時採納的重大會計政策清單。除另有註明外，此等政策於所有列報年度內貫徹應用。綜合財務報表乃為本集團（由本公司及其附屬公司組成）編製。

2.1 編製基準

(i) *遵守國際財務報告準則及香港公司條例*

本集團的綜合財務報表已按照所有適用的國際財務報告準則（「國際財務報告準則」）及香港公司條例（第622章）的披露規定編製。

(ii) *歷史成本法*

財務報表已按歷史成本基準編製，惟若干按公平值計量的金融資產及負債除外。

(iii) *本集團採納的新訂及經修訂準則*

本集團就自2019年1月1日起的年度報告期間首次採用下列與經營相關的新準則、修訂及詮釋：

- *國際財務報告準則第16號租賃*
- *國際財務報告準則2015年至2017年週期的年度改進*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.1 Basis of preparation** *(Continued)**(iii) New and amended standards adopted by the Group
(Continued)*

- *Plan Amendment, Curtailment or Settlement – Amendments to IAS 19*
- *Interpretation 23 Uncertainty over Income Tax Treatments.*

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in Note 2.2 below. The other amendments and interpretation listed above did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

(iv) New standards, amendments and revised conceptual framework not yet adopted

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

2. 重大會計政策概要 (續)**2.1 編製基準 (續)***(iii) 本集團採納的新訂及經
修訂準則 (續)*

- *計劃修訂、縮減或結算 – 國際會計準則第19號的修訂本*
- *詮釋第23號所得稅處理的不確定性。*

由於採納國際財務報告準則第16號，本集團須變更其會計政策。本集團選擇追溯採納新規則，但確認於2019年1月1日首次採用新準則的累計影響。有關事項於下文附註2.2披露。上述其他修訂及詮釋對過往期間確認的金額並無任何影響且預計不會對本期間或未來期間產生重大影響。

(iv) 尚未採納的新準則、修訂本及經修訂概念框架

若干新會計準則、修訂本及經修訂概念框架已頒佈但並非於2019年12月31日報告期間強制生效及本集團並無提早採納。預期該等準則、修訂本及經修訂概念框架不會對本報告期間或未來報告期間的本集團以及可預見未來交易產生重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

As indicated in Note 2.1 above, the Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.23.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's applicable incremental borrowing rates as of 1 January 2019. The weighted average lessee's incremental borrowing rates (applicable to borrowings with similar repayment periods) as applied to the lease liabilities on 1 January 2019 was 4.75%.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics

2. 重大會計政策概要 (續)

2.2 會計政策變動

本附註解釋了採用國際財務報告準則第16號租賃對本集團財務報表的影響。

如上文附註2.1所述，本集團自2019年1月1日起追溯採用國際財務報告準則第16號租賃，並且按照該準則的具體過渡條款，未重述2018年報告期間的比較數字。因此，因採用新租賃準則而作出的重新分類及調整在2019年1月1日期初資產負債表內確認。新會計政策於附註2.23披露。

因採用國際財務報告準則第16號，本集團為之前根據國際會計準則第17號租賃的原則歸入「經營租賃」的租賃確認了租賃負債。該等負債以剩餘租賃付款額按2019年1月1日的承租人適用增量借款利率折現的現值計量。2019年1月1日租賃負債適用的承租人加權平均增量借款利率（適用於還款期相似的借款）為4.75%。

(i) 所應用的可行權宜方法

於首次應用國際財務報告準則第16號時，本集團已使用以下該準則所允許的可行權宜方法：

- 對具有合理相似特徵的租賃組合採用單一折現率

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.2 Changes in accounting policies** *(Continued)**(i) Practical expedients applied* *(Continued)*

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRS Interpretations Committee 4 “*Determining whether an Arrangement contains a Lease*”.

2. 重大會計政策概要 *(續)***2.2 會計政策變動** *(續)**(i) 所應用的可行權宜方法* *(續)*

- 依賴先前關於租賃是否虧損的評估，作為進行減值審閱的替代方法 – 於2019年1月1日並無虧損性合約
- 於2019年1月1日的剩餘租期短於12個月的經營租賃作為短期租賃處理
- 於首次應用日計量使用權資產時扣除初始直接費用，及
- 如果合同包含續租或終止租賃的選擇權，則可在確定租期時使用後見之明。

本集團亦已選擇不重新評估合同在首次應用日是否為租賃合同或是否包含租賃。相反，對於在過渡日之前簽訂的合同，本集團依據其應用國際會計準則第17號和國際財務報告準則詮釋委員會詮釋第4號「*確定一項安排是否包含租賃*」作出的評估。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 2. 重大會計政策概要(續)

(Continued)

2.2 Changes in accounting policies (Continued)

(ii) Measurement of lease liabilities

		RMB' 000 人民幣千元
Operating lease commitments disclosed as at 31 December 2018	2018年12月31日披露的經營租賃承擔	23,834
Discounted using the lessee's incremental borrowing rates of at the date of initial application	首次應用日使用承租人的增量借款利率進行折現	22,794
Less: short-term leases recognised on a straight-line basis as expense	減：按直線法作為費用確認的短期租賃	(6,428)
Lease liabilities recognised as at 1 January 2019	2019年1月1日確認的租賃負債	16,366
Of which are:	其中包括：	
Current lease liabilities	流動租賃負債	5,958
Non-current lease liabilities	非流動租賃負債	10,408

(iii) Measurement of right-of-use assets

The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

2.2 會計政策變動(續)

(ii) 租賃負債的計量

(iii) 使用權資產的計量

使用權資產根據與租賃負債相等的金額計量，並按照2018年12月31日資產負債表內確認的與該租賃相關的任何預付或計提的租賃付款額予以調整。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.2 Changes in accounting policies** *(Continued)**(iv) Adjustments recognised in the balance sheet on 1 January 2019*

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB91,951,000
- land use rights – decrease by RMB75,034,000
- other current assets – decrease by RMB551,000
- lease liabilities – increase by RMB16,366,000

The net impact on the retained earnings as of 1 January 2019 is immaterial for warranting any adjustment.

(v) Lessor accounting

- The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

2. 重大會計政策概要 (續)**2.2 會計政策變動 (續)***(iv) 於2019年1月1日在資產負債表確認的調整*

會計政策變更影響2019年1月1日資產負債表的下列項目：

- 使用權資產 – 增加人民幣91,951,000元
- 土地使用權 – 減少人民幣75,034,000元
- 其他流動資產 – 減少人民幣551,000元
- 租賃負債 – 增加人民幣16,366,000元

對截至2019年1月1日保留盈利的淨影響就保證任何調整而言屬不重大。

(v) 出租人會計處理

- 本集團無須因採納國際財務報告準則第16號就根據經營租賃作為出租人持有資產的會計處理作出任何調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.3 Principles of consolidation and equity accounting

(i) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.4).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet respectively.

2. 重大會計政策概要(續)

2.3 合併及權益會計原則

(i) 附屬公司

附屬公司指本集團擁有控制權的所有實體(包括結構性實體)。當本集團透過參與實體業務而享有或有權取得該實體的可變回報且有能力透過其指揮該實體業務的權力影響該等回報時,則本集團控制該實體。附屬公司自控制權轉移至本集團之日起全部併入賬,並自控制終止之日起取消合併。

本集團採用收購會計法將業務合併入賬(請參閱附註2.4)。

集團公司間的公司間交易、結餘及未變現交易收益予以對銷。未變現虧損亦會予以抵銷,除非有關交易顯示所轉讓資產的減值證據。附屬公司的會計政策已按需要調整,以確保與本集團採納的政策貫徹一致。

業績內的非控股權益及附屬公司權益分別獨立呈列於綜合損益及其他全面收益表、權益變動表及資產負債表。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.4 Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

2. 重大會計政策概要 (續)**2.4 業務合併**

本集團採用收購會計法將所有業務合併入賬，而不論收購股權工具或其他資產。收購附屬公司的已轉讓代價包括：

- 所轉讓資產的公平值
- 所收購業務先前擁有人產生的負債
- 本集團發行的股權
- 或然代價安排產生的任何資產或負債的公平值，及
- 於附屬公司任何已存在股權的公平值。

除少數特殊情況外，在業務合併中所收購的可識別資產、所承擔的負債及或然負債初步按收購日期的公平值計量。本集團按逐項收購基準確認被收購實體任何非控股權益，以公平值或以非控股權益應佔被收購實體可識別資產淨值的比例計量。

收購相關成本於產生時支銷。

- 所轉讓代價，
- 於被收購實體的任何非控股權益金額，及
- 於被收購實體的任何過往股權於收購日期的公平值

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.4 Business combinations (Continued)

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.5 Separate financial statements

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

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

2. 重大會計政策概要 (續)

2.4 業務合併 (續)

高於所收購的可識別資產淨值的公平值時，其差額以商譽列賬。倘該等金額低於所收購業務可識別資產淨值的公平值，其差額將直接在損益內確認為議價購入。

或然代價分類為權益或金融負債。分類為金融負債的金額隨後按公平值重新計量，而公平值變動則於損益內確認。

如業務合併分階段進行，收購方之前在被收購方持有的股權於收購日期的賬面值於收購日期按公平值重新計量。重新計量產生的任何收入或虧損於損益內確認。

2.5 獨立財務報表

於附屬公司的投資按成本扣除減值入賬。成本包括直接應佔投資成本。本公司按已收及應收股息基準將附屬公司的業績入賬。

倘股息超過附屬公司於股息宣派期間的全面收入總額或於獨立財務報表中有關投資的賬面值超過投資對象的淨資產（包括商譽）於綜合財務報表中的賬面值，則於收取該等投資的股息時，須對附屬公司的投資進行減值測試。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.6 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer, vice presidents and directors of the Company that makes strategic decisions.

2.7 Foreign currency translation*(i) 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 Renminbi (“RMB”), which is the Company’s functional currency and the Company’s and Group’s presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

2. 重大會計政策概要 (續)**2.6 分部報告**

經營分部的呈報方式與向主要經營決策者（「主要經營決策者」）作出內部呈報的方式貫徹一致。主要經營決策者負責分配資源及評估經營分部的表現，並已被認定為本公司作出戰略決策的最高行政人員、副總裁及董事。

2.7 外幣換算*(i) 功能及呈報貨幣*

計入本集團各實體財務報表的項目均採用該實體經營所在主要經濟環境的貨幣（「功能貨幣」）計量。綜合財務報表以本公司的功能貨幣及本公司及本集團的呈報貨幣人民幣（「人民幣」）呈列。

(ii) 交易及結餘

外幣交易均按交易當日的匯率折算為功能貨幣。結算該等交易以及將以外幣計價的貨幣資產及負債按年終匯率折算產生的匯兌收入及虧損一般於損益內確認。倘其與合資格現金流量對沖及合資格淨投資對沖有關或屬於海外業務淨投資的一部分，則於權益遞延。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.7 Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowing are presented in the consolidated statement of profit or loss and other comprehensive income within 'Finance cost – net'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within 'Other income and gains – net'.

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

(iii) Group companies

The results and financial position of foreign operations (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:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

2. 重大會計政策概要 (續)

2.7 外幣換算 (續)

(ii) 交易及結餘 (續)

與借款有關的匯兌收入及虧損乃於綜合損益及其他全面收益表「融資成本淨額」內呈列。所有其他匯兌收入及虧損乃於綜合損益及其他全面收益表「其他收入及收益淨額」內呈列。

按外幣公平值計量的非貨幣項目乃按於釐定公平值當日的匯率換算。按公平值列賬的資產及負債的換算差額呈報為公平值收入或虧損的一部分。例如，非貨幣資產及負債（如按公平值計入損益的權益）的換算差額，於損益內確認為公平值收入或虧損的一部分；而非貨幣資產（如按公平值計入其他全面收入的權益）的換算差額，則於其他全面收入內確認。

(iii) 集團公司

功能貨幣與呈列貨幣不同的海外業務（當中不涉及嚴重通脹經濟體的貨幣）的業績及財務狀況按下列方法換算為呈列貨幣：

- 每份呈報的資產負債表內的資產與負債按該資產負債表日期的收市匯率換算；

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.7 Foreign currency translation** *(Continued)**(iii) Group companies* *(Continued)*

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this 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
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2. 重大會計政策概要 *(續)***2.7 外幣換算** *(續)**(iii) 集團公司* *(續)*

- 各損益及其他全面收益表的收入及開支按平均匯率換算（除非該匯率並非在交易當日的匯率累計影響的合理估計內，在此情況下，收入及開支於交易日期換算）；及
- 所有由此產生的換算差額於其他全面收入確認。

於合併時，換算海外實體任何投資淨額及借款以及指定為對沖有關投資的其他金融工具產生的匯兌差額均於其他全面收入確認。當出售海外業務或償還構成該投資淨額部分的任何借款，相關匯兌差額於損益重新歸類為出售的部分收入或虧損。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.7 Foreign currency translation (Continued)

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

2. 重大會計政策概要(續)

2.7 外幣換算(續)

(iv) 處置海外業務及部分處置

於處置海外業務時(即處置本集團於海外業務的全部權益、或處置涉及失去對一家附屬公司(包括海外業務)的控制權、處置涉及失去對一家合營企業(包括海外業務)的共同控制權,或處置涉及失去對一家聯營公司(包括海外業務)的重大影響力)時,所有於本公司擁有人就該項業務應佔的權益累計的匯兌差額重新分類至損益。

對於並不導致本集團喪失對擁有境外經營的附屬公司的控制權的部分處置,本集團在累計匯兌差額中的比例份額重新歸屬於非控制性權益並且不在損益中確認。對於所有其他部分處置(即本集團在聯營公司或合營企業的所有權權益的減少並不導致本集團喪失重大影響或共同控制權),本集團在累計匯兌差額中的比例份額重新分類至損益。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.8 Property, plant and equipment**

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter of lease term and estimated useful lives as follows:

• Buildings	20 years
• Machinery	5-10 years
• Equipment and others	3-5 years
• Vehicles and furniture	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2. 重大會計政策概要 (續)**2.8 物業、廠房及設備**

物業、廠房及設備(在建工程除外)按歷史成本減累計折舊及減值列賬。歷史成本包括收購該等項目直接應佔的開支。

後續成本只有在該項目很可能為本集團帶來與之有關的未來經濟利益,且其成本能可靠計量時,才計入資產的賬面值或確認為一項單獨資產(倘適用)。入賬列作獨立資產的任何部分被替換時,其賬面值會終止確認。所有其他維修及保養費用在其產生的報告期間內於損益扣除。

折舊以直線法於其估計可使用年期或(倘為租賃裝修及若干租賃廠房及設備)租賃年期或估計可使用年期(以較短者為準)分配其成本(扣除其剩餘價值),詳情如下:

• 樓宇	20年
• 機器	5-10年
• 設備及其他	3-5年
• 汽車及傢具	5年

資產的剩餘價值及可使用年期在各呈報期末進行檢討,及在適當時調整。

若資產的賬面值高於其估計可收回金額,其賬面值即時撇減至可收回金額(附註2.10)。

出售收入及虧損按所得款項與賬面值的差額釐定,並計入損益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.8 Property, plant and equipment (Continued)

Construction-in-progress (“CIP”) represents buildings, plant and machinery under construction or pending for installation and is stated at cost less accumulated impairment losses (if any). Cost includes the costs of construction and acquisition. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to the respective categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

2.9 Intangible assets

(i) Trademarks

Acquired trademarks are shown at historical cost. Trademarks are recognised at fair value at the acquisition date. They have a finite useful lives of 5 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Software

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

2. 重大會計政策概要 (續)

2.8 物業、廠房及設備 (續)

在建工程指在建或正在安裝的建築、廠房及機器設備，並按成本減累計減值虧損（如有）列賬。成本包括建設成本與收購成本。在建工程不涉及折舊，直至相關資產建設完成至可使用狀態。當相關資產達到可使用狀態時，成本將轉至相應的物業、廠房及設備類別，並根據上述政策進行折舊。

2.9 無形資產

(i) 商標

收購的商標按歷史成本列示。商標按收購日期的公平值確認。商標具有5年的有限可使用年期且隨後按成本減累計攤銷及減值虧損列賬。

(ii) 軟件

購買的電腦軟件按購買及投入使用特定軟件所產生的成本資本化。該等成本於其估計使用年期5年按直線法進行攤銷。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.10 Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Investments and other financial assets*(i) Classification*

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

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

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

2. 重大會計政策概要 (續)**2.10 非金融資產減值**

可使用年期不限定的無形資產毋須攤銷，但每年須就減值進行測試，或於發生事項或情況出現變化而顯示可能出現減值時作出更頻密的減值測試。其他資產會於發生事項或情況出現變化而顯示其賬面值未必能夠收回時，進行減值測試。減值虧損按有關資產賬面值超逾其可收回金額的數額確認。可收回金額為資產的公平值減出售成本與使用價值兩者的較高者。就減值評估而言，資產按獨立可識別現金流入的最低分類組合（現金產生單位）分類，其所產生的現金流入基本上獨立於其他資產或資產組別。出現減值的非金融資產（商譽除外）於各報告期末檢討是否可能撥回減值。

2.11 投資及其他金融資產*(i) 分類*

本集團按以下計量類別將其金融資產分類：

- 隨後按公平值計量（計入其他全面收入（「其他全面收入」）或計入損益）的金融資產，及
- 按攤銷成本計量的金融資產。

分類視乎實體管理金融資產的業務模式及現金流量的合約條款而定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.11 Investments and other financial assets (Continued)

(i) Classification (Continued)

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

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

(ii) Recognition and derecognition

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

2. 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

(i) 分類 (續)

就按公平值計量的資產而言，收益及虧損將計入損益或其他全面收入。就並未持作買賣股本工具投資而言，其將視乎本集團於初步確認時有否作出不可撤回的選擇將股本投資按公平值計入其他全面收入（「按公平值計入其他全面收入」）列賬。

本集團當且僅當其管理該等資產的業務模式變動時重新分類金融資產。

(ii) 確認及終止確認

常規購入及出售的金融資產於交易日（本集團承諾購入或出售該資產的日期）確認。於從該等金融資產收取現金流量的權利屆滿或已轉讓而本集團已實質上轉移一切所有權風險及回報時，終止確認有關金融資產。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Investments and other financial assets (Continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and gains-net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

2. 重大會計政策概要 (續)

2.11 投資及其他金融資產 (續)

(iii) 計量

初步確認時，本集團按公平值加（倘並非按公平值計入損益的金融資產）收購金融資產直接應佔交易成本計量金融資產。按公平值計入損益的金融資產的交易成本於損益支銷。

在確定具有嵌入衍生工具的金融資產的現金流是否僅為支付本金和利息時，需從金融資產的整體進行考慮。

債務工具

債務工具的后續計量取決於本集團管理資產的業務模式及資產的現金流量特徵。本集團將債務工具分為兩個計量類別：

- **攤銷成本：**就持作收回合同現金流量的資產而言，倘有關資產的現金流量僅為支付本金及利息，則按攤銷成本計量。來自該等金融資產的利息收入按實際利率法計入融資收入。終止確認產生的任何收益或虧損連同外匯收益及虧損於損益直接確認，並於其他收入及收益－淨額呈列。減值虧損於綜合損益及其他全面收益表作為單獨項目呈列。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.11 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments (Continued)

- FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income and gains-net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at FVPL are recognised in other income and gains-net in the consolidated statement of profit or loss and other comprehensive income.

2. 重大會計政策概要(續)

2.11 投資及其他金融資產(續)

(iii) 計量(續)

債務工具(續)

- 按公平值計入損益：不符合攤銷成本標準的資產按公平值計入損益計量。其後按公平值計入損益計量的債務投資的收益或虧損於損益中確認及於其產生期間在其他收入及收益－淨額以淨值呈列。

股本工具

本集團隨後就所有股本投資按公平值計量。當本集團的管理層已選擇於其他全面收入呈列股本投資的公平值收益及虧損，公平值收益及虧損於終止確認投資後不會重新分類至損益。該等投資的股息於本集團收取款項的權利確立時繼續於損益確認為其他收入。按公平值計入其他全面收入列賬計量的股本投資的減值虧損(及減值虧損撥回)不會與其他公平值變動分開呈報。

按公平值計入損益的金融資產的公平值變動於綜合損益及其他全面收益表確認為其他收入及收益淨額。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.11 Investments and other financial assets** *(Continued)**(iv) Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 14 for further details.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2. 重大會計政策概要 (續)**2.11 投資及其他金融資產 (續)***(iv) 減值*

本集團按前瞻基準評估與其按攤銷成本計值的債務工具相關的預期信貸虧損。所應用減值方法視乎信貸風險有否明顯增加。

就貿易應收款項而言，本集團採用國際財務報告準則第9號允許的簡化方法，規定自初步確認應收款項起確認整個存續期內的預期虧損，詳情請參閱附註14。

2.12 抵銷金融工具

當本集團現有法定可強制執行權力可抵銷已確認金額，且有意圖按其淨額作結算或同時變現資產及結算負債時，有關金融資產與負債可互相抵銷，並在資產負債表報告其淨值。本集團亦已訂立不符合抵銷標準但仍可於某些情況下對銷相關金額（如歸類為破產或中止合約）的安排。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.13 Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated subsequent production costs of completion and the estimated costs necessary to make the sale.

2.14 Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are generally due for settlement within 30-90 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 14 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2. 重大會計政策概要(續)

2.13 存貨

原材料及產成品按成本與可變現淨值兩者中較低者入賬。成本包括直接材料、直接勞工以及適當比例的可變及固定經常開支(後者按一般運作產能分配)。成本按加權平均成本分配至個別存貨項目。購買存貨的成本乃經扣減回扣及折讓後釐定。可變現淨值按日常業務過程中的估計售價減完成估計其後生產成本及進行銷售所需估計成本計算。

2.14 貿易應收款項

貿易應收款項為在日常業務過程中就銷售的商品而應收客戶的款項。貿易應收款項一般於30至90日內進行結算，因此全部被分類為流動資產。

當貿易應收款項按公平值確認時，初步按無條件的代價金額確認，惟彼等包含重大融資部分除外。本集團持有貿易應收款項旨在收回合約現金流量，從而隨後使用實際利率法按攤銷成本計量。有關本集團貿易應收款項的會計處理的進一步資料請參閱附註14及有關本集團減值政策的描述請參閱附註3.1。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.15 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

Shares held by the Restricted Share Unit Scheme ("RSU" Scheme) Trustee are disclosed as treasury shares and deducted from contributed equity.

2. 重大會計政策概要 (續)**2.15 現金及現金等價物**

就於現金流量表的呈列而言，現金及現金等價物包括手頭現金、金融機構通知存款，以及其他初始到期期限為三個月或以下、可即時轉換為已知金額的現金及價值變動風險微小的短期高流動性投資。

2.16 股本及就僱員股份計劃持有的股份

普通股分類為權益。

倘集團公司購買（例如因股份購回或以股份為基礎支付計劃）本公司的權益工具，已付代價（包括任何直接應佔增支成本，扣除所得稅）從列為庫存股份的本公司擁有人應佔權益中扣除，直至股份被註銷或重新發行為止。倘其後重新發行該等普通股，則任何已收取代價（扣除任何直接應佔增支交易成本及相關所得稅影響）計入本公司擁有人應佔權益。

根據受限制股份單位計劃（「受限制股份單位」計劃）信託持有的股份從權益股轉換為庫存股。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

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

2. 重大會計政策概要 (續)

2.17 貿易及其他應付款項

該等款項指於財政年度結束前向本集團提供商品及服務的尚未支付負債。該等款項為無抵押，且通常於確認後30至90日內支付。除非付款並非於報告期後12個月內到期，否則貿易及其他應付款項呈列為流動負債。其初步按公平值確認，隨後使用實際利率法按攤銷成本計量。

2.18 即期及遞延所得稅

本期間的所得稅開支或抵免指就本期間應課稅收入按各司法權區的適用所得稅稅率支付的稅項（就暫時差額及未動用稅項虧損應佔的遞延所得稅資產及負債變動作出調整）。

即期所得稅

即期所得稅支出根據本公司及其附屬公司營運及產生應課稅收入所在的國家於報告期末已頒佈或實質已頒佈的稅法計算。管理層就適用稅務法規須作出詮釋的情況定期評估報稅表的狀況，並須在適用情況下根據預期向稅務機關支付的稅款計提撥備。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.18 Current and deferred income tax** *(Continued)**Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2. 重大會計政策概要 (續)**2.18 即期及遞延所得稅 (續)***遞延所得稅*

遞延所得稅採用負債法就資產及負債的稅基與其在綜合財務報表中的賬面值之間的暫時差額計提全額撥備。然而，倘遞延所得稅負債於初步確認商譽時產生，則不予確認；倘自初步確認一項交易（業務合併除外）中的資產或負債而產生的遞延所得稅於交易時對會計或應課稅損益並不構成影響，則該遞延所得稅亦不會列賬。遞延所得稅乃使用於報告期末已頒佈或實質已頒佈且預期將於相關遞延所得稅資產變現或遞延所得稅負債結算時適用的稅率（及稅法）釐定。

遞延所得稅資產僅於可能獲得未來應課稅款項可動用該等暫時差額及虧損的情況下予以確認。

倘本公司能夠控制撥回暫時差額的時間，且該等差額可能不會於可見將來撥回，則不會就海外業務的投資賬面值與稅基之間的暫時差額確認遞延所得稅負債及資產。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.18 Current and deferred income tax (Continued)

Deferred income tax (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.19 Employee benefits

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join defined contribution plans, including pension, medical, housing and other welfare benefits, recognised by the PRC government. According to the relevant regulations, the monthly contributions that should be borne by the PRC subsidiaries of the Company are calculated based on percentages of the total salary of employees, subject to a certain ceiling. The assets of these plans are held separately from those of the Group in independent funds managed by the PRC government.

The Group has no further payment obligations once the above contributions have been paid. The Group's contributions to these plans are charged to profit or loss as incurred.

2. 重大會計政策概要 (續)

2.18 即期及遞延所得稅 (續)

遞延所得稅 (續)

當存在合法可強制執行的權利將即期所得稅資產與負債抵銷，且遞延所得稅結餘涉及同一稅務機關，遞延所得稅資產與負債互相抵銷。倘實體擁有合法可強制執行的權利抵銷並有意以淨額結算或變現資產及同時償付負債，則即期所得稅資產與稅項負債互相抵銷。

除與於其他全面收入或直接於權益確認的項目有關外，即期及遞延所得稅於損益內確認。於此情況下，稅項亦分別於其他全面收入或直接於權益確認。

2.19 僱員福利

根據中國的規則及法規，本集團已安排中國僱員參與中國政府組織的界定供款計劃，包括退休、醫療、住房及其他福利。根據有關規例，每月供款應由本公司的中國附屬公司承擔，供款額按僱員總薪金的百分比計算，但設有若干上限。該等計劃的資產與本集團其他資產分開，由中國政府管理的獨立基金持有。

本集團於支付上述供款後不再承擔支付責任。本集團對上述計劃的供款於產生時計入損益。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.20 Share-based payments**

Share-based compensation benefits are provided to employees via restricted share unit scheme plans. Information relating to the schemes is set out in Note 21. The fair value of the services received in exchange for the grant of the restricted shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the restricted shares granted as at date of grant, including any market performance conditions, excluding the impacts of any service and non-market performance vesting conditions as well as including any non-vesting conditions, when applicable. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

For the Company's separate financial statements, fair value of restricted shares granted to its subsidiaries' employees is recognised as increase in investment in subsidiaries and equity.

At the end of each reporting period, the Group revises its estimates of the number of restricted shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity.

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

2. 重大會計政策概要 (續)**2.20 以股份為基礎的付款**

通過受限制股份單位計劃向僱員提供以股份為基礎的薪酬福利。有關計劃的資料載於附註21。為獲授受限制股份而提供的服務的公平值確認為開支。將予支銷總額乃參考授出日期授出受限制股份的公平值釐定，包括任何市場表現條件，但不包括任何服務及非市場表現歸屬條件的影響以及包括任何非歸屬條件（如適用）。已支銷總額於歸屬期內確認，期內所有特定歸屬條件將獲達成。

對於母公司財務報表，授予子公司僱員受限制股份時，將按授予日公平值確認對子公司的長期股權投資和權益的增加。

於各報告期末，本集團會根據非市場歸屬條件修改其估計預期將予歸屬的受限制股份數目，並於損益內確認修改原來估計數字（如有）的影響，以及對權益作出的相應調整。

倘股份獲行使，所收取的所得款項扣除任何直接應佔交易成本後計入股本（面值）及股份溢價內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.21 Revenue recognition

(i) *Sale of goods – wholesales*

For wholesale business, sales of goods are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler have accepted the products in accordance with the sales contracts, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products of the Group is often sold with sales discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contracts, net of the estimated sales discounts. Accumulated experience is used to estimate and provide for the discounts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other payables and accruals) is recognised for expected sales discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 30-90 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2. 重大會計政策概要(續)

2.21 收入確認

(i) *銷售貨品 – 批發*

對於批發業務，當產品控制權已轉移（即產品已交付予批發商），批發商對銷售產品的渠道和價格擁有完全決定權，且不存在可能影響批發商對產品接收的未履行義務時，本集團即確認產品銷售收入。當產品已運至指定地點，過時和損失風險已轉讓予批發商，而批發商已根據銷售合約接收產品，或本集團有客觀證據顯示所有接收條款已獲達成後，交付才算產生。

本集團產品的銷售通常會以12個月內的總銷售額提供銷售折扣。這些銷售收入會根據合約規定的價格確認，並扣除估算的銷售折扣。折扣的估算與撥備會根據累積的數據及經驗，且只有在極大可能不會發生重大逆轉的情況下才能確認收入。於報告期內與客戶銷售所產生的未付銷售折扣估算會被確認為退款責任（包括在其他應付款項及應計費用內）。由於銷售的信貸期為30至90日，符合市場慣例，故並不存在重大融資因素。

當產品交付後，並從那一刻開始，可以無條件收到代價（到期付款前的時間流逝除外），便可確認為應收款。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.21 Revenue recognition** *(Continued)**(ii) Sale of goods – on-line*

Revenue from the sale of goods on the internet is recognised at the point that the control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Transactions are settled by credit or payment card or through on-line payment platforms. Provisions are made for internet credit sales based on the expected level of returns, which in turn is based upon the historical rate of returns.

2.22 Earnings per share*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

2. 重大會計政策概要 (續)**2.21 收入確認 (續)***(ii) 銷售貨品 – 線上*

互聯網上銷售貨品所得收益於產品控制權轉移時(即產品交付客戶及沒有可能會影響客戶接受產品的未履行義務)確認。交易以信用卡或支付卡或透過線上支付平台結算。線上信用銷售撥備根據預期退貨水平計提，而預期退貨率則根據過往退貨率計算。

2.22 每股盈利*(i) 每股基本盈利*

每股基本盈利，乃按：

- 本公司擁有人應佔溢利(不包括普通股以外的服務股權的任何成本)
- 除以財政年度內發行在外普通股加權平均數(就年內已發行普通股的分紅因素而調整且不包括庫存股份)計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.22 Earnings per share (Continued)

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. 重大會計政策概要(續)

2.22 每股盈利(續)

(ii) *每股攤薄盈利*

每股攤薄盈利透過調整每股基本盈利之金額：

- 每股攤薄盈利有關的利息及其他融資成本的除稅後所得稅影響；及
- 假設所有具潛在攤薄效應之股份獲轉換後，額外普通股份之加權平均數計算。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.23 Leases**

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Until the 2018 financial year, leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease. The Group didn't have any finance leases.

From 1 January 2019, leases (including land use rights) are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;

2. 重大會計政策概要 (續)**2.23 租賃**

誠如上文附註2.2所闡述，本集團已變更其作為承租人的租賃會計政策。新政策於下文載述，而有關變動的影響載於附註2.2。

直至2018財政年度為止，凡擁有權的大部分風險及回報未轉移至本集團（作為承租人）的租賃，皆歸類為經營租賃。根據經營租賃支付的款項（扣除出租人給予的任何優惠），於租期內以直線法自損益扣除。本集團並無任何融資租賃。

自2019年1月1日起，在本集團預期可使用租賃資產之日，租賃（包括土地使用權）應確認為使用權資產和相應負債。

合約可包含租賃及非租賃部分。本集團根據其相對獨立的價格將合約的代價分配至租賃及非租賃部分。然而，就本集團作為承租人租賃房地產而言，其已選擇不區分租賃及非租賃部分，而是將該等租賃入賬作為單一租賃部分。

租賃產生的資產和負債在現值基礎上進行初始計量。租賃負債包括下列租賃付款額的淨現值：

- 固定付款額（包括實質固定付款額），扣除應收的租賃激勵；
- 取決於指數或比率的可變租賃付款額；
- 本集團根據餘值擔保預計應付的金額；

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.23 Leases (Continued)

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

2. 重大會計政策概要 (續)

2.23 租賃 (續)

- 購買選擇權的行權價，前提是本集團合理確定將行使該選擇權；及
- 終止租賃的罰款金額，前提是租賃期反映出本集團將行使終止租賃選擇權。

根據合理確定延續選擇權支付的租賃付款亦計入負債計量之內。

租賃付款額按照租賃內含利率折現。如果無法確定該利率，則應採用本集團的增量借款利率，即承租人為在類似經濟環境下獲得價值相近的資產，以類似條款和條件借入資金而必須支付的利率。

為釐定增量借款利率，本集團：

- 在可能情況下，使用個別承租人最近獲得的第三方融資為出發點作出調整以反映自獲得第三方融資以來融資條件的變動；
- 使用累加法，首先就本集團所持有租賃的信貸風險（最近並無第三方融資）調整無風險利率；及
- 進行特定於租約的調整，例如期限、國家、貨幣及抵押。

本集團未來可能根據指數或利率增加可變租賃付款額，而有關指數或利率在生效前不會計入租賃負債。當根據指數或利率對租賃付款作出的調整生效時，租賃負債會根據使用權資產進行重新評估及調整。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.23 Leases (Continued)**

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use asset are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise manufacture equipment.

2. 重大會計政策概要 (續)**2.23 租賃 (續)**

每筆租賃付款額均在相應負債與融資成本之間分攤。融資成本在租賃期限內計入損益，以使各期負債餘額產生的利息率保持一致。

使用權資產按照成本計量，包括：

- 租賃負債初始計量金額；
- 在租賃期開始日或之前支付的租賃付款額，扣除收到的租賃激勵；
- 任何初始直接費用；及
- 復原成本。

使用權資產一般於資產的可使用年期及租賃期（以較短者為準）內按直線法予以折舊。倘本集團合理確定行使購買選擇權，則使用權資產於相關資產的可使用年期內予以折舊。本集團在對其土地及樓宇（於物業、廠房及設備內呈列）重新估值時，已選擇不就本集團所持有的使用權樓宇行使有關權利。

與短期租賃以及所有低價值資產租賃相關的付款按直線法於損益確認為開支。短期租賃指租賃期為12個月或以下的租賃。低價值資產包括生產設備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

2.23 Leases (Continued)

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.24 Dividends distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.25 Government grants

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

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Note 27 provides further information on how the Group accounts for government grants.

2.26 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statement of profit or loss and other comprehensive income as part of other income and other gains-net.

2. 重大會計政策概要 (續)

2.23 租賃 (續)

本集團作為出租人的經營租賃的租賃收入按直線法於租賃期內確認為收入。獲取經營租賃產生的初始直接成本計入相關資產的賬面值，並於租賃期內以確認租賃收入的相同基準確認為開支。個別租賃資產按其性質計入資產負債表。採納新租賃準則後，本集團無需對作為出租人所持有資產的會計處理作任何調整。

2.24 股息分派

就於報告期末或之前已宣派但於報告期末並未分派之任何股息金額（已經適當授權及再不由實體酌情決定）作出撥備。

2.25 政府補助

當能夠合理地保證政府補助將可收取及符合補助的附帶條件時，本集團會把政府補助以其公允價值確認入賬。

與成本有關的政府補助遞延入賬，並於需要匹配擬補償的相關成本期間在損益確認。

與購買物業、廠房及設備有關的政府補助列入非流動負債作為遞延收入，並按有關資產的預計年期以直線法在損益表確認。關於本集團政府補助會計處理的更多資料請見附註27。

2.26 利息收入

採用實際利率法計算的按攤銷成本計量的金融資產之利息收入，作為其他收入及其他收益淨額的一部份於綜合損益及其他全面收益表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(Continued)***2.26 Interest income (Continued)**

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 28 below. Any other interest income is included in other income and other gains-net.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

3. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk 風險	Exposure arising from 風險產生原因
Market risk – foreign exchange 市場風險 – 外匯	Financial assets and liabilities denominated in foreign currency different from its functional currency. 以不同於其功能貨幣的外幣計值的 金融資產及負債。
Credit risk 信用風險	Cash and cash equivalents, trade receivables and other financial assets at amortised cost. 現金及現金等價物、貿易應收款項及 按攤銷成本計的其他金融資產。
Liquidity risk 流動資金風險	Trade payable and other liabilities 貿易應付款項及其他負債

2. 重大會計政策概要 (續)**2.26 利息收入 (續)**

利息收入呈列為持作現金管理用途的金融資產所賺取的融資收入，請參閱下文附註28。任何其他利息收入計入其他收入及其他收益淨額。

利息收入是用實際利率乘以金融資產賬面總額計算得出，惟後續發生信貸減值的金融資產除外。就信貸減值的金融資產而言，其利息收入是用實際利率乘以金融資產賬面淨額（經扣除虧損撥備）得出。

3. 財務風險管理

本附註闡述本集團面臨的財務風險及該等風險對本集團未來財務表現的影響。倘與增加額外內容有關，則載入本年度溢利及虧損資料。

Measurement 計量
Cash flow forecasting sensitivity analysis 現金流量預測敏感性分析
Aging analysis credit limit 賬齡分析信用限額
Rolling cash flow forecasts 滾動現金流量預測

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, primarily the RMB. Foreign exchange risk arises from recognised assets and liabilities and net investments denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through a forecast of highly probable US\$/RMB and HK\$/RMB expenditures. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the year ended 31 December 2019 and 2018.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

		31 December 2019 2019年12月31日		31 December 2018 2018年12月31日	
		US\$ 美元 RMB' 000 人民幣千元	HK\$ 港元 RMB' 000 人民幣千元	US\$ 美元 RMB' 000 人民幣千元	HK\$ 港元 RMB' 000 人民幣千元
Bank deposits	銀行存款	611,811	153,122	440,861	295,464
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	91,294	-	-	-
Trade receivables and other assets	貿易應收款項及其他資產	492	257	522	161
Trade payables and contract liabilities	貿易應付款項及合約負債	(3,159)	(504)	(544)	(32)

3. 財務風險管理 (續)

3.1 財務風險因素

(a) 市場風險

(i) 外匯風險

本集團主要在國際上經營業務及面臨主要由於人民幣產生的外匯風險。外匯風險來自以非相關集團實體的功能貨幣的貨幣計值的已確認資產及負債以及投資淨額。風險透過對極可能美元兌人民幣及港元兌人民幣支出的預測而計量。於截至2019年及2018年12月31日止年度，本集團並未訂立任何遠期合約對沖其外匯風險敞口。

風險

本集團於報告期末以人民幣列示的外匯風險如下：

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in US\$/RMB and HK\$/RMB exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the bank deposits and financial instruments denominated in US\$ and HK\$ in the Company and its PRC subsidiaries, the functional currency of which are RMB.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

敏感性

如上表所示，本集團主要承受美元兌人民幣以及港元兌人民幣匯率的變動風險。損益對匯率變動的敏感性主要來自本公司及其中國附屬公司(該等公司的功能貨幣為人民幣)美元及港元銀行存款和金融工具。

		Impact on post tax profit 對稅後溢利的影響	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
HK\$/RMB exchange rate – increase 10%	港元兌人民幣匯率 – 上升10%	11,484	22,160
HK\$/RMB exchange rate – decrease 10%	港元兌人民幣匯率 – 下降10%	(11,484)	(22,160)
US\$/RMB exchange rate – increase 10%	美元兌人民幣匯率 – 上升10%	52,533	33,065
US\$/RMB exchange rate – decrease 10%	美元兌人民幣匯率 – 下降10%	(52,533)	(33,065)

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and FVPL, trade receivable and other financial assets at amortised cost as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(i) Risk management

The Group is exposed to credit risk in relation to its bank balances, trade receivable and other financial assets at amortised cost.

The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk arising from bank balance, the Group only transacts with state-owned financial institutions and reputable commercial banks which are all high-credit quality financial institutions. There has been no recent history of default in relation to these financial institutions.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信用風險

信用風險產生自現金及現金等價物、銀行及按公平值計入損益的存款、貿易應收款項及按攤銷成本計量的其他金融資產以及批發及零售客戶信用風險，包括尚未收取的應收款項。

(i) 風險管理

本集團面對與銀行結餘、貿易應收款項及按攤銷成本計量的其他金融資產有關的信用風險。

上述各類金融資產的賬面值為本集團所面對與金融資產有關的最大信用風險。為管理由銀行結餘所引起的風險，本集團僅與國有金融機構及信譽良好的商業銀行（均為高信用質量金融機構）交易。近期並無與該等金融機構有關的違約記錄。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Risk management (Continued)

Trade receivables at the end of each reporting period were mainly due from Haidilao International Holding Ltd. and its subsidiaries (“Haidilao Group”) and the distributors in cooperation with the Group. As at 31 December 2019, the amounts due from Haidilao Group represented approximately 77% of total trade receivables of the Group. The management of the Group believes the credit risk on amounts due from related parties is limited because they continuously monitor the credit quality and financial conditions of the related parties. Ageing analysis of the Group’s trade receivables is disclosed in Note 14. The directors of the Company believe that the credit risk inherent in the Group’s outstanding trade receivables balances due from the distributors is low.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信用風險 (續)

(i) 風險管理 (續)

各報告期末的貿易應收款項主要為應收海底撈國際控股有限公司及其附屬公司（「海底撈集團」）及與本集團合作的經銷商的款項。於2019年12月31日，應收海底撈集團的款項佔本集團貿易應收款項總額的約77%。本集團管理層認為，應收關聯方款項的信用風險有限，因為彼等持續監察關聯方的信用質量及財務狀況。對本集團貿易應收款項的賬齡分析於附註14中披露。本公司董事認為本集團應收第三方經銷商的未收取貿易應收款項結餘固有的信用風險較低。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Risk management (Continued)

For other financial assets at amortised cost, management makes periodic collective assessments as well as individual assessment on the recoverability of other financial assets at amortised cost based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other financial assets at amortised cost.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model.

- trade receivables, and
- other financial assets at amortised cost

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信用風險 (續)

(i) 風險管理 (續)

就按攤銷成本計量的其他金融資產而言，管理層根據過往結算記錄及過往經驗對按攤銷成本計量的其他金融資產的可收回性定期進行整體及個別評估。本公司董事認為本集團按攤銷成本計量的其他金融資產的未結餘額並無重大固有信用風險。

(ii) 金融資產減值

本集團擁有兩類金融資產需採用預期信用損失模型。

- 貿易應收款項，及
- 按攤銷成本計量的其他金融資產

雖然現金及現金等價物亦須遵守國際財務報告準則第9號的減值規定，但已識別到的減值虧損並不重大。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信用風險 (續)

(ii) 金融資產減值 (續)

貿易應收款項

本集團採用國際財務報告準則第9號之簡化方法計量預期信用損失，為所有貿易應收賬款撥備整個存續期的預期虧損。

為計算預期信用損失，已根據共有信用風險特徵及到期日將貿易應收款項及合約資產分組。

預期虧損率乃分別基於2019年12月31日或2019年1月1日之前12個月期間的銷售付款情況及該期間內所錄得之相應過往信貸虧損。過往虧損率已經調整以反映影響客戶結清應收款項能力的宏觀經濟因素的現時及前瞻性資料。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

On that basis, the loss allowance was immaterial for trade receivables in 2018, and the loss allowance as at 31 December 2019 was determined as follows for trade receivables:

31 December 2019		Current	More than 30 days past due	More than 90 days past due	Total
2019年12月31日		即期	逾期超過30日	逾期超過90日	總計
Expected loss rate	預期虧損率	0.14%	0.43%	44.41%	
Gross carrying amount	總賬面值				
- trade receivables	- 貿易應收款項	255,126	11,729	4,897	271,752
Loss allowance	虧損撥備	352	50	2,175	2,577

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

		As at 31 December	
		於12月31日	
		2019	2018
		2019年	2018年
		RMB' 000	RMB' 000
		人民幣千元	人民幣千元
As at 1 January	於1月1日	30	2
Provision for impairment allowance	計提減值撥備	2,547	28
As at 31 December	於12月31日	2,577	30

The creation and release of provision for impaired receivables have been included in 'Administrative expenses' in the consolidated statement of profit or loss and other comprehensive income.

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信用風險 (續)

(ii) 金融資產減值 (續)

按該基準計算，貿易應收款項於2018年的虧損撥備金額不重大，貿易應收款項於2019年12月31日的虧損撥備如下：

貿易應收款項於12月31日的虧損撥備與年初虧損撥備的對賬如下：

已減值應收款項撥備增設及解除已計入綜合損益及其他全面收益表的「行政開支」內。

3. FINANCIAL RISK MANAGEMENT (Continued)**3.1 Financial risk factors (Continued)***(b) Credit risk (Continued)**(ii) Impairment of financial assets (Continued)*

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 360 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost mainly include deposits, advance to employees and other receivables. Impairment on other financial assets at amortised cost is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forwarding-looking information. The loss allowance for other financial assets at amortised cost as at 31 December 2018 and 2019 was immaterial.

3. 財務風險管理 (續)**3.1 財務風險因素 (續)***(b) 信用風險 (續)**(ii) 金融資產減值 (續)*

倘無合理預期可收回貿易應收款項，則予撇銷。無合理預期收回的指標包括(其中包括)債務人未能參予本集團的還款計劃及未能就逾期超過360日的賬款作出合約付款。

貿易應收款項的減值虧損於經營溢利內呈列為減值虧損淨額。其後收回先前已撇銷的金額則計入同一項目。

按攤銷成本計量的其他金融資產

按攤銷成本計量的其他金融資產主要包括押金、僱員墊款及其他應收款項。按攤銷成本計量的其他金融資產的減值計量為12個月預期信用損失或整個存續期的預期信用損失，視乎自首次確認以來信貸風險有否大幅增加而定。為評估信貸風險有否大幅增加，本集團透過考慮可取得的合理前瞻性輔助資料，將報告日期發生於資產的違約風險，與首次確認日期的違約風險作比較。於2018年及2019年12月31日按攤銷成本計量的其他金融資產的虧損撥備並不重大。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Net impairment losses on financial assets recognised in profit or loss

During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Impairment losses on trade receivables	減值虧損 貿易應收款項減值虧損	2,547	28
Impairment losses on other financial assets at amortised cost	按攤銷成本計量的 其他金融資產的 減值虧損	24	262
Reversal of previous impairment losses	過往減值虧損撥回	(608)	-
Net impairment losses on financial assets	金融資產的減值虧損 淨額	1,963	290

3. 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信用風險 (續)

(ii) 金融資產減值 (續)

在損益確認的金融資產的減值虧損淨額

年內，下列虧損就已減值金融資產於損益中確認：

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group has significant cash and bank balances and investments in treasury products issued by banks with maturity within one year and liquidity risk is considered to be minimal. Due to the dynamic nature of the underlying business, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

Cash flow forecasting is performed by the finance department of the Group. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs as well as the liabilities to other parties.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險

本集團有大量現金及銀行結餘以及銀行發行的年期一年以內財務投資產品投資，流動資金風險被視為極微。由於相關業務屬動態性質，本集團的財務部門持有充足的現金及現金等價物從而維持資金方面的靈活性。

現金流量預測乃由本集團財務部作出。本集團財務部監控對本集團流動資金需求的滾動預測以確保持有充足資金滿足營運需求及對其他方的負債。

下表載列本集團的金融負債按照由資產負債表日期至合約到期日的餘下期間分成相關的到期組別進行的分析。表內所披露金額為合約未貼現現金流量。

		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows 合約現金 流量合計	Carrying amount liabilities 負債賬面值
		RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元
As at 31 December 2019	於2019年12月31日						
Trade payables (Note 22)	貿易應付款項(附註22)	217,418	-	-	-	217,418	217,418
Other payables and accruals	其他應付款項及應計費用	54,097	-	-	-	54,097	54,097
Lease liabilities (Note 9)	租賃負債(附註9)	14,667	7,383	13,969	8,434	44,453	39,151
Total	總計	286,182	7,383	13,969	8,434	315,968	310,666
As at 31 December 2018	於2018年12月31日						
Trade payables (Note 22)	貿易應付款項(附註22)	188,659	-	-	-	188,659	188,659
Other payables and accruals	其他應付款項及應計費用	37,423	-	-	-	37,423	37,423
Total	總計	226,082	-	-	-	226,082	226,082

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

(a) Risk management

The Group's objectives when managing capital are to

- safeguard the Group's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- 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, or return capital to shareholders, issue new shares or sell assets to reduce debt.

As the Group has no external borrowing in 2019 and 2018, the directors consider that the capital risk is low.

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

3. 財務風險管理(續)

3.2 資本管理

(a) 風險管理

本集團的資本管理目標為

- 保障本集團的持續運營，以繼續為股東提供回報及為其他股權持有人帶來利益，及
- 保持最優資本架構以降低資本成本。

為維持或調整資本架構，本集團可調整分派予股東的股息金額，或向股東返還資本、發行新股或出售資產以減少債務。

由於本集團於2019年及2018年並無向外借款，董事認為資本風險較低。

3.3 公平值估計

(a) 金融資產及負債

(i) 公平值層級

本節說明於釐定財務報表內按公平值確認及計量的金融工具公平值時作出的判斷及估計。為得出釐定公平值所用輸入數據的可信程度指標，本集團根據會計準則將其金融工具分為三層。各層級的說明如下表所示。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3. 財務風險管理 (續)

3.3 Fair value estimation (Continued)

3.3 公平值估計 (續)

(a) Financial assets and liabilities (Continued)

(a) 金融資產及負債 (續)

(i) Fair value hierarchy (Continued)

(i) 公平值層級 (續)

Recurring fair value measurements At 31 December 2019	經常性公平值計量 於2019年12月31日	Note 附註	Level 1 第一層 RMB' 000 人民幣千元	Level 2 第二層 RMB' 000 人民幣千元	Level 3 第三層 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Financial assets	金融資產					
Financial assets at fair value through profit or loss (FVPL)	按公平值計入損益 (按公平值計入損益) 的金融資產	17				
– Listed equity securities (a)	– 上市股本證券(a)		–	–	11,880	11,880
– Unlisted equity securities	– 非上市股本證券		–	–	41,741	41,741
– Debt investment	– 債務投資		–	–	31,272	31,272
– Wealth management products	– 理財產品		–	–	89,596	89,596
Total financial assets	金融資產總值		–	–	174,489	174,489
Recurring fair value measurements At 31 December 2018	經常性公平值計量 於2018年12月31日	Note 附註	Level 1 第一層 RMB' 000 人民幣千元	Level 2 第二層 RMB' 000 人民幣千元	Level 3 第三層 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Financial assets	金融資產					
Financial assets at fair value through profit or loss (FVPL)	按公平值計入損益 (按公平值計入損益) 的金融資產	17				
– Listed equity securities	– 上市股本證券		–	–	12,000	12,000
Total financial assets	金融資產總值		–	–	12,000	12,000

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

- (a) The financial instruments are traded in an inactive market and the fair value of which has been determined by reference to recent transaction prices in that inactive market.

There were no transfers among different categories during the year ended 31 December 2018 and 2019.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

3. 財務風險管理 (續)

3.3 公平值估計 (續)

(a) 金融資產及負債 (續)

(i) 公平值層級 (續)

- (a) 金融工具在非活躍市場交易且其公平值已參考該非活躍市場的近期交易價格釐定。

截至2018年及2019年12月31日止年度層級之間並無轉撥。

第一層：對於在市場上交易活躍的金融工具（如公開買賣的衍生工具與股本證券），其公平值乃根據於報告期末市場報價而計算。本集團持有的金融資產所用市場報價為即期市值報價。該等工具計入第一層。

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(i) Fair value hierarchy (Continued)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3. 財務風險管理 (續)

3.3 公平值估計 (續)

(a) 金融資產及負債 (續)

(i) 公平值層級 (續)

第二層：對於未有在活躍市場上交易的金融工具（如場外衍生工具），其公平值乃使用估值技術而釐定。該等估值技術盡量使用可觀察市場數據並盡可能少依賴針對實體的估計。倘工具公平值所需的所有重大輸入數據可觀察，則該工具計入第二層。

第三層：倘一項或多項重大輸入數據並非基於可觀察市場數據，則該工具計入第三層。未上市股本證券則屬此種情況。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices, recent market transaction prices or dealer quotes for similar instruments;
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis, price of recent investment method and Net Assets Valuation (“NAV”) report method.

3. 財務風險管理 (續)

3.3 公平值估計 (續)

(a) 金融資產及負債 (續)

(ii) 釐定公平值所用的估值技術

評估金融工具所用的特定估值技術包括：

- 採用類似工具的市場報價、近期市場交易價格或交易商報價；
- 其餘金融工具的公平值以折算現金流量分析，近期投資價格法以及淨資產評估(「NAV」)報告法釐定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

- (iii) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2019 and 31 December 2018:

		Equity securities 股本證券 RMB' 000 人民幣千元	Debt investment 債權投資 RMB' 000 人民幣千元	Wealth management products 理財產品 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Opening balance as at 1 January 2018	於2018年1月1日的年初結餘	32,671	-	-	32,671
Acquisitions	購買	12,000	-	-	12,000
Disposals	出售	(34,396)	-	-	(34,396)
Gains recognised in other income and gains – net *	於其他收入及收益確認的收益 – 淨額*	1,725	-	-	1,725
Closing balance as at 31 December 2018	於2018年12月31日的年末結餘	12,000	-	-	12,000
Acquisitions	購買	41,532	30,000	87,169	158,701
Gains recognised in other income and gains – net *	於其他收入及收益確認的收益 – 淨額*	89	1,272	2,427	3,788
Closing balance as at 31 December 2019	於2019年12月31日的年末結餘	53,621	31,272	89,596	174,489

* Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period

2019
2018

* 包括報告期末所持結餘中於損益確認的未變現收益

2019年
2018年

3. 財務風險管理 (續)

3.3 公平值估計 (續)

(a) 金融資產及負債 (續)

- (iii) 公平值計量使用重大不可觀察輸入值 (第三級)

下表呈列截至2019年12月31日及2018年12月31日止期間第三級工具的變動：

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

(iv) Valuation inputs and relationships to fair value

The fair value assessment methods and related key assumptions and judgements adopted by the Group's management ("Management") is income approach (specifically, discounted cash flow method): Uses valuation techniques to convert future amounts (for examples, cash flows or earnings) to a single present amount (discounted).

4. CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

3. 財務風險管理 (續)

3.3 公平值估計 (續)

(a) 金融資產及負債 (續)

(iv) 估值輸入數據及與公平值的關係

本集團管理層(「管理層」)採納的公平值評估法以及相關重大假設及判斷為收益法(特別是貼現現金流量法):使用估價技巧將未來的金額(如現金流或盈利)轉為單一的現在(即折現)金額。

4. 重大估計及判斷

編製財務報表需要使用會計估計,顧名思義,該等估計甚少符合實際結果。管理層亦須在應用本集團會計政策時作出判斷。

估計及判斷會予以持續評估,且基於歷史經驗及其他因素,包括對未來事件的預期,而該等事件可能對實體造成財務影響且據信在某些情況下屬合理。

4. CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. Management reassesses these estimates at each balance sheet date.

(b) Current and deferred income taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be reflected in the income tax expense and deferred tax provisions in the period in which such determination is made. In addition, the realisation of future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on the income tax expenses.

4. 重大估計及判斷(續)

4.1 重大會計估計

(a) 存貨的可變現淨值

存貨的可變現淨值按日常業務過程中的估計售價減估計完工成本及銷售開支計算。該等估計乃基於當前市況以及製造及銷售類似性質產品的過往經驗作出。管理層於各資產負債表日期重估該等估計。

(b) 即期及遞延所得稅

於日常業務過程中有若干交易及計算難以明確作出最終的稅務釐定。本集團根據對是否將繳付額外稅項的估計確認負債。倘該等事宜的最終稅務結果與初步記錄的金額有所差異，則有關差異將於作出有關釐定期間內所得稅開支及遞延稅項撥備中反映。此外，未來所得稅資產能否變現視乎本集團於未來年度能否產生足夠應課稅收入，以使用所得稅利益及結轉稅項虧損的能力而定。倘估計的未來盈利能力或所得稅稅率有所偏離，則須對未來所得稅資產及負債價值作出調整，繼而可能對所得稅開支構成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4. CRITICAL ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates (Continued)

(c) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

Management will increase the depreciation charge where useful lives are less than previously estimated lives, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. 重大估計及判斷(續)

4.1 重大會計估計(續)

(c) 物業、廠房及設備的可使用年期

本集團管理層釐定其物業、廠房及設備的估計可使用年期及相關折舊費用。這項估計乃根據對於類似性質及功能的物業、廠房及設備的實際可使用年期的過往經驗計算。

倘可使用年期較先前估計的年期為短，管理層將會增加折舊費用，將已棄用或售出的技術陳舊或非策略性資產撇銷或撇減。

5. REVENUE AND SEGMENT INFORMATION

Management determines the operating segments based on the reports reviewed by the chief operating decision makers (“CODM”) that are used to make strategic decisions. The Group’s revenue, expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacturing and sales of hot pot condiment, Chinese-style compound condiment, convenient ready-to-eat food products and others to third party and related party customers, which are considered by the CODM as one segment. The Group’s principal market is the PRC and its sales to overseas customers contributed to less than 5% of the total revenues. Accordingly, no geographical information is presented.

Breakdown of revenue by product category is as follows:

		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Revenue	收入		
Hot pot condiment	火鍋調味料		
– Related parties	– 關聯方	1,592,331	1,143,243
– Third parties	– 第三方	1,221,033	812,277
Subtotal	小計	2,813,364	1,955,520
Chinese-style compound condiment	中式複合調味料		
– Related parties	– 關聯方	49,468	26,784
– Third parties	– 第三方	345,477	228,731
Subtotal	小計	394,945	255,515
Convenient ready-to-eat food products	方便速食食品		
– Related parties	– 關聯方	20,492	4,704
– Third parties	– 第三方	978,475	444,569
Subtotal	小計	998,967	449,273
Others	其他		
– Related parties	– 關聯方	880	1,364
– Third parties	– 第三方	74,332	19,701
Subtotal	小計	75,212	21,065
Total	總計	4,282,488	2,681,373

Revenue from sales attributable to related parties accounted for 38.8% and 43.9% of the total revenue for the years ended 31 December 2019 and 2018 respectively.

5. 收入及分部資料

管理層基於首席經營決策者（「首席經營決策者」）審閱的報告（用來作出戰略決策）釐定經營分部。本集團的收入、開支、資產、負債及資本支出主要來源於製造及向第三方及關聯方客戶銷售火鍋調味料、中式複合調味料、方便速食食品及其他（被首席經營決策者視作一個分部）。本集團的主要市場在中國，其向海外客戶的銷售額不到總收入的5%。因此，並無呈列地區資料。

按產品系列劃分的收入明細如下：

關聯方應佔銷售收入佔截至2019年及2018年12月31日止年度總收入分別為38.8%及43.9%。

Notes to the Consolidated Financial Statements

綜合財務報表附註

6. LAND USE RIGHTS

6. 土地使用權

		Land use rights 土地使用權 RMB' 000 人民幣千元
At 1 January 2018	於 2018 年 1月1日	
Cost	成本	37,429
Accumulated amortisation	累計攤銷	(2,277)
Net book amount	賬面淨值	35,152
Year ended 31 December 2018	截至 2018 年 12月31日 止年度	
Opening net book amount	年初賬面淨值	35,152
Additions	添置	41,017
Amortisation charge	攤銷費用	(1,135)
Closing net book amount	年末賬面淨值	75,034
At 31 December 2018	於 2018 年 12月31日	
Cost	成本	78,446
Accumulated amortisation	累計攤銷	(3,412)
Net book amount	賬面淨值	75,034
Year ended 31 December 2019	截至 2019 年 12月31日 止年度	
Opening net book amount, as originally presented	年初賬面淨值(初始呈列)	75,034
Changes in accounting policies (Note 2.2)	會計政策的變動(附註2.2)	(75,034)
Opening net book amount, as restated and closing net book amount	年初(經重述)及 年末賬面淨值	-

Land use rights represent the net book amount of prepaid operating lease payment. All the land use rights of the Group are located in the PRC and are held on leases from 46-50 years.

土地使用權指預付經營租賃付款的賬面淨值。本集團的全部土地使用權乃位於中國，乃按46至50年的租賃持有。

From 1 January 2019, land use rights are presented as right-of-use assets in the balance sheet (Note 9). Refer to Note 2.2 for details about the changes in accounting policy.

自2019年1月1日起，土地使用權於資產負債表中呈列為使用權資產(附註9)。有關會計政策變動的詳情，請參閱附註2.2。

Notes to the Consolidated Financial Statements

綜合財務報表附註

7. INTANGIBLE ASSETS

7. 無形資產

		Trademark 商標權 RMB'000 人民幣千元	Software 軟件 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日			
Cost	成本	–	6,467	6,467
Accumulated amortisation	累計攤銷	–	(1,285)	(1,285)
Net book amount	賬面淨值	–	5,182	5,182
Year ended 31 December 2018	截至2018年12月31日			
	止年度			
Opening net book amount	年初賬面淨值	–	5,182	5,182
Additions	添置	160	1,144	1,304
Amortisation charge	攤銷費用	(11)	(1,166)	(1,177)
Closing net book amount	年末賬面淨值	149	5,160	5,309
At 31 December 2018	於2018年12月31日			
Cost	成本	160	7,611	7,771
Accumulated amortisation	累計攤銷	(11)	(2,451)	(2,462)
Net book amount	賬面淨值	149	5,160	5,309
Year ended 31 December 2019	截至2019年12月31日			
	止年度			
Opening net book amount	年初賬面淨值	149	5,160	5,309
Additions	添置	–	15,069	15,069
Amortisation charge	攤銷費用	(16)	(2,713)	(2,729)
Closing net book amount	年末賬面淨值	133	17,516	17,649
At 31 December 2019	於2019年12月31日			
Cost	成本	160	22,680	22,840
Accumulated amortisation	累計攤銷	(27)	(5,164)	(5,191)
Net book amount	賬面淨值	133	17,516	17,649

Notes to the Consolidated Financial Statements

綜合財務報表附註

7. INTANGIBLE ASSETS (Continued)

Amortisation expenses has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Cost of sales	銷售成本	459	123
Administrative and distribution expenses	行政及經銷開支	2,270	1,054
Total	總計	2,729	1,177

7. 無形資產 (續)

攤銷費用已於綜合損益及其他全面收益表中扣除，列示如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

8. PROPERTY, PLANT AND EQUIPMENT

8. 物業、廠房及設備

		Buildings 樓宇	Machinery 機器	Equipment and others 設備及其他	Vehicles and furniture 車輛及家具	Construction in progress 在建工程	Total 總計
		RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元
As at 1 January 2018	於2018年1月1日						
Cost	成本	75,834	92,346	32,940	3,368	50,579	255,067
Accumulated depreciation	累計折舊	(21,417)	(34,065)	(17,831)	(1,666)	-	(74,979)
Net book amount	賬面淨值	54,417	58,281	15,109	1,702	50,579	180,088
Year ended 31 December 2018	截至2018年12月31日						
	止年度						
Opening net book amount	年初賬面淨值	54,417	58,281	15,109	1,702	50,579	180,088
Additions	添置	2,685	50,587	14,351	2,282	83,869	153,774
Disposals	出售	-	(3,078)	(329)	(664)	(9)	(4,080)
Depreciation charge	折舊費用	(3,654)	(11,337)	(5,481)	(694)	-	(21,166)
Closing net book amount	年末賬面淨值	53,448	94,453	23,650	2,626	134,439	308,616
As at 31 December 2018	於2018年12月31日						
Cost	成本	78,519	138,289	46,672	4,824	134,439	402,743
Accumulated depreciation	累計折舊	(25,071)	(43,836)	(23,022)	(2,198)	-	(94,127)
Net book amount	賬面淨值	53,448	94,453	23,650	2,626	134,439	308,616
Year ended 31 December 2019	截至2019年12月31日						
	止年度						
Opening net book amount	年初賬面淨值	53,448	94,453	23,650	2,626	134,439	308,616
Additions	添置	4,058	116,925	36,661	4,149	57,334	219,127
Disposals	出售	(13)	(3,755)	(1,150)	(22)	-	(4,940)
Transfers	轉讓	150,541	1,748	9,967	-	(162,256)	-
Depreciation charge	折舊費用	(8,375)	(19,222)	(10,960)	(853)	-	(39,410)
Closing net book amount	年末賬面淨值	199,659	190,149	58,168	5,900	29,517	483,393
As at 31 December 2019	於2019年12月31日						
Cost	成本	233,103	251,453	90,722	8,942	29,517	613,737
Accumulated depreciation	累計折舊	(33,444)	(61,304)	(32,554)	(3,042)	-	(130,344)
Net book amount	賬面淨值	199,659	190,149	58,168	5,900	29,517	483,393

Notes to the Consolidated Financial Statements

綜合財務報表附註

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Cost of sales	銷售成本	33,211	18,938
Administrative and distribution expenses	行政及經銷開支	6,199	2,228
Total	總計	39,410	21,166

9. LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

		31 December 2019 2019年 12月31日 RMB'000 人民幣千元	1 January 2019 2019年 1月1日 RMB'000 人民幣千元
Right-of-use assets	使用權資產		
Land use rights (a)	土地使用權(a)	110,788	75,034
Properties and warehouses	不動產及倉庫	40,647	16,917
		151,435	91,951
		31 December 2019 2019年 12月31日 RMB'000 人民幣千元	1 January 2019 2019年 1月1日 RMB'000 人民幣千元
Lease liabilities	租賃負債		
Current	流動	12,790	5,958
Non-current	非流動	26,361	10,408
		39,151	16,366

8. 物業、廠房及設備(續)

折舊開支已於綜合損益及其他全面收益表中扣除，列示如下：

9. 租賃

該附註載列有關本集團作為承租人所訂立租約的資料。

(i) 於資產負債表內確認的款項

綜合資產負債表所載列與租賃有關的款項如下：

9. LEASES (Continued)

(i) Amounts recognised in the balance sheet (Continued)

- (a) The Group's land use rights in mainland China as previously presented as a separate item in the consolidated balance sheet has also been classified as part of the right-of-use assets with effect from 1 January 2019.
- (b) During the year ended 31 December 2019, the additions to land use rights and leased properties and warehouse amounted to RMB37,940,000 and RMB33,977,000 respectively.

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

9. 租賃(續)

(i) 於資產負債表內確認的款項(續)

- (a) 過往在綜合資產負債表中分類為獨立科目的本集團於中國內地的土地使用權，自2019年1月1日起亦被重新分類為部分使用權資產。
- (b) 截至2019年12月31日止年度，土地使用權和租賃物業及倉庫新增金額分別為人民幣37,940,000元及人民幣33,977,000元。

(ii) 於綜合損益及其他全面收益表內確認的款項

綜合損益及其他全面收益表所載列與租賃有關的款項如下：

		Notes 附註	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Depreciation charge of right-of-use assets	使用權資產的折舊費用			
Land use rights	土地使用權	25	2,184	–
Properties and warehouses	不動產及倉庫		10,247	–
			12,431	–
Interest expense (included in finance cost)	利息支出(計入融資成本)		1,560	–
Expense relating to short-term leases (included in cost of sales and administrative expenses)	與短期租賃有關的開支(計入銷售成本及行政開支)		9,190	–

Notes to the Consolidated Financial Statements

綜合財務報表附註

9. LEASES (Continued)

(iii) The total cash outflow for leases in 2019 was RMB58,322,000

(iv) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and has land use rights under long-term lease agreements. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(v) Extension and termination options

Extension and termination options are included in some property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

9. 租賃 (續)

(iii) 2019年租賃相關現金流出總額為人民幣58,322,000元

(iv) 本集團的租賃活動及其會計處理

本集團租賃了多處辦公室、庫房及擁有長期的土地使用權。每份合同的租賃條款均單獨商定，並且包括眾多不同的條款及條件。租賃協議不包含契約條款，但租賃資產不得用作借款抵押。

(v) 續租及終止選擇權

續租及終止選擇權包含在本集團若干物業租賃中。該等條款用於提高管理合約的運作靈活性。所持有的大部分續租及終止選擇權僅可由本集團行使，惟不可由各出租人行使。

Notes to the Consolidated Financial Statements

綜合財務報表附註

10. SUBSIDIARIES

(a) The Group's subsidiaries at 31 December 2019 are set out below:

Name of company 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊成立／成立地點 及法定實體類型	Principal activities and place of operation 主要活動及 經營地點	Particulars of issued share capital 已發行股本 詳情	Ownership interest held by the Group 本集團持有的 所有權權益		Ownership interest held by non-controlling interests 非控制權益持有的 所有權權益	
				2019 2019年 %	2018 2018年 %	2019 2019年 %	2018 2018年 %
<i>Directly held:</i> 直接持有：							
Yihai Ltd.	British Virgin Islands Limited liability company	Investment holding and consulting in British Virgin Islands	US\$1	100%	100%	-	-
Yihai Ltd.	英屬處女群島有限責任公司	在英屬處女群島從事投資 控股與諮詢	1美元	100%	100%	-	-
<i>Indirectly held:</i> 間接持有：							
Yihai (China) Food Co., Ltd.	Hong Kong Limited liability company	Investment holding, consulting, and sales of hot pot condiment in Hong Kong	HK\$10,000,000	100%	100%	-	-
頤海(中國)食品有限公司	香港有限責任公司	在香港從事投資控股、諮 詢及銷售火鍋調味料	10,000,000港元	100%	100%	-	-
Yihai (Singapore) Food Pte. Ltd.	Singapore Limited liability company 新加坡有限責任公司	Sales of hot pot condiment in Singapore 在新加坡銷售火鍋調味料	SGD5,000,000 5,000,000 新加坡元	100%	-	-	-
Yihai (US) Food Inc.	USA Incorporated company 在美國註冊成立公司	Sales of hot pot condiment in the United States 在美國銷售火鍋調味料	US\$100,000 100,000美元	100%	-	-	-

10. 附屬公司

(a) 本集團於2019年12月31日的附屬公司載列如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

10. SUBSIDIARIES (Continued)

(a) The Group's subsidiaries at 31 December 2019 are set out below: (Continued)

Name of company 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊成立／成立地點 及法定實體類型	Principal activities and place of operation 主要活動及 經營地點	Particulars of issued share capital 已發行股本 詳情	Ownership interest held by the Group 本集團持有的 所有權權益		Ownership interest held by non-controlling interests 非控制權益持有的 所有權權益	
				2019 2019年 %	2018 2018年 %	2019 2019年 %	2018 2018年 %
<i>Indirectly held:</i> 間接持有：							
Taiwan Yihai Food Co., Ltd.	Taiwan Limited liability company 台灣有限責任公司	Sales of hot pot condiment in Taiwan 在台灣銷售火鍋調味料	TWD6,500,000 6,500,000新台幣	100%	-	-	-
Yihai Food (Thailand) Co., Ltd.	Thailand Limited liability company 泰國有限責任公司	Yet to commence operation in Thailand 尚未在泰國營運	-	100%	-	-	-
Yihai (Korea) Food Co., Ltd.	South Korea Limited liability company 韓國有限責任公司	Sales of hot pot condiment in South Korea 在韓國銷售火鍋調味料	KRW 300,000,000 300,000,000韓元	100%	-	-	-
Yihai Natural Food Manufacturing Sdn. Bhd.	Malaysia Private limited company 馬來西亞私人有限責任公司	Manufacture and sales of hot pot condiment in Malaysia 在馬來西亞生產及銷售 火鍋調味料	MYR3,000,000 3,000,000 馬來西亞令吉	60%	-	40%	-
Yihai (UK) Food Ltd.	The United Kingdom Limited liability company 英國有限責任公司	Sales of hot pot condiment in the United Kingdom 在英國銷售火鍋調味料	GBP1,000,000 1,000,000英鎊	100%	-	-	-
Yihai (Birmingham) Food Ltd	The United Kingdom Limited liability company 英國有限責任公司	Manufacture and sales of hot pot condiment in the United Kingdom 在英國生產及銷售 火鍋調味料	GBP500,000 500,000英鎊	100%	-	-	-

10. 附屬公司 (續)

(a) 本集團於2019年12月31日的附屬公司載列如下(續)：

Notes to the Consolidated Financial Statements

綜合財務報表附註

10. SUBSIDIARIES (Continued)

10. 附屬公司 (續)

(a) The Group's subsidiaries at 31 December 2019 are set out below: (Continued)

(a) 本集團於2019年12月31日的附屬公司載列如下(續)：

Name of company 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊成立／成立地點 及法定實體類型	Principal activities and place of operation 主要活動及 經營地點	Particulars of issued share capital 已發行股本 詳情	Ownership interest held by the Group 本集團持有的 所有權權益		Ownership interest held by non-controlling interests 非控制權益持有的 所有權權益	
				2019 2019年 %	2018 2018年 %	2019 2019年 %	2018 2018年 %
<i>Indirectly held:</i> 間接持有：							
Yihai (Shanghai) Food Co., Ltd. (i) 頤海(上海)食品有限公司(i)	The PRC Limited liability company 中國有限責任公司	Sales of hot pot condiment in China 在中國銷售火鍋調味料	US\$50,000,000 50,000,000美元	100%	100%	-	-
Zhengzhou Shuhai Enterprise Co., Ltd. 鄭州蜀海實業有限公司	The PRC Limited liability company 中國有限責任公司	Manufacture and sales of hot pot condiment in China 在中國生產及銷售 火鍋調味料	RMB1,000,000 人民幣 1,000,000元	100%	100%	-	-
Chengdu Yueyihai Co., Ltd. 成都悅頤海商貿有限公司	The PRC Limited liability company 中國有限責任公司	Manufacture and sales of hot pot condiment in China 在中國生產及銷售 火鍋調味料	RMB1,000,000 人民幣 1,000,000元	100%	100%	-	-
Yihai Beijing Trading Co., Ltd. 頤海(北京)商貿有限責任公司	The PRC Limited liability company 中國有限責任公司	Sales of hot pot condiment in China 在中國銷售火鍋調味料	RMB1,000,000 人民幣 1,000,000元	100%	100%	-	-
Yihai (Bazhou) Food Co., Ltd. 頤海(霸州)食品有限公司	The PRC Limited liability company 中國有限責任公司	Manufacture and sales of hot pot condiment in China 在中國生產及銷售 火鍋調味料	RMB10,000,000 人民幣 10,000,000元	100%	100%	-	-
Yihai (Maanshan) Food Co., Ltd. 頤海(馬鞍山)食品有限公司	The PRC Limited liability company 中國有限責任公司	Manufacture and sales of hot pot condiment in China 在中國生產及銷售 火鍋調味料	RMB30,000,000 人民幣 30,000,000元	100%	100%	-	-

Notes to the Consolidated Financial Statements

綜合財務報表附註

10. SUBSIDIARIES (Continued)

(a) The Group's subsidiaries at 31 December 2019 are set out below: (Continued)

Name of company 公司名稱	Place of incorporation/ establishment and kind of legal entity 註冊成立／成立地點 及法定實體類型	Principal activities and place of operation 主要活動及 經營地點	Particulars of issued share capital 已發行股本 詳情	Ownership interest held by the Group 本集團持有的 所有權權益		Ownership interest held by non-controlling interests 非控制權益持有的 所有權權益	
				2019 2019年 %	2018 2018年 %	2019 2019年 %	2018 2018年 %
<i>Indirectly held:</i> 間接持有：							
Fuhai (Maanshan) Food Co., Ltd. 馥海(馬鞍山)食品有限公司	The PRC Limited liability company 中國有限責任公司	Manufacture and sales of hot pot condiment in China 在中國生產及銷售 火鍋調味料	RMB10,000,000 人民幣 10,000,000元	100% 100%	100% 100%	- -	- -
Fuhai (Shanghai) Food Technology Co., Ltd. (ii) 馥海(上海)食品科技有限公司(ii)	The PRC Limited liability company 中國有限責任公司	Manufacture and sales of hot pot condiment in China 在中國生產及銷售 火鍋調味料	RMB10,000,000 人民幣 10,000,000元	60% 60%	60% 60%	40% 40%	40% 40%
Fuhai Bazhou Food Co., Ltd. 馥海霸州食品有限公司	The PRC Limited liability company 中國有限責任公司	Yet to commence operation in China 尚未在中國營運	-	100% 100%	- -	- -	- -
Yihai (Chengdu) Food Co., Ltd. 頤海(成都)食品有限公司	The PRC Limited liability company 中國有限責任公司	Manufacture and sales of hot pot condiment in China 在中國生產及銷售 火鍋調味料	-	100% 100%	100% 100%	- -	- -
Yihai (Luohe) Food Co., Ltd. 頤海(漯河)食品有限公司	The PRC Limited liability company 中國有限責任公司	Manufacture and sales of hot pot condiment in China 在中國生產及銷售 火鍋調味料	RMB10,000,000 人民幣 10,000,000元	100% 100%	- -	- -	- -

10. 附屬公司(續)

(a) 本集團於2019年12月31日的附屬公司載列如下(續)：

10. SUBSIDIARIES (Continued)

(a) The Group's subsidiaries at 31 December 2019 are set out below: (Continued)

Notes:

- (i) This subsidiary is wholly foreign owned enterprises with limited liability established in the PRC.
- (ii) This subsidiary is a foreign invested enterprise with limited liability established in the PRC.
- (iii) Other subsidiaries established in the PRC are wholly domestic owned companies.

(b) Non-controlling interests ("NCI")

Set out below is summarised financial information for a subsidiary that has non-controlling interests that are material to the Group.

The amounts disclosed for the subsidiary are before inter-company eliminations.

Summarised balance sheet

資產負債表概要

		31 December 2019 2019年 12月31日 RMB'000 人民幣千元	31 December 2018 2018年 12月31日 RMB'000 人民幣千元
Current assets	流動資產	307,885	177,138
Current liabilities	流動負債	81,456	102,431
Current net assets	流動資產淨值	226,429	74,707
Non-current assets	非流動資產	54,883	11,621
Non-current liabilities	非流動負債	3,858	-
Non-current net assets	非流動資產淨值	51,025	11,621
Net assets	資產淨值	277,454	86,328
Accumulated NCI	累計非控制權益	110,981	34,531

10. 附屬公司 (續)

(a) 本集團於2019年12月31日的附屬公司載列如下 (續) :

附註 :

- (i) 該附屬公司為於中國成立的外商獨資企業有限責任公司。
- (ii) 該附屬公司為於中國成立的外商投資企業有限責任公司。
- (iii) 其他於中國成立的附屬公司為國內獨資公司。

(b) 非控制權益 (「非控制權益」)

以下所載為一家附屬公司 (擁有對本集團而言屬重大的非控制權益) 的財務資料摘要。

就該附屬公司披露的金額尚未進行公司間對銷。

**Fuhai (Shanghai)
Food Technology Co., Ltd.
馥海(上海)食品科技
有限公司**

Notes to the Consolidated Financial Statements

綜合財務報表附註

10. SUBSIDIARIES (Continued)

(b) Non-controlling interests ("NCI") (Continued)

Summarised statement of profit or loss and other comprehensive income

損益及其他全面收益表概要

		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Revenue	收入	968,554	425,340
Profit for the year	年內溢利	191,125	75,276
Other comprehensive income	其他全面收入	-	-
Total comprehensive income	全面收入總額	191,125	75,276
Profit allocated to NCI	分配至非控制權益的溢利	76,451	30,111
Summarised cash flows		2019	2018
現金流量概要		2019年	2018年
		RMB' 000	RMB' 000
		人民幣千元	人民幣千元
Cash flows generated from operating activities	經營活動所得現金流量	66,531	50,594
Cash flows used in investing activities	投資活動所用現金流量	(38,564)	(10,341)
Cash flows used in financing activities	融資活動所用現金流量	(1,884)	-
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	26,083	40,253

10. 附屬公司 (續)

(b) 非控制權益 (「非控制權益」) (續) :

Fuhai (Shanghai) Food Technology Co.,Ltd.

馥海(上海)食品科技
有限公司

		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Revenue	收入	968,554	425,340
Profit for the year	年內溢利	191,125	75,276
Other comprehensive income	其他全面收入	-	-
Total comprehensive income	全面收入總額	191,125	75,276
Profit allocated to NCI	分配至非控制權益的溢利	76,451	30,111
Summarised cash flows		2019	2018
現金流量概要		2019年	2018年
		RMB' 000	RMB' 000
		人民幣千元	人民幣千元
Cash flows generated from operating activities	經營活動所得現金流量	66,531	50,594
Cash flows used in investing activities	投資活動所用現金流量	(38,564)	(10,341)
Cash flows used in financing activities	融資活動所用現金流量	(1,884)	-
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	26,083	40,253

11. DEFERRED INCOME TAX

(i) Deferred income tax assets

		As at 31 December 於12月31日	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
The balance comprises temporary differences attributable to:	結餘包括歸屬於下列各項的暫時差異：		
Unrealised profit on intragroup sales	集團內部銷售未變現溢利	7,978	12,559
Lease liabilities	租賃負債	9,527	–
Tax losses	稅項虧損	9,610	4,385
Sales rebates	銷售返利	5,864	5,432
Provision for trade and other receivables	貿易及其他應收款項撥備	650	160
Payroll and welfare payables	應付薪金及福利	638	638
Depreciation differences	折舊差額	561	715
Total deferred income tax assets	遞延所得稅資產總值	34,828	23,889
Set-off of deferred income tax liabilities pursuant to set-off right-of-use assets	根據使用權資產抵銷遞延所得稅負債	(9,383)	–
Net deferred income tax assets	遞延所得稅資產淨值	25,445	23,889

11. 遞延所得稅

(i) 遞延所得稅資產

Notes to the Consolidated Financial Statements

綜合財務報表附註

11. DEFERRED INCOME TAX (Continued)

(i) Deferred income tax assets (Continued)

The movement in deferred income tax assets during the year ended 2019, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

Movements	變動	Sales rebates	Depreciation differences	Unrealised profit on intragroup sales 集團內部銷售未變現溢利	Payroll and welfare payables 應付薪金及福利	Provision for trade and other receivables 貿易及其他應收款項撥備	Tax losses	Lease liabilities 租賃負債	Total
		RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元
As at 1 January 2018	於2018年1月1日	4,046	867	2,682	807	87	2,065	-	10,554
Credited/(charged) to profit or loss	計入/(扣除)損益表	1,386	(152)	9,877	(169)	73	2,320	-	13,335
As at 31 December 2018	於2018年12月31日	5,432	715	12,559	638	160	4,385	-	23,889
Credited/(charged) to profit or loss	計入/(扣除)損益表	432	(154)	(4,581)	-	490	5,142	9,610	10,939
As at 31 December 2019	於2019年12月31日	5,864	561	7,978	638	650	9,527	9,610	34,828

11. 遞延所得稅(續)

(i) 遞延所得稅資產(續)

在不考慮相同稅務司法權區內可抵銷餘額的情況下，於截至2019年止年度的遞延所得稅資產變動如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

11. DEFERRED INCOME TAX (Continued)

(ii) Deferred income tax liabilities

		As at 31 December 於12月31日	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
The balance comprises temporary differences attributable to:	結餘包括歸屬於下列各項的暫時差異：		
Right-of-use assets	使用權資產	9,383	—
Fair value changes of investments in financial assets	金融資產投資公平值變動	381	—
Total deferred income tax liabilities	遞延所得稅負債總額	9,764	—
Set-off of deferred income tax liabilities pursuant to set-off right-of-use assets	根據使用權資產抵銷遞延所得稅負債	(9,383)	—
Net deferred income tax liabilities	遞延所得稅負債淨值	381	—

Movements		Fair value changes of investments in financial assets 金融資產投資公平值變動 RMB'000 人民幣千元	Right-of-use assets 使用權資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2018 and 31 December 2018	於2018年1月1日及2018年12月31日	—	—	—
Charged to profit or loss	於收益表扣除	381	9,383	9,764
As at 31 December 2019	於2019年12月31日	381	9,383	9,764

Notes to the Consolidated Financial Statements

綜合財務報表附註

12. INVENTORIES

		As at 31 December 於12月31日	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Raw materials	原材料	111,721	65,142
Finished goods	產成品	185,613	210,673
Total inventories	存貨總額	297,334	275,815

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB2,609,387,000 (2018: RMB1,622,350,000), which included inventory write-down of RMB1,521,000 (2018: RMB165,000).

確認為開支並計入「銷售成本」的存貨成本為人民幣2,609,387,000元（2018年：人民幣1,622,350,000元），其包括存貨撇減人民幣1,521,000元（2018年：人民幣165,000元）。

13. OTHER ASSETS

		As at 31 December 於12月31日	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Prepayments for property, plant and equipment	物業、廠房及設備 預付款項	194,949	156,027
Prepayments for purchase of raw materials	購買原材料 預付款項	90,357	153,989
Value – added tax recoverable	可收回增值稅	49,089	33,866
Prepayments for technology and other services expenses	科技及其他服務 費用預付款項	15,632	17,530
Prepayments for short-term leases of warehouses and staff quarters	倉庫及員工宿舍 短期租約預付款項	10,265	6,666
Others	其他	3,536	1,127
		363,828	369,205
Less: non – current items	減：非即期項目	(194,949)	(156,027)
Other current assets	其他流動資產	168,879	213,178

12. 存貨

13. 其他資產

Notes to the Consolidated Financial Statements

綜合財務報表附註

14. TRADE RECEIVABLES

14. 貿易應收款項

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Third parties	第三方	57,480	42,122
Related parties (Note 34(d))	關聯方(附註34(d))	214,272	164,801
		271,752	206,923
Less: provision for impairment	減: 減值撥備	(2,577)	(30)
Trade receivables – net	貿易應收款項 – 淨額	269,175	206,893

(i) The majority of the Group's third party sales are conducted through receiving advances from customers before delivering the goods to customers, with only a few customers who are granted with credit periods ranged from 30 to 90 days. The related party customers of the Group are granted with 30 days credit period. Ageing analysis based on recognition date of the trade receivables at the respective balance sheet dates is as follows:

(i) 本集團的第三方銷售大部分以向客戶交付貨物前收取客戶墊款的方式進行，當中僅有少數客戶獲授出介乎30至90天的信貸期。本集團的關聯方客戶獲授出30天的信貸期。根據貿易應收款項的確認日期於各結算日的賬齡分析如下：

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Within 3 months	3個月內	266,581	202,929
3 to 6 months	3至6個月	2,594	3,964
		269,175	206,893

(ii) The carrying amount of trade receivables above approximate their fair value.

(ii) 上述貿易應收款項的賬面值與其公平值相若。

Notes to the Consolidated Financial Statements

綜合財務報表附註

14. TRADE RECEIVABLES (Continued)

(iii) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1(b) provides for details about the calculation of the allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in Note 3.1.

15. OTHER FINANCIAL ASSETS AT AMORTISED COST

- (i) The carrying amounts of other financial assets at amortised cost above approximate their fair values.

14. 貿易應收款項 (續)

(iii) 減值及風險承擔

本集團採用國際財務報告準則第9號計量預期信貸虧損，就所有貿易應收款項整個存續期計量預期虧損撥備。附註3.1(b)提供有關撥備的計算方法詳情。

有關貿易應收款項減值及本集團信貸風險與外幣風險承擔的資料可參閱附註3.1。

15. 按攤銷成本列賬的其他金融資產

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Deposit for utilities	公用設施押金	5,100	4,063
Advance to employees	提供予僱員的墊款	1,358	1,109
Others	其他	1,328	804
Subtotal	小計	7,786	5,976
Less: provision for impairment	減：減值撥備	(24)	(608)
Total	總計	7,762	5,368

- (i) 上述按攤銷成本列賬的其他金融資產的賬面值與其公平值相若。

15. OTHER FINANCIAL ASSETS AT AMORTISED COST

(Continued)

(ii) Impairment and risk exposure

Note 3.1 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

All of the financial assets at amortised cost are denominated in RMB currency units. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

16. CASH AND BANK BALANCES

15. 按攤銷成本列賬的其他金融資產

(續)

(ii) 減值及風險承擔

附註3.1載列有關金融資產減值及本集團信貸風險承擔的資料。

全部按攤銷成本列賬的金融資產均以人民幣計值。因此，不存在外匯風險。由於投資將持有至到期，因此亦不存在價格風險。

16. 現金及銀行結餘

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Cash and cash equivalents (a)	現金及現金等價物(a)	1,036,396	1,179,910
Term deposits with initial term over three months and within one year (b)	初始期限超過三個月 及一年以內的定期存款(b)	484,845	–
		1,521,241	1,179,910

(a) Cash and cash equivalents include current deposits and term deposits with initial term within three months.

(b) The interest rates on term deposits with initial term over three months and within one year as at 31 December 2019 range from 2.10% to 3.36% per annum. The deposits earn interests at fixed rates based on prevailing market rates.

(a) 現金及現金等價物包括活期存款及初始期限為三個月內的定期存款。

(b) 於2019年12月31日，初始期限為三個月以上及一年以內的定期存款的年利率為介乎2.10%至3.36%。存款按當時市場的固定利率賺取利息。

Notes to the Consolidated Financial Statements

綜合財務報表附註

16. CASH AND BANK BALANCES (Continued)

- (c) As at 31 December 2019 and 2018, cash and bank balances were denominated in the following currencies:

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
RMB	人民幣	727,301	443,585
US\$	美元	615,165	440,861
HK\$	港元	153,122	295,464
Others	其他	25,653	–
Total	總計	1,521,241	1,179,910

As at 31 December 2019, cash and cash equivalents of RMB10,170,000 (2018: RMB20,448,000) represented deposits held in certain on line payment platforms.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

16. 現金及銀行結餘 (續)

- (c) 於2019年及2018年12月31日，現金及銀行結餘以下列貨幣計值：

As at 31 December
於12月31日

2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
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RMB	人民幣	727,301	443,585
US\$	美元	615,165	440,861
HK\$	港元	153,122	295,464
Others	其他	25,653	–
Total	總計	1,521,241	1,179,910

於2019年12月31日，現金及現金等價物人民幣10,170,000元(2018年：人民幣20,448,000元)為在若干網絡付款平台持有的存款。

將以人民幣列值的結餘換算為外幣及將該等外幣計值的銀行結餘及現金匯出中國，須遵守中國政府頒佈的有關外匯管制規則及法規。

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets measured at FVPL include the following:

17. 按公平值計入損益的金融資產

(i) 按公平值計入損益的金融資產的分類

本集團將下列金融資產分類為按公平值計入損益(按公平值計入損益):

- 不合資格按攤銷成本或按公平值計入其他全面收益計量的債務投資;
- 持作交易的股本投資; 及
- 實體並無選擇透過其他全面收益確認公平值收益及虧損的股本投資。

按公平值計入損益計量的金融資產包括以下各項:

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Non-current assets	非流動資產		
– Listed equity securities	– 上市股本證券	11,880	12,000
– Unlisted equity securities (a)	– 非上市股本證券(a)	41,741	–
– Debt investment (b)	– 債權投資(b)	31,272	–
		84,893	12,000
Current assets	流動資產		
– Wealth management products	– 理財產品	89,596	–
		89,596	–

Notes to the Consolidated Financial Statements

綜合財務報表附註

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(i) Classification of financial assets at fair value through profit or loss (Continued)

- (a) In June 2019 and September 2019, the Group has invested RMB10,000,000 respectively in two investment funds which primarily invest in the shares of listed companies in Mainland China and Hong Kong.

In December 2019, the Group entered into a subscription agreement and limited partnership agreement with a fund, which invests in high-tech industry entities, with a total capital consideration of US\$3,000,000 (approximately RMB21,368,000).

- (b) In May 2019, the Group has advanced a loan of RMB30,000,000 to a third party with a maturity period of 21 months. The loan bears interest at a fixed rate of 8% per annum plus a variable rate, based on the investment return made by the third party.

(ii) Amounts recognised in profit or loss

During the year, the following gains were recognised in profit or loss:

	2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Fair value gains on investments at FVPL and investments income thereof were recognised in other income and gains – net (Note 27)	10,183	10,478

(iii) Risk exposure and fair value measurements

For information about the methods and assumptions used in determining fair value please refer to Note 3.3.

17. 按公平值計入損益的金融資產 (續)

(i) 按公平值計入損益的金融資產的分類 (續)

- (a) 於2019年6月及2019年9月，本集團對兩支主要投資中國內地及香港上市公司股份的投資基金分別投資人民幣10,000,000元。

於2019年12月，本集團與一支投資高科技產業實體的基金訂立認購協議及有限合夥協議，總出資額為3,000,000美元。(約人民幣21,368,000元)。

- (b) 於2019年5月，本集團已向一名第三方貸款人民幣30,000,000元，期限為21個月。該貸款利息根據8%的固定年利率加上基於第三方所作投資回報的浮動利率計息。

(ii) 於損益內確認的金額

年內，下列收益於損益內確認：

(iii) 風險承擔及公平值計量

有關釐定公平值時所用的方法及假設的資料，請參閱附註3.3。

Notes to the Consolidated Financial Statements

綜合財務報表附註

18. SHARE CAPITAL

18. 股本

		2019 2019年 Shares 股份	2018 2018年 Shares 股份	2019 2019年 US\$' 000 千美元	2018 2018年 US\$' 000 千美元
Authorised: Ordinary shares of US\$0.00001 each On 1 January 2018, 31 December 2018 and 2019	法定： 每股0.00001美元的 普通股 —2018年1月1日、 2018年及 2019年12月31日	5,000,000,000	5,000,000,000	50	50

Issued and fully paid ordinary shares:

已發行及繳足普通股：

		Number of ordinary shares 普通股數目	Nominal value of ordinary shares 普通股面值 US\$ 美元	Equivalent nominal value of ordinary shares 普通股等額面值 RMB' 000 人民幣千元
On 1 January 2018, 31 December 2018 and 2019	於2018年1月1日、 2018年及2019年 12月31日	1,046,900,000	10,469	68

Notes to the Consolidated Financial Statements

綜合財務報表附註

19. SHARES HELD FOR EMPLOYEE SHARE SCHEME

19. 就僱員股份計劃持有的股份

	2019 2019年 Shares 股份	2018 2018年 Shares 股份	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Shares held for employee share scheme of US\$0.00001 each	66,568,000	74,006,000	4	5

These shares are held by the Group's RSU Trustee for the purpose of issuing shares under the Group's RSU Scheme. Under the RSU Scheme, the Company repurchased 53,680,000 ordinary shares from JLJH YIHAI Ltd., one of the shareholders of the Company, at a total consideration of US\$638,108 (equivalent to RMB4,166,000) in 2016. The shares under the RSU Scheme have been changed to 77,220,000 after the capitalisation issue on 13 July 2016 (see Note 21 for further information).

該等股份為本集團受限制股份單位受託人所持有的本集團股份，用於本集團受限制股份單位計劃發行股份的用途。根據受限制股份單位計劃，於2016年，本公司自本公司其中一名股東JLJH YIHAI Ltd. 購回53,680,000股普通股，總代價為638,108美元（相等於人民幣4,166,000元）。於2016年7月13日資本化發行後，受限制股份單位計劃中的股份已變更為77,220,000股（詳細資料請參見附註21）。

Details 詳情		Number of shares 股份數目	RMB' 000 人民幣千元
Balance at 1 January 2018	於2018年1月1日的結餘	77,220,000	5
Shares vested under RSU scheme	受限制股份單位計劃中的已歸屬股份	(3,214,000)	-
Balance at 31 December 2018	於2018年12月31日的結餘	74,006,000	5
Shares vested under RSU scheme	受限制股份單位計劃中的已歸屬股份	(7,438,000)	(1)
Balance at 31 December 2019	於2019年12月31日的結餘	66,568,000	4

Notes to the Consolidated Financial Statements

綜合財務報表附註

20. RESERVES

The following table shows a breakdown of the balance sheet line item 'reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

20. 儲備

下表列示資產負債表項目「儲備」的明細及該等儲備於年內的變化。有關各項儲備性質及目的的說明載於表後。

		Share premium	Merger reserve (Note a)	Statutory reserve (Note b)	Share-based payment reserve	Foreign currency translation	Retained earnings	Total
		股份溢價	合併儲備	法定儲備	以股份為基礎付款儲備	外幣換算	保留盈利	總計
		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 1 January 2018	於2018年1月1日	922,594	(445)	52,498	8,612	-	518,067	1,501,326
Profit for the year	年內溢利	-	-	-	-	-	517,793	517,793
Appropriation to statutory reserves	撥作法定儲備	-	-	20,919	-	-	(20,919)	-
Share-based payment expense (Note 21)	以股份為基礎的付款開支 (附註21)	-	-	-	34,202	-	-	34,202
Shares vested under employee share scheme (Note 21)	僱員股份計劃項下歸屬的股份 (附註21)	28,284	-	-	(28,187)	-	-	97
Dividends paid (Note 31)	已付股息 (附註31)	(48,291)	-	-	-	-	-	(48,291)
As at 31 December 2018	於2018年12月31日	902,587	(445)	73,417	14,627	-	1,014,941	2,005,127
As at 1 January 2019	於2019年1月1日	902,587	(445)	73,417	14,627	-	1,014,941	2,005,127
Profit for the year	年內溢利	-	-	-	-	-	718,634	718,634
Foreign currency translation reserve	外幣換算儲備	-	-	-	-	835	-	835
Appropriation to statutory reserves	撥作法定儲備	-	-	69,547	-	-	(69,547)	-
Share-based payment expense (Note 21)	以股份為基礎的付款開支 (附註21)	-	-	-	37,487	-	-	37,487
Shares vested under employee share scheme (Note 21)	僱員股份計劃項下歸屬的股份 (附註21)	52,459	-	-	(52,114)	-	-	345
Dividends paid (Note 31)	已付股息 (附註31)	(148,643)	-	-	-	-	-	(148,643)
As at 31 December 2019	於2019年12月31日	806,403	(445)	142,964	-	835	1,664,028	2,613,785

(a) The merger reserve represented the aggregate difference between the considerations paid and the carrying amounts of the acquired the assets for the Listing pursuant to the completion of the reorganisation of the Group.

(a) 合併儲備指已付代價與根據本集團重組完成所收購上市資產的賬面值之間的總差額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

20. RESERVES (Continued)

- (b) The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profit for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to equity holders. The percentages to be appropriated to such statutory reserve are determined according to the relevant regulations in the PRC, and further appropriation is optional when the accumulated fund is 50% or more of the registered capital of the subsidiaries.

20. 儲備 (續)

- (b) 本公司於中國註冊成立的附屬公司須自年內溢利中，經抵銷根據中國會計規例釐定的過往年度結轉累計虧損後以及於向股權持有人分派盈利前，提撥法定儲備。向法定儲備撥款的百分比乃按照中國相關規例釐定，而倘累計資金達附屬公司註冊資本的50%或以上，則可選擇是否作進一步提撥。

21. SHARE-BASED COMPENSATION

Restricted Share Unit Scheme

The Company adopted the RSU Scheme on 24 February 2016 with a duration of 10 years commencing from the adoption date. The objective of the RSU Scheme is to encourage and retain selected participants which include directors, employees, officers, and distributors of the Group, to work with the Group and to provide additional incentive for them to achieve performance goals.

Save as disclosed in Note 19, the RSU shares have been held by Vistra Fiduciary (HK) Limited (“RSU Trustee”) in trust for the benefit of the participants to the scheme and will be released to participants upon vesting of each RSU.

The maximum number of ordinary shares that may be awarded by the Board of Directors pursuant to the Share Award Scheme must not, on an aggregate basis, exceed 7.37% of the issued ordinary shares in the share capital of the Company as at 24 February 2016 (being 77,220,000 shares).

The fair value of Restricted Shares based on the market value of the Company’s shares on the grant date is charged to profit or loss as employee benefit expenses of the Group.

On 28 December 2016, the Group granted an aggregate of 9,140,000 shares under the Share Award Scheme, according to the vesting conditions approved by the Board of Directors, selected participants complete a period of service in the Group of 24 to 36 months from the date of grant. During the year end 2019, there was 6,688,000 and 128,000 RSU shares vested and forfeited respectively (2018: there was 1,704,000 and 620,000 RSU shares vested and forfeited respectively). The vested shares are transferred to selected participants at the consideration of HK\$0.064, the forfeited shares will be reallocated in subsequent grants.

On 27 December 2019, the Group granted an aggregate of 750,000 shares under the Share Award Scheme, amongst which all awarded shares vested during the year. The vested shares are transferred to selected participants at Nil consideration without vesting conditions. Dividends declared for unvested awarded shares shall become part of the trust fund for future grantees.

21. 以股份為基礎的補償

受限制股份單位計劃

本公司於2016年2月24日採納受限制股份單位計劃，自採納日期起計為期10年。受限制股份單位計劃的目的為鼓勵及留住特定參與者（包括本集團董事、僱員、高級職員及經銷商）於本集團工作，並為彼等提供額外獎勵以實現業績目標。

除附註19所披露者外，受限制股份單位股份以信託方式由Vistra Fiduciary (HK) Limited（「受限制股份單位受託人」）就計劃參與者的利益持有，並將於每個受限制股份單位歸屬後發放予參與者。

董事會根據股份獎勵計劃可能獲得的普通股數目上限合共不得超過本公司股本於2016年2月24日已發行普通股的7.37%（即77,220,000股）。

按本公司股份於授出日期的市場價值計算的受限制股份的公平值於本集團收益內作為僱員福利開支扣除。

於2016年12月28日，本集團根據股份獎勵計劃並按照董事會批准的歸屬條件，向自授出日期起計於本集團服務滿24至36個月期的獲選參與者授出合共9,140,000股股份。於2019年年底，分別已歸屬6,688,000股及沒收128,000股受限制股份單位股份（2018年：分別已歸屬1,704,000股及沒收620,000股受限制股份單位股份）。已歸屬股份已轉讓予獲選參與者，代價為0.064港元，已沒收股份將於其後授出時予以重新分配。

於2019年12月27日，本集團根據股份獎勵計劃授出共750,000股股份，所有獎勵股份已於年內歸屬。已歸屬股份已在無歸屬條件情況下轉讓予獲選參與者，代價為零。就未歸屬獎勵股份宣派的股息將成為未來受託人的部分信託資金。

Notes to the Consolidated Financial Statements

綜合財務報表附註

21. SHARE-BASED COMPENSATION (Continued)

Restricted Share Unit Scheme (Continued)

Movements in the number of Restricted Shares granted and related fair value at grant date are as follows:

		2019 2019年		2018 2018年	
		Weighted average fair value (per share) 加權平均 公平值 (每股) HK\$ 港元	Number of Restricted Shares granted 已授出 受限制 股份數目 (Thousands) (千股)	Weighted average fair value (per share) 加權平均 公平值 (每股) HK\$ 港元	Number of Restricted Shares granted 已授出 受限制 股份數目 (Thousands) (千股)
As at 1 January	於1月1日	3.18	6,816	3.18	9,140
Granted	已授出	46.10	750	19.94	1,510
Vested	已歸屬	7.51	(7,438)	11.12	(3,214)
Forfeited	已沒收	3.18	(128)	3.18	(620)
As at 31 December	於12月31日	3.18	–	3.18	6,816

No options expired during the periods covered by the above tables.

The fair value of Restricted Shares charged to profit or loss was RMB37,487,000 during the year ended 31 December 2019 (2018: RMB34,202,000).

21. 以股份為基礎的補償 (續)

受限制股份單位計劃 (續)

已授出受限制股份數目及授出日期相關公平值的變動如下：

上表所涵蓋的期間內並無股權過期。

截至2019年12月31日止年度，計入損益的受限制股份公平值為人民幣37,487,000元（2018年：人民幣34,202,000元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

22. TRADE PAYABLES

Trade payables mainly arose from the purchase of materials. The credit terms of trade payables granted by the vendors are usually 30 to 90 days.

At 31 December, the ageing analysis of the trade payables based on invoice date is as follows:

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Within 3 months	3個月內	208,272	172,376
3 to 6 months	3個月至6個月	3,091	9,759
6 months to 1 year	6個月至1年	6,055	6,524
Total	總計	217,418	188,659

23. OTHER PAYABLES AND ACCRUALS

22. 貿易應付款項

貿易應付款項主要源自購買原材料。賣方授出的貿易應付款項信貸期通常為30至90天。

於12月31日，基於發票日期的貿易應付款項賬齡分析如下：

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Wages, salaries and other employee benefits	工資、薪金及其他僱員福利	72,718	38,477
Other tax payables	其他應付稅項	46,774	27,716
Sales rebates	銷售返利	23,821	21,728
Suppliers' deposits	供應商按金	16,587	10,268
Payables for professional and services fee	應付專業及服務費用	3,814	596
Payables for construction	應付工程款	2,692	511
Related parties (Note 34(d))	關聯方(附註34(d))	704	599
Others	其他	6,479	3,721
Total	總計	173,589	103,616

23. 其他應付款項及應計費用

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Wages, salaries and other employee benefits	工資、薪金及其他僱員福利	72,718	38,477
Other tax payables	其他應付稅項	46,774	27,716
Sales rebates	銷售返利	23,821	21,728
Suppliers' deposits	供應商按金	16,587	10,268
Payables for professional and services fee	應付專業及服務費用	3,814	596
Payables for construction	應付工程款	2,692	511
Related parties (Note 34(d))	關聯方(附註34(d))	704	599
Others	其他	6,479	3,721
Total	總計	173,589	103,616

Notes to the Consolidated Financial Statements

綜合財務報表附註

24. CONTRACT LIABILITIES

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Advances from customers	預收客戶款項	46,224	45,350

(i) Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Revenue recognised that was included in the contract liability balance at the beginning of the reporting period	計入報告期初合約負債結餘的已確認收益	45,025	30,500

The fluctuation of the contract liabilities in 2019 is due to the increase in the number of distributors resulted from continuous business development activities.

24. 合約負債

(i) 就合約負債確認的收益：

下表列示於本報告期確認的與結轉合約負債有關的收益金額。

2019年合約負債波動是由於持續業務發展活動令經銷商數目增加。

Notes to the Consolidated Financial Statements

綜合財務報表附註

25. EXPENSES BY NATURE

Expenses included in cost of sales, distribution expenses and administrative expenses are analysed as follows:

25. 按性質劃分的開支

計入銷售成本、經銷開支、行政開支的開支分析如下：

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Changes in inventories of finished goods	製成品存貨變動	25,060	(111,464)
Raw materials and consumables used	已使用原材料及耗材	2,349,507	1,572,846
Employee benefit expenses (Note 26)	僱員福利開支(附註26)	453,612	308,169
Transportation and related charges	運輸及相關支出	116,760	70,196
Advertising and other marketing expenses	廣告及其他營銷開支	74,997	42,098
Depreciation of property, plant and equipment	物業、廠房及設備折舊	39,410	21,166
Warehouse expenses	倉儲費用	38,674	21,954
Utilities	公用事業	33,920	24,554
Taxes and surcharges	稅項及附加費	33,351	23,831
Travel and entertainment expenses	差旅及招待費	26,660	14,627
Technical supporting fees, professional fees and other services fees	技術支援費用、專業費用及其他服務費用	24,606	14,143
Repair and maintenance costs	維修維護費	13,376	8,288
Depreciation of right-of-use assets	使用權資產折舊	12,431	-
Rental expenses	租金開支	9,190	16,198
Auditor's remuneration	核數師薪酬		
– Audit services	– 核數服務	2,100	2,100
– Non-audit services	– 非核數服務	464	329
Amortisation of intangible assets (Note 7)	無形資產攤銷(附註7)	2,729	1,177
Amortisation of land use rights (Note 6)	土地使用權攤銷(附註6)	-	1,135
Net impairment losses on financial assets	金融資產減值虧損淨值	1,963	290
Write-down of inventories (Note 12)	存貨撇減(附註12)	1,521	165
Other expenses	其他開支	29,691	15,344
Total	總計	3,290,022	2,047,146

Notes to the Consolidated Financial Statements

綜合財務報表附註

26. EMPLOYEE BENEFIT EXPENSES

		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Wages, salaries and bonuses	工資、薪金及花紅	416,125	273,967
Restricted share granted to directors and employees	授予董事及僱員的受限制股份	37,487	34,202
Total	總計	453,612	308,169

26. 僱員福利費用

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2019 include 5 (2018: 3) directors whose emoluments are reflected in the analysis shown in Note 36. The emoluments paid and payable to the remaining nil (2018: 2) individuals during the year are as follows:

五名最高薪酬人士

本集團截至2019年12月31日止年度的五名最高薪酬人士包括5名董事（2018年：3名），其酬金於附註36所示的分析反映。年內已付及應付餘下零名人士（2018年：2名）的酬金如下：

		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Wages, salaries and bonuses	工資、薪金及花紅	-	4,517
Restricted share granted to directors and employees	授予董事及僱員的受限制股份	-	5,143
Total	總計	-	9,660

Notes to the Consolidated Financial Statements

綜合財務報表附註

26. EMPLOYEE BENEFIT EXPENSES (Continued)

Five highest paid individuals (Continued)

The emoluments fell within the following bands:

		Number of individuals 人數	
		2019 2019年	2018 2018年
Emolument bands (in HK\$)	酬金範圍 (港元)		
Nil – HK\$3,500,000	零至3,500,000港元	–	–
HK\$3,500,000 – HK\$7,000,000	3,500,000港元至 7,000,000港元	–	2

None of the above employees were paid by the Group as an inducement to join or upon joining the Group or as a compensation for loss of office. No retirement benefits were paid to or receivable by any of the above employees.

26. 僱員福利費用 (續)

五名最高薪酬人士 (續)

酬金介於以下範圍：

本集團並無向上述僱員支付款項，作為彼等加入本集團時或加入本集團後的獎勵或作為離職補償。上述任何僱員概無收取或應收取退休福利。

27. OTHER INCOME AND GAINS – NET

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Government grants	政府補助	51,919	40,951
Investment income from financial assets at fair value through profit or loss	按公平值計入損益的 金融資產的投資收入	6,395	8,753
Sales of scrap materials	廢料銷售	6,347	3,524
Net foreign exchange gains	匯兌收入淨額	6,430	29,728
Change in fair value of financial assets at fair value through profit or loss	按公平值計入損益的 金融資產的公平值變動	3,788	1,725
Loss on disposal of property, plant and equipment	處置物業、廠房 及設備的虧損	(1,620)	(612)
Others	其他	5,776	2,134
Total other income and gains – net	其他收入及收益淨額總額	79,035	86,203

27. 其他收入及收益淨額

Notes to the Consolidated Financial Statements

綜合財務報表附註

28. FINANCE INCOME – NET

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
<i>Finance Income</i>	融資收入		
– Interest income	– 利息收入	23,679	10,071
<i>Finance Costs</i>	融資成本		
– Interest of lease liabilities	– 租賃負債利息	(1,560)	–
Finance income -net	融資收入淨額	22,119	10,071

28. 融資收入淨額

29. INCOME TAX EXPENSE

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Current income tax	即期所得稅	299,790	195,932
Deferred income tax credit (Note 11)	遞延所得稅抵免(附註11)		
– Origination and reversal of temporary differences	– 暫時差額的產生及撥回	(1,175)	(13,335)
Income tax expense	所得稅開支	298,615	182,597

29. 所得稅開支

(a) Cayman Islands income tax

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of local income tax.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the Group's estimated assessable profit for the year ended 31 December 2019, the Group did not have any estimated assessable profits arising in or derived from Hong Kong during the year ended 31 December 2018.

(a) 開曼群島所得稅

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，故獲豁免繳納當地所得稅。

(b) 香港利得稅

截至2019年12月31日止年度，本集團已就估計應課稅溢利按16.5%的稅率撥備香港利得稅。截至2018年12月31日止年度，本集團並未在香港產生或賺取任何估計應課稅溢利。

29. INCOME TAX EXPENSE (Continued)**(c) Overseas income tax**

The Company's subsidiaries incorporated overseas are subject to overseas profits tax at 10% to 21% on estimated assessable profit for this year.

(d) PRC Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the years end 31 December 2019 and 2018, based on the existing legislation, interpretations and practices in respect thereof.

(e) PRC withholding tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to WHT at the rate of 10%. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be 5%.

As of 31 December 2019, the aggregate undistributed earnings of the Group's subsidiaries incorporated in the PRC are RMB1,658,732,000. In the opinion of the directors, except for the distribution of its retained earnings by a PRC subsidiary to its sole overseas shareholder, also a subsidiary of the Company, in 2019, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future, and that the Company has the ability to control the timing of the distribution from these subsidiaries. Accordingly, despite an assessable temporary difference on such retained earnings exists, no deferred income tax liability has been recognised in these financial statements.

29. 所得稅開支(續)**(c) 海外所得稅**

本公司在海外註冊成立的附屬公司須就年內估計應課稅溢利按10%至21%的稅率繳納海外利得稅。

(d) 中國企業所得稅(「企業所得稅」)

本集團已根據現行法例、詮釋及有關慣例於截至2019年及2018年12月31日止年度就估計應課稅溢利按25%的稅率計算其中國業務的所得稅撥備。

(e) 中國預扣稅(「預扣稅」)

根據適用的中國稅務法規，於中國成立的公司就2008年1月1日之後賺取的溢利向境外投資者分派股息一般須按10%的稅率繳納預扣稅。倘若境外投資者於香港註冊成立，並符合中國與香港訂立的雙邊稅務安排項下的條件及規定，則相關預扣稅稅率將為5%。

截至2019年12月31日，本集團於中國註冊成立的附屬公司的未分派盈利總額為人民幣1,658,732,000元。董事認為，除2019年一家中國附屬公司向其唯一海外股東(亦為本公司的附屬公司)分派其保留盈利外，該等附屬公司不大可能於可見未來分派相關盈利，且本公司有能力控制該等附屬公司的分派時間。因此，儘管存在相關保留盈利的可評估暫時性差額，但並無於該等財務報表中確認任何遞延所得稅負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

29. INCOME TAX EXPENSE (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Profit before income tax	除所得稅前溢利	1,093,620	730,501
Tax calculated at domestic tax rates applicable to profits in the respective countries	按有關國家適用於溢利的國內稅率計算的稅項	303,530	173,851
Expenses not deductible for tax purposes	不可扣稅開支	9,180	8,950
Income not subject to tax	毋須課稅收入	(34,095)	-
Withholding taxation on the distribution of profits of a PRC subsidiary to an overseas subsidiary during the year	年內一家中國附屬公司向一家海外附屬公司分派溢利的預扣稅項	20,000	-
Tax losses for which no deferred income tax asset was recognised	並無確認遞延所得稅資產的稅項虧損	-	1,103
Recognition of previously unrecognised tax losses	確認過往年度未確認稅項虧損	-	(1,307)
Taxation charge	稅項支出	298,615	182,597

29. 所得稅開支(續)

對本集團除稅前溢利所徵稅款與按法定稅率產生的理論稅款的差額如下：

30. EARNINGS PER SHARE

a. Basic earnings per share

Basic earnings per share for each of the years ended 31 December 2019 and 2018 are calculated by dividing the profit of the Group attributable to the owners of the Company by the weighted average number of ordinary shares in issue less shares held for RSU Scheme during the year.

30. 每股盈利

a. 每股基本盈利

截至2019年及2018年12月31日，每股基本盈利按本公司擁有人應佔本集團溢利除以已發行普通股加權平均數減就受限制股份單位計劃所持股份計算。

		Year ended 31 December 截至12月31日止年度	
		2019 2019年	2018 2018年
Profit attributable to owners of the Company (RMB' 000)	本公司擁有人應佔溢利 (人民幣千元)	718,634	517,793
Weighted average number of ordinary shares in issue less shares held for RSU Scheme (thousands)	已發行普通股的加權平均數減去就受限制股份單位計劃持有的股份(千股)	969,884	969,801
Basic earnings per share (RMB cents)	每股基本盈利(人民幣分)	74.1	53.4

Notes to the Consolidated Financial Statements

綜合財務報表附註

30. EARNINGS PER SHARE (Continued)

b. Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31 December 2019, no diluted earnings per share have been presented since there was no potential dilutive ordinary share in issue for the year ended 31 December 2019.

30. 每股盈利(續)

b. 每股攤薄盈利

每股攤薄盈利及透過假設所有潛在攤薄普通股均已轉換，從而調整已發行普通股加權平均數計算得出。截至2019年12月31日止年度，由於截至2019年12月31日止年度並無已發行普通股票具潛在攤薄影響，故並無呈列每股攤薄盈利。

		Year ended 31 December 截至12月31日止年度	
		2019 2019年	2018 2018年
Profit attributable to owners of the Company (RMB' 000)	本公司擁有人應佔溢利 (人民幣千元)	718,634	517,793
Weighted average number of ordinary shares in issue for basic earnings per share (thousands)	用於計算每股基本盈利的 已發行普通股加權平均數 (千股)	969,884	969,801
Adjustments for:	就以下各項作出調整：		
– Restricted Shares granted and assumed vested (thousands)	– 已授出及假設已歸屬的 受限制股份(千股)	–	6,293
Weighted average number of ordinary shares and potential ordinary shares for calculating diluted earnings per share (thousands)	用於計算每股攤薄盈利的 普通股及潛在普通股 加權平均數(千股)	969,884	976,094
Diluted earnings per share (RMB cents)	每股攤薄盈利(人民幣分)	74.1	53.1

31. DIVIDENDS**(i) Ordinary shares**

The total dividends paid in 2019 amounted to RMB148,643,000 or RMB15.2952 cents per share (2018: RMB48,291,000 or RMB4.9822 cents per share) (which are net of the dividend of RMB11,297,000 (2018: RMB3,867,000) attributable to the shares held for the RSU Scheme).

(ii) Dividends not recognised at the end of the reporting period

Pursuant to resolution passed on 25 March 2020, the board of directors of the Company proposed a final dividend of RMB20.593 cents per ordinary share of the Company, amounting to RMB215,588,000 for the year ended 31 December 2019 from the Company's share premium. The final dividend is to be proposed for approval by the shareholders of the Company at the annual general meeting to be held on 22 May 2020. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from the share premium account for the year ending 31 December 2020.

31. 股息**(i) 普通股**

於2019年已付股息總額為人民幣148,643,000元或每股人民幣15.2952分(2018年：人民幣48,291,000元或每股人民幣4.9822分)，已扣除就為受限制股份單位計劃持有的股份派付的股息人民幣11,297,000元(2018年：人民幣3,867,000元)。

(ii) 於報告期末未確認的股息

根據於2020年3月25日通過的決議案，本公司董事會建議以本公司未分配溢利賬派付末期股息每股本公司普通股人民幣20.593分，其截至2019年12月31日止年度的金額為人民幣215,588,000元。末期股息將於2020年5月22日舉行的股東週年大會上提呈本公司股東批准。預期支付的股息不會體現在本期綜合財務報表中，但會體現在截至2020年12月31日止年度的股份溢價賬中。

Notes to the Consolidated Financial Statements

綜合財務報表附註

32. THE CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION

32. 綜合現金流量表資料

(a) Cash generated from operations:

(a) 經營所得現金：

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Profit before income tax	除所得稅前溢利	1,093,620	730,501
Adjustments for:	就以下各項作出調整：		
Change in fair value of financial assets at fair value through profit or loss (Note 27)	按公平值計入損益的金融資產公平值變動(附註27)	(3,788)	(1,725)
Share-based payment expense (Note 21)	以股份為基礎的付款開支(附註21)	37,487	34,202
Depreciation of property, plant and equipment (Note 8)	物業、廠房及設備折舊(附註8)	39,410	21,166
Depreciation of right-of-use assets (Note 9)	使用權資產折舊(附註9)	12,431	-
Amortisation of land use rights (Note 6)	土地使用權攤銷(附註6)	-	1,135
Amortisation of intangible assets (Note 7)	無形資產攤銷(附註7)	2,729	1,177
Losses on disposal of property, plant and equipment (Note 27)	處置物業、廠房及設備的虧損(附註27)	1,620	612
Net impairment losses on financial assets (Note 25)	金融資產減值虧損(附註25)	1,963	290
Write-down of inventories (Note 12)	撇銷存貨(附註12)	1,521	165
Finance income – net (Note 28)	融資收入 – 淨額(附註28)	(22,119)	(10,071)
Net foreign exchange gains (Note 27)	匯兌收入淨額(附註27)	(6,430)	(29,835)
Investment income from financial assets at fair value through profit or loss (Note 27)	按公平值計入損益的金融資產的投資收入(附註27)	(6,395)	(8,753)
Changes in working capital:	營運資金變動：		
Inventories	存貨	(23,040)	(128,363)
Trade receivables, other financial assets at amortised cost and other current assets	貿易應收款項、按攤銷成本計量的其他金融資產及其他流動資產	(24,449)	(217,602)
Trade payables, other payables and accruals, and contract liabilities	貿易應付款項、其他應付款項及應計費用以及合約負債	100,795	86,107
Cash generated from operations	經營所得現金	1,205,355	479,006

Notes to the Consolidated Financial Statements

綜合財務報表附註

32. THE CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION (Continued)

(b) Proceeds from disposal of property, plant and equipment comprise:

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Net book amount – property, plant and equipment	賬面淨值 – 物業、廠房及設備	4,940	4,080
Loss on disposal of property, plant and equipment (Note 27)	處置物業、廠房及設備的虧損(附註27)	(1,620)	(612)
Proceeds from disposal of property, plant and equipment	處置物業、廠房及設備所得款項	3,320	3,468

(c) Non-cash investing and financing activities:

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Acquisition of right-of-use assets	購置使用權資產	31,612	–

32. 綜合現金流量表資料(續)

(b) 出售物業、廠房及設備所得款項包括：

(c) 非現金投資及融資活動：

Notes to the Consolidated Financial Statements

綜合財務報表附註

32. THE CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION (Continued)

(d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

As at 31 December 2019 and 2018, the Group did not have a net debt position.

32. 綜合現金流量表資料(續)

(d) 淨債務對賬

這部分列示了所呈列各期的淨債務分析及淨債務變動。

截至2019年及2018年12月31日，本集團無淨債務。

		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元	
Cash and cash equivalents	現金及現金等價物	1,036,396	1,179,910	
Lease liabilities	租賃負債	(39,151)	-	
		997,245	1,179,910	
Cash and cash equivalents	現金及現金等價物	1,036,396	1,179,910	
Gross debt – fixed interest rates	總債務 – 固定利率	(39,151)	-	
		997,245	1,179,910	
		Cash and cash equivalents 現金及現金等價物 RMB' 000 人民幣千元	Liabilities from financing activities- Leases 融資活動租賃負債 RMB' 000 人民幣千元	
		Total 合計 RMB' 000 人民幣千元		
As at 1 January 2018	截至2018年1月1日	1,130,205	-	1,130,205
Cash flows	現金流	19,870	-	19,870
Foreign exchange adjustments	外匯調整	29,835	-	29,835
As at 31 December 2018	截至2018年12月31日	1,179,910	-	1,179,910
Recognised on adoption of IFRS 16 (see Note 2.2)	採用國際財務報告準則16號(見附註2.2)	-	(16,366)	(16,366)
		1,179,910	(16,366)	1,163,544
Cash flows	現金流	(149,944)	8,827	(141,117)
Addition – leases liabilities	新增一租賃負債	-	(31,612)	(31,612)
Foreign exchange adjustments	外匯調整	6,430	-	6,430
As at 31 December 2019	截至2019年12月31日	1,036,396	(39,151)	997,245

33. COMMITMENTS

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follow:

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Property, plant and equipment	物業、廠房及設備	49,073	21,380

(b) Non-cancellable operating leases

The Group leases various offices and warehouses under non-cancellable operating leases agreements. The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet dates but not recognised as liabilities, are as follows:

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Within 1 year	一年內	1,327	10,972
Between 1 to 5 years	一至五年間	-	12,862
Total	總計	1,327	23,834

From 1 January 2019, the Group has recognised right-of-use assets and lease liabilities for non-cancellable operating leases, except for short-term leases (see Note 2.2 for further information). The operating leases commitments as of 31 December 2019 as disclosed above are all related to short-term leases which are exempted from recognising the related right-of-use assets and lease liabilities under IFRS 16.

報告期末已訂約但尚未確認為負債的重大資本開支如下：

33. 承擔

(a) 資本承擔

報告期末已訂約但尚未確認為負債的重大資本開支如下：

Year ended 31 December
截至12月31日止年度

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Property, plant and equipment	49,073	21,380

(b) 不可撤銷經營租賃

本集團根據不可撤銷經營租賃協議租賃多處辦公室及倉庫。不可撤銷經營租賃項下於結算日已訂約但尚未確認為負債的未來最低租賃應付款項如下：

Year ended 31 December
截至12月31日止年度

	2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Within 1 year	1,327	10,972
Between 1 to 5 years	-	12,862
Total	1,327	23,834

自2019年1月1日起，本公司已確認使用權資產及不可撤銷經營租賃（短期租賃除外）（進一步資料請參閱附註2.2）。上述所披露的2019年12月31日的經營租賃承擔均與根據國際財務報告準則第16號豁免確認相關使用權資產及租賃負債的短期租賃有關。

Notes to the Consolidated Financial Statements

綜合財務報表附註

34. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

Save as disclosed elsewhere in this consolidated financial information, the Group has the following related transactions, and they were carried out in the ordinary course of the Group's business and were determined based on mutually agreed terms.

Name and relationship with related parties:

Names of the related parties

關聯方名稱

Haidilao International Holding Ltd. and its subsidiaries
("Haidilao Group")
海底撈國際控股有限公司及其附屬公司(「海底撈集團」)
Shuhai (Beijing) Supply Chain Management Co., Ltd.
and its subsidiaries ("Shuhai Group")
蜀海(北京)供應鏈管理有限責任公司及其附屬公司(「蜀海集團」)

34. 關聯方交易

如一方有能力直接或間接控制另一方對另一方作出財務及經營決策行使重大影響力，則各方被視為有關聯。如彼等受共同控制，各方亦被視為有關聯。本集團主要管理層成員及其近親亦被視為關聯方。

除本綜合財務資料其他部分所披露者外，本集團有以下關聯交易，該等交易於本集團日常業務過程中進行且基於相互協定的條款釐定。

關聯方名稱及與關聯方的關係：

Nature of relationship

關係性質

Companies beneficially owned by the ultimate shareholders
由最終股東實益擁有的公司
Companies beneficially owned by the ultimate shareholders
由最終股東實益擁有的公司

All the transactions with related parties were conducted in accordance with the terms of contracts entered into between the Group and the related parties.

與關聯方的所有交易乃根據本集團及關聯方之間訂立的合約條款進行。

(a) Transactions

(a) 交易

Year ended 31 December

截至12月31日止年度

		2019	2018
		2019年	2018年
		RMB' 000	RMB' 000
		人民幣千元	人民幣千元
Sales of goods to related parties	向關聯方銷售商品	1,663,171	1,176,095
Purchase of goods from related parties	向關聯方採購商品	22,266	-

Notes to the Consolidated Financial Statements

綜合財務報表附註

34. RELATED PARTY TRANSACTIONS (Continued)

(b) Warehouse and rental expenses

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Warehouse expenses	倉庫開支	9,753	5,553
Rental expenses	租賃開支	2,932	2,869
Total	總計	12,685	8,422

34. 關聯方交易 (續)

(b) 倉庫及租賃開支

(c) Key management compensation

		Year ended 31 December 截至12月31日止年度	
		2019 2019年 RMB'000 人民幣千元	2018 2018年 RMB'000 人民幣千元
Salaries, allowance and other benefits	薪金、津貼及其他福利	80,289	31,927

(c) 主要管理人員薪酬

Notes to the Consolidated Financial Statements

綜合財務報表附註

34. RELATED PARTY TRANSACTIONS (Continued)

(d) Year-end balances with related parties were as follows:

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Assets	資產		
Trade receivables	貿易應收款項	214,272	164,801
		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Liabilities	負債		
Trade payables	貿易應付款項	6,443	218
Other payables and accrual	其他應付款項及應計費用	704	599
Contract liabilities	合約負債	321	28
		7,468	845

All the balances with related parties are unsecured, bear no interest and short-term in nature.

與關聯方的所有結餘的性質均屬於無抵押、免息及短期。

(e) Free trademark license agreement

On 1 December 2015, the Group entered into two trademark license agreements with Sichuan Haidilao in respect of certain trademarks which had been registered by the name of Sichuan Haidilao in the PRC and certain trademarks which are in the process of registration by Sichuan Haidilao in the PRC (collectively, the "Trademark License Agreements"), pursuant to which Sichuan Haidilao agreed to license such trademarks for the Group to use in connection with the Group's operations on an exclusive and royalty-free basis for a perpetual term commencing from 1 January 2007 to the extent permissible under the Listing Rules of The Stock Exchange of Hong Kong Limited (the "HKSE"), relevant laws and regulations.

(e) 免費商標許可協議

於2015年12月1日，本集團與四川海底撈就四川海底撈已在中國以四川海底撈名義註冊的若干商標和正在中國辦理註冊的若干商標訂立兩份商標許可協議（統稱「商標許可協議」），據此，四川海底撈同意按獨家及免特許權使用費基準許可本集團在香港聯合交易所有限公司（「香港聯交所」）上市規則及相關法律法規允許的情況下於其業務營運永久使用該等商標，自2007年1月1日開始。

Notes to the Consolidated Financial Statements

綜合財務報表附註

35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December 於12月31日	
		2019 2019年 RMB' 000 人民幣千元	2018 2018年 RMB' 000 人民幣千元
Assets	資產		
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司的投資	1,198,319	1,167,448
Current assets	流動資產		
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	69,762	-
Other financial assets at amortised cost	按攤銷成本計量的其他金融資產	173,002	143,765
Cash and cash equivalents	現金及現金等價物	480,460	714,158
Total current assets	流動資產總值	723,224	857,923
Total assets	資產總值	1,921,543	2,025,371
Equity	權益		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	68	68
Share held for employee share scheme (Note 19)	僱員股份計劃持有的股份(附註19)	(4)	(5)
Reserves (a)	儲備(a)	1,916,858	2,024,896
Total equity	權益總額	1,916,922	2,024,959
Liabilities	負債		
Current liabilities	流動負債		
Other payables	其他應付款項	4,621	412
Total liabilities	其他應付款項	4,621	412
Total equity and liabilities	權益及負債總額	1,921,543	2,025,371

The balance sheet of the Company was approved by the Board of Directors on 25 March 2020 and was signed on its behalf

本公司資產負債表已於2020年3月25日獲董事會批准，並已代其簽署。

SHI YONGHONG

施永宏
Director
董事

SUN SHENGFENG

孫勝峰
Director
董事

Notes to the Consolidated Financial Statements

綜合財務報表附註

35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

35. 本公司資產負債表及儲備變動 (續)

(a) Reserve movement of the Company

(a) 本公司儲備變動

		Share-based Share premium	payment reserve	Capital reserve	Accumulated losses	Total
		以股份為基礎 股份溢價	的付款儲備	資本儲備	累計虧損	總計
		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 1 January 2018	於2018年1月1日	923,110	8,612	1,130,000	(56,614)	2,005,108
Profit for the year	年內溢利	-	-	-	37,820	37,820
Share-based payment expense (Note 21)	以股份為基礎的付款開支 (附註21)	-	34,202	-	-	34,202
Shares vested under employee scheme	根據僱員股份 計劃歸屬的股份	28,111	(28,187)	-	-	(76)
Dividends paid	已付股息	(52,158)	-	-	-	(52,158)
As at 31 December 2018	於2018年12月31日	899,063	14,627	1,130,000	(18,794)	2,024,896
As at 1 January 2019	於2019年1月1日	899,063	14,627	1,130,000	(18,794)	2,024,896
Profit for the year	年內溢利	-	-	-	14,471	14,471
Share-based payment expense (Note 21)	以股份為基礎的付款開支 (附註21)	-	37,487	-	-	37,487
Shares vested under employee scheme	根據僱員股份 計劃歸屬的股份	52,058	(52,114)	-	-	(56)
Dividends paid	已付股息	(159,940)	-	-	-	(159,940)
As at 31 December 2019	於2019年12月31日	791,181	-	1,130,000	(4,323)	1,916,858

Notes to the Consolidated Financial Statements

綜合財務報表附註

36. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executives' emoluments

The remuneration of each director and chief executives for the year ended 31 December 2019 is set out below:

Name	姓名	Fees 袍金 RMB' 000 人民幣千元	Salary 薪資 RMB' 000 人民幣千元	Estimated money value of benefits (Note (i)) 福利的 估計金額價值 (附註(i)) RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
Executive directors 執行董事					
Mr. Shi Yonghong (<i>Chairman</i>)	施永宏先生 (主席)	-	16,562	10,753	27,315
Mr. Guo Qiang (ii)	郭強先生 (ii)	-	8,053	5,086	13,139
Ms. Dang Chunxiang	黨春香女士	-	6,376	3,725	10,101
Mr. Sun Shengfeng	孫勝峰先生	-	4,721	2,892	7,613
Ms. Shu Ping	舒萍女士	-	5,032	-	5,032
Non-executive directors 非執行董事		-			
Mr. Zhang Yong	張勇先生	-	-	6,617	6,617
Independent non-executive directors 獨立非執行董事		-			
Mr. Yau Ka Chi	邱家賜先生	354	-	-	354
Mr. Qian Mingxing	錢明星先生	354	-	-	354
Ms. Ye Shujun	葉蜀君女士	354	-	-	354
Chief executives 主要行政人員		-			
Mr. Zhao Xiaokai	趙曉凱先生	-	6,101	3,309	9,410
Total	總計	1,062	46,845	32,382	80,289

36. 董事利益及權益

(a) 董事及主要行政人員酬金

各董事及主要行政人員截至2019年12月31日止年度的酬金如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

36. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executives' emoluments (Continued)

The remuneration of each director and chief executives for the year ended 31 December 2018 is set out below:

Name	姓名	Fees	Salary	Estimated money value of benefits (Note (i))	Total
		RMB' 000 人民幣千元	RMB' 000 人民幣千元	估計金額價值 (附註(i)) RMB' 000 人民幣千元	總計 RMB' 000 人民幣千元
Executive directors					
Mr. Shi Yonghong (Chairman)	施永宏先生 (主席)	-	800	3,505	4,305
Ms. Dang Chunxiang	黨春香女士	-	3,392	3,780	7,172
Mr. Sun Shengfeng	孫勝峰先生	-	2,358	2,673	5,031
Ms. Shu Ping	舒萍女士	-	-	1,753	1,753
Non-executive directors					
Mr. Zhang Yong	張勇先生	-	-	3,505	3,505
Mr. Pan Di	潘迪先生	-	-	-	-
Independent non-executive directors					
Mr. Yau Ka Chi	邱家賜先生	167	-	-	167
Mr. Qian Mingxing	錢明星先生	167	-	-	167
Ms. Ye Shujun	葉蜀君女士	167	-	-	167
Chief executives					
Mr. Du Zhuang	杜壯先生	-	2,274	2,869	5,143
Mr. Guo Qiang	郭強先生	-	2,243	2,274	4,517
Total	總計	501	11,067	20,359	31,927

(i) Estimated money value of benefits include the fair value of RSU Scheme at grant date charged to profit of loss during the year.

(ii) Mr. Guo Qiang were appointed as executive directors on 26 March 2019.

(iii) No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office as director.

36. 董事利益及權益 (續)

(a) 董事及主要行政人員酬金 (續)

各董事及主要行政人員截至2018年12月31日止年度的酬金如下：

Name	姓名	Fees	Salary	Estimated money value of benefits (Note (i))	Total
		RMB' 000 人民幣千元	RMB' 000 人民幣千元	估計金額價值 (附註(i)) RMB' 000 人民幣千元	總計 RMB' 000 人民幣千元
Executive directors					
Mr. Shi Yonghong (Chairman)	施永宏先生 (主席)	-	800	3,505	4,305
Ms. Dang Chunxiang	黨春香女士	-	3,392	3,780	7,172
Mr. Sun Shengfeng	孫勝峰先生	-	2,358	2,673	5,031
Ms. Shu Ping	舒萍女士	-	-	1,753	1,753
Non-executive directors					
Mr. Zhang Yong	張勇先生	-	-	3,505	3,505
Mr. Pan Di	潘迪先生	-	-	-	-
Independent non-executive directors					
Mr. Yau Ka Chi	邱家賜先生	167	-	-	167
Mr. Qian Mingxing	錢明星先生	167	-	-	167
Ms. Ye Shujun	葉蜀君女士	167	-	-	167
Chief executives					
Mr. Du Zhuang	杜壯先生	-	2,274	2,869	5,143
Mr. Guo Qiang	郭強先生	-	2,243	2,274	4,517
Total	總計	501	11,067	20,359	31,927

(i) 福利的估計金額價值包括年內於授出日計入損益的受限制股份單位計劃公平值。

(ii) 郭強先生於2019年3月26日獲委任為執行董事。

(iii) 概無本公司任何董事放棄收取酬金，且本集團並無向本公司任何董事支付任何酬金，作為彼等加入本集團時或加入本集團後的獎勵或作為失去董事職位的補償。

36. BENEFITS AND INTERESTS OF DIRECTORS (Continued)**(b) Directors' retirement benefits**

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

(c) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year ended 31 December 2019.

(d) Consideration provided to third parties for making available directors' service

No payment was made to the former employer of directors for making available the services of them as a director of the Company.

(e) There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2019.**(f) Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2019.

36. 董事利益及權益 (續)**(b) 董事的退休福利**

概無董事就彼等有關本公司或其附屬公司事務管理的其他服務而收取或應收取任何退休福利。

(c) 董事的離職福利

截至2019年12月31日止年度，本公司並無就提前終止任期向董事作出任何付款作為補償。

(d) 就董事提供董事服務向第三方支付代價

本公司並無就董事提供董事服務而向其前任僱員作出任何付款。

(e) 截至2019年12月31日止年度，概無以董事、有關董事的受控制法人團體及關聯實體為受益人的貸款、準貸款及其他交易。**(f) 董事於交易、安排或合約中的重大權益**

截至2019年12月31日止年度結束時或於該年內任何時間，概無本公司參與訂立且本公司董事於其中擁有重大權益（無論是直接或間接）的與本集團業務有關的任何重大交易、安排及合約存續。

Notes to the Consolidated Financial Statements

綜合財務報表附註

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The spread of the novel COVID-19 in Mainland China and other countries and regions since the beginning of 2020 have a certain impact on economic activities. We refer to announcements of Haidilao International Holding Ltd. dated 28 January 2020 and 2 February 2020 regarding the suspension of operation of restaurants of Haidilao Group in Mainland China due to the outbreak of COVID-19. According to the announcement of Haidilao International Holding Ltd. dated 11 March 2020 and as at the date of the report date, certain restaurants of Haidilao Group in Mainland China have resumed operation, and the remaining restaurants will resume operation in batches according to the development of the relief of the epidemic in the regions where the relevant restaurant is located. As Haidilao Group is the largest customer of the Group for closure of their restaurants for an extended period of time may affect the business, operations and financial results of the Group. The Group has taken all possible effective measures to respond to the impact from this epidemic on its business. Currently, the third party retail business of the Group is operating normally. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.

37. 報告期後事項

2020年初起，新型冠狀病毒肺炎(COVID-19)於中國及其他一些國家和地區傳播，對經濟活動產生了一定影響。我們提述海底撈國際控股有限公司日期為2020年1月28日及2020年2月2日有關海底撈集團於中國內地的餐廳經營因爆發COVID-19而暫停的公告。根據海底撈國際控股有限公司日期為2020年3月11日的公告及於報告日，海底撈集團於中國內地的部分餐廳已經恢復營業，其餘的門店將根據所在地疫情緩解的進展分批恢復營業。由於海底撈集團為本集團的最大客戶，故門店停業時間延長可能影響本集團的業務、經營及財務業績。本集團已採取所有可能有效措施應對疫情對業務的影響。截至目前本集團第三方零售業務正常運行。本集團將繼續留意有關狀況的變動，並於未來作出適時回應及調整。



YIHAI 颐海 颐海國際控股有限公司
YIHAI INTERNATIONAL HOLDING LTD.