



China Starch Holdings Limited 中國澱粉控股有限公司

(incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 3838

Annual Report
2018 年報



Contents

目錄

Directors' Report	董事會報告書	2
Management Discussion and Analysis	管理層討論及分析	9
Environmental and Sustainability Report	環境及可持續發展報告	16
Risk Review Report	風險審閱報告	22
Corporate Governance Report	企業管治報告	25
Directors and Senior Management Profiles	董事及高級管理人員簡介	37
Independent Auditor's Report	獨立核數師報告	40
Consolidated Statement of Profit or Loss and Other Comprehensive Income	合併損益及其他綜合收益表	45
Consolidated Statement of Financial Position	合併財務狀況表	46
Consolidated Statement of Changes in Equity	合併權益變動表	48
Consolidated Statement of Cash flows	合併現金流量表	49
Notes to the Consolidated Financial Statements	合併財務報表附註	50
Five-Year Financial Summary	五年財務概要	104
Key Performance Indicators	主要表現指標	105
Corporate Information	公司資料	107

Directors' Report

董事會報告書

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018.

Principal Activities

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the manufacture and sale of cornstarch, lysine, starch-based sweetener, modified starch and ancillary corn-based and corn-refined products. Details of the principal activities of the Company's subsidiaries are set out in note 14 to the consolidated financial statements.

Business Review

The Group's revenue is derived from two business segments, namely (i) upstream products and (ii) fermented and downstream products, the production activities of which are carried out in the People's Republic of China (the "PRC").

A fair review of the Group's business during the year is set out in the Management Discussion and Analysis on pages 9 to 15. The Environmental and Sustainability Report set out on pages 16 to 21 provides a review on the Group's environmental policies, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and key relationships with the major stakeholders to the Group (including its employees, customers and suppliers). The Risk Review Report set out on pages 22 to 24 provides a comprehensive review on principle risks and uncertainties facing the Group.

The Group is committed to complying with all environmental policies and other relevant laws and regulations related to its business operating environment. In addition, the Group also has an internal laboratory to monitor the quality of our products perpetually in order to ensure that our products comply with national standards, including food safety standards.

Connected Transaction

The related party transactions for the year ended 31 December 2018 set out in note 31 to the consolidated financial statements did not constitute connected/continuing connected transactions as defined under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

董事欣然提呈其年報及本公司及其附屬公司（統稱「本集團」）截至二零一八年十二月三十一日止年度的經審核合併財務報表。

主要業務

本公司的主要業務為投資控股。本公司的附屬公司主要從事製造及銷售玉米澱粉、賴氨酸、澱粉糖、變性澱粉、玉米製副產品及玉米深加工產品。有關本公司附屬公司的主要業務詳情載於合併財務報表附註14。

業務回顧

本集團的收入來自兩個業務分部，即(i)上游產品；及(ii)發酵及下游產品，有關業務的生產活動於中華人民共和國（「中國」）進行。

有關本集團年內業務的公平回顧載於第9至15頁的管理層討論及分析。環境及可持續發展報告載於第16至21頁，就本集團的環境政策、本集團遵守對其有重大影響的相關法律及規例的情況及與本集團主要持份者（包括其僱員、客戶及供應商）的主要關係進行檢討。風險審閱報告載於第22至24頁，就本集團所面對的主要風險及不明朗因素進行全面檢討。

本集團承諾遵守與其業務營運環境相關的全部環境政策及其他相關法律及法規。此外，為確保我們的產品遵守國家標準（包括食品安全標準），本集團擁有內部實驗室以不間斷地監控產品質量。

關連交易

合併財務報表附註31所載截至二零一八年十二月三十一日止年度的關連方交易並不構成香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所界定的關連／持續關連交易。

Directors' Report

董事會報告書

Dividends

The Board is pleased to recommend the payment of a final dividend of HK1.20 cents per share for the year ended 31 December 2018 to shareholders whose names appear on the register of members of the Company on 6 June 2019. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company ("AGM"), is expected to be paid on or about 9 July 2019 in cash.

Directors

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

Executive Directors:

Mr. Tian Qixiang (*Chairman*)

Mr. Gao Shijun (*Chief Executive Officer*)

Mr. Liu Xianggang

Mr. Yu Yingquan

Independent non-executive Directors:

Professor Hua Qiang

Mr. Sun Mingdao

Mr. Yue Kwai Wa, Ken

By virtue of Article 108(A) of the Articles of Association of the Company (the "Articles"), Mr. Gao Shijun, Mr. Yu Yingquan and Mr. Sun Mingdao will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

None of the above Directors proposed for re-election has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers that all of them are independent.

Directors' Interest in Transaction, Arrangement or Contract of Significance

No transaction, arrangement or contract of significance in relation to the Group's business to which the Group was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

股息

董事會欣然建議向於二零一九年六月六日名列本公司股東名冊之股東派發截至二零一八年十二月三十一日止年度的末期股息每股1.20港仙。擬派末期股息如於本公司應屆股東週年大會（「股東週年大會」）獲批准，預期將於二零一九年七月九日以現金派發。

董事

年內及直至本報告日期止，本公司董事如下：

執行董事

田其祥先生（主席）

高世軍先生（行政總裁）

劉象剛先生

于英泉先生

獨立非執行董事

花強教授

孫明導先生

余季華先生

根據本公司章程細則（「章程細則」）第108(A)條，高世軍先生、于英泉先生及孫明導先生將退任，惟彼等均符合資格並願於應屆股東週年大會膺選連任。

以上建議重選連任的董事並無與本公司訂立任何不可由一年內毋須支付賠償（除法定賠償外）之情況下終止之服務合約。

本公司已收到每位獨立非執行董事根據上市規則第3.13條發出的年度獨立性確認函，並認為彼等全部具獨立性。

董事於重大交易、安排或合約中的權益

於本財政年度內或年度結束時，本集團並無參與與董事或其關連實體直接或間接擁有重大權益而有關本集團業務的重大交易、安排或合約。

Directors' Report

董事會報告書

Permitted Indemnity

Pursuant to Article 191 of the Articles, the Directors and other officers of the Company shall be indemnified out of the Company's assets from and against all losses and liabilities which they may incur or sustain in the execution of their duties, excluding any losses and liabilities that may arise from fraud and dishonesty. The above indemnity provision was in force during the course of the year and remained in force as of the date of this annual report. In addition, the Company has maintained appropriate directors and officers liability insurance for the purpose of indemnifying for losses in respect of relevant legal actions against the Directors and other officers of the Company.

Directors' and Chief Executive's Interests

As at 31 December 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Name of Director 董事姓名	The Company/ associated corporation 本公司／相聯法團	Capacity/ nature of interest 身份／權益性質	Number and class of securities held 持有證券數目及類別 (note 1) (附註1)	Percentage of shareholding 佔股權百分比
Mr. Tian Qixiang 田其祥先生	The Company 本公司	Interest in a controlled corporation 受控制法團權益	3,705,385,194 ordinary shares of HK\$0.10 each (L) (note 2) 3,705,385,194股每股面值0.10港元的普通股(L) (附註2)	61.79%
	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	131 ordinary shares of US\$1 each (L) 131股每股面值1美元的普通股(L)	54.58%
Mr. Gao Shijun 高世軍先生	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	60 ordinary shares of US\$1 each (L) 60股每股面值1美元的普通股(L)	25.00%
Mr. Yu Yingquan 于英泉先生	Merry Boom Group Limited 怡興集團有限公司	Beneficial owner 實益擁有人	1 ordinary shares of US\$1 each (L) 1股每股面值1美元的普通股(L)	0.42%

Notes:

- (1) The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
- (2) These shares were held by Merry Boom Group Limited. Merry Boom Group Limited is owned as to approximately 54.58% by Mr. Tian Qixiang. Mr. Tian is deemed to be interested in all the shares held by Merry Boom Group Limited under the SFO.

獲准彌償

根據章程細則第191條，本公司董事及其他高級人員於執行職務時產生或蒙受的任何虧損及責任應以本公司資產作出彌償，惟由欺瞞及失實引致的任何虧損及責任除外。上述彌償條文於年內有效，且於本年報日期仍然具有效力。此外，本公司已就針對本公司董事及其他高級人員的相關法律行動所導致的彌償損失保留適當的董事及高級人員責任險。

董事及主要行政人員的權益

於二零一八年十二月三十一日，董事及本公司主要行政人員於本公司或其任何相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中，擁有根據證券及期貨條例第352條須記錄於本公司存置的登記冊內或根據上市規則所載的上市發行人董事進行證券交易的標準守則（「標準守則」）須另行知會本公司及聯交所的權益及淡倉如下：

附註：

- (1) 字母「L」表示董事於本公司或有關相聯法團股份的好倉。
- (2) 此等股份由怡興集團有限公司持有。怡興集團有限公司由田其祥先生擁有約54.58%權益。根據證券及期貨條例，田先生被視為於怡興集團有限公司持有的所有股份中擁有權益。

Directors' Report

董事會報告書

Save as disclosed above, as at 31 December 2018, none of the Directors and the chief executive of the Company nor their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 19 May 2017. The major terms of the Share Option Scheme are as follows:

1. The purpose of the Share Option Scheme is to enable the Group to grant options to eligible persons as incentives or rewards for their contribution to the Group and to enable the Group to attract, recruit and retain senior management, key employees and human resources that are valuable or potentially valuable to the Group.
2. Eligible participants of the Share Option Scheme are (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest; (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

除上文所披露者外，於二零一八年十二月三十一日，董事及本公司主要行政人員或彼等各自的聯繫人概無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、相關股份及債券中，擁有根據證券及期貨條例第352條須記錄於本公司存置的登記冊內或根據標準守則須另行知會本公司及聯交所的任何權益或淡倉。

購股權計劃

本公司於二零一七年五月十九日採納一項購股權計劃（「購股權計劃」）。購股權計劃的主要條款如下：

1. 購股權計劃的目的為讓本集團可向合資格人士授出購股權，作為彼等對本集團所作貢獻的激勵或獎勵，以及讓本集團可吸引、招聘及挽留高級管理層、主要僱員及對本集團有價值或潛在價值的人力資源。
2. 購股權計劃的合資格參與者為：(a)本公司、其任何附屬公司或本集團任何成員公司擁有股權的任何實體（「投資實體」）的任何僱員（無論全職或兼職，包括執行董事，但不包括非執行董事）；(b)本公司、其任何附屬公司或任何投資實體的任何非執行董事（包括獨立非執行董事）；(c)向本集團任何成員公司或任何投資實體提供貨物或服務的供應商；(d)本集團任何成員公司或任何投資實體的任何客戶；(e)向本集團任何成員公司或任何投資實體提供研究、開發或其他技術支援的任何人士或實體；(f)本集團任何成員公司或任何投資實體的任何股東或本集團任何成員公司或任何投資實體所發行的任何證券的任何持有人；(g)本集團任何成員公司或投資實體的任何業務領域或業務發展的任何顧問（專業或其他）或諮詢人；(h)任何其他已經或可能透過合資、業務聯合或其他業務安排而對本集團的發展及增長作出貢獻的參與者小組或類別。

Directors' Report

董事會報告書

3. The maximum number of shares of the Company (the "Shares") which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the number of issued Shares from time to time. The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the issued Shares as at the date of approval of the Share Option Scheme.
4. The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued Share for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.
5. Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors of the Company (excluding independent non-executive director of the Company who or whose associates is the proposed grantee of the options). In addition, any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, in excess of 0.1% of the issued Shares at any time or with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval of the Company in a general meeting.
6. The exercise period of the share options granted under the Share Option Scheme is determined by the directors of the Company, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option or the expiry date of the Share Option Scheme, whichever is earlier, subject to the provisions for early termination as stated in the Share Option Scheme.
7. The acceptance of an offer of the grant of the option must be made within 28 days from the date of the offer for the grant with a non-refundable payment of HK\$1.00 from the grantee.
3. 因行使根據購股權計劃和本集團採納的其他購股權計劃授出而尚未行使的購股權而可能發行的本公司股份（「股份」）上限，合計不得超過不時已發行股份數目的30%。因行使根據購股權計劃和本集團任何其他購股權計劃授出的全部購股權（就此而言，不包括根據購股權計劃及本集團任何其他購股權計劃的條款已失效的購股權）而可能配發及發行的股份數目總額，合計不得超過股份於批准購股權計劃當日已發行股份的10%。
4. 於任何十二個月期間因行使根據購股權計劃及本集團任何其他購股權計劃所授出的購股權（同時包括已行使或尚未行使購股權兩者）已向各承授人發行及可能發行的股份總數，不得超過當時已發行股份1%（「個別上限」）。倘於直至再授出購股權之日（包括該日）止之任何十二個月期間進一步授出超逾個別上限的購股權，須待於股東大會上另行取得本公司股東的批准，而承授人及其聯繫人須於會上放棄投票。
5. 根據購股權計劃授予本公司董事、主要行政人員或主要股東或彼等任何各自的聯繫人的購股權必須經本公司獨立非執行董事（不包括身為購股權建議承授人或其聯繫人為購股權建議承授人的本公司獨立非執行董事）的批准。此外，倘於十二個月期間內向本公司主要股東或獨立非執行董事或彼等任何各自的聯繫人授出購股權，但超過任何時間已發行股份0.1%，或按授出日期股份的收市價計算總值超過5,000,000港元，則須待股東於本公司股東大會上批准，方可作實。
6. 根據購股權計劃授出的購股權的行使期限由本公司董事釐定，該期間可由授出購股權建議日期起計，惟無論如何不遲於授出購股權建議日期後十年止，或購股權計劃屆滿日期止（以較早者為準），惟可根據購股權計劃所載有關條文提早終止。
7. 授出購股權建議須於授出建議日期起計二十八日內接納，而承授人於接納時須支付不可退回款項1.00 港元。

Directors' Report

董事會報告書

8. The exercise price of the share option is determined by the Board but shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the Shares.
9. The Share Option Scheme shall be valid and effective till 18 May 2027.

As at 31 December 2018, no share option had been granted under the Share Option Scheme of the Company.

Interests of the Substantial Shareholders

As at 31 December 2018, so far as is known to the Directors, the following person, other than a Director or chief executive of the Company, has an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/ nature of interest	Number of shares/ underlying shares	Percentage of issued share capital
股東名稱	身份／權益性質	股份／相關股份 數目 (note 1) (附註1)	佔已發行股本 百分比
Merry Boom Group Limited 怡興集團有限公司	Beneficial owner (note 2) 實益擁有人(附註2)	3,705,385,194 (L)	61.79%

Notes:

- (1) The letter "L" denotes the long position in the shares of the Company.
- (2) These shares were held by Merry Boom Group Limited. Merry Boom Group Limited is owned as to approximately 54.58% by Mr. Tian Qixiang, an executive Director and Chairman of the Company. Mr. Tian is deemed to be interested in all the shares held by Merry Boom Group Limited under the SFO as disclosed under the paragraph headed "Directors' and Chief Executive's Interests" above.

Save as disclosed above, as at 31 December 2018, there were no any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

8. 購股權的行使價由董事會釐定，但不得少於以下較高者：(a)股份於授出日期在聯交所日報表上所列的收市價；(b)股份於緊接授出日期前五個營業日在聯交所日報表上所列的平均收市價；及(c)股份面值。
9. 購股權計劃有效至二零二七年五月十八日止。

於二零一八年十二月三十一日，概無根據本公司購股權計劃授出購股權。

主要股東的權益

於二零一八年十二月三十一日，據董事所知，按本公司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，以下人士（董事或本公司主要行政人員除外）於本公司股份或相關股份中擁有權益或淡倉：

附註：

- (1) 字母「L」指於本公司股份的好倉。
- (2) 此等股份由怡興集團有限公司持有。怡興集團有限公司由本公司執行董事兼主席田其祥先生擁有約54.58%權益。根據證券及期貨條例，如上文「董事及主要行政人員的權益」一段所披露，田先生被視為於怡興集團有限公司持有的所有股份中擁有權益。

除上文所披露者外，於二零一八年十二月三十一日，概無任何其他人士（除董事及本公司主要行政人員外）於本公司股份或相關股份中擁有根據證券及期貨條例第336條須記錄於本公司存置的登記冊內的權益或淡倉。

Directors' Report

董事會報告書

Arrangement to Acquire Shares or Debentures

Other than the Share Option Scheme as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement which enables the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Purchase, Sale or Redemption of the Company's Listed Securities

There was no purchase, sale or redemption of the Company's listed securities during the year ended 31 December 2018.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Major Customers and Suppliers

During the year, sales to the Group's five largest customers accounted for less than 30% of the Group's turnover and purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases of the Group.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued shares as required under the Listing Rules.

On behalf of the Board

Tian Qixiang

Chairman

Shouguang, The People's Republic of China

18 March 2019

購入股份或債券的安排

除上文所披露之購股權計劃外，於年內任何時間本公司或其任何附屬公司概無參與任何可令董事藉購入本公司或任何其他法人團體的股份或債券而獲益的安排。

購買、出售或贖回本公司的上市證券

截至二零一八年十二月三十一日止年度，概無購買、出售或贖回任何本公司的上市證券。

優先購買權

章程細則或開曼群島法例概無載列有關本公司須按比例基準向現有股東發售新股份的優先購買權條文。

主要客戶及供應商

年內，向本集團五大客戶作出的銷售額佔本集團營業額不足30%，而本集團五大供應商作出的採購額佔本集團採購總額不足30%。

公眾持股量

根據本公司公開可得的資料及就其董事所知，於本報告日期，本公司按上市規則規定維持不少於本公司已發行股份總數25%的足夠公眾持股量。

代表董事會

田其祥

主席

中華人民共和國·壽光

二零一九年三月十八日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

INDUSTRY OVERVIEW AND COMPANY DEVELOPMENT

Overview

China's economic development encountered unprecedented challenges in 2018. Sino-US trade row continues to escalate, and the relations between the countries continue to run hot and cold. Growth in China's domestic demand has slowed down and the growth has been interrupted. The lack of consumer confidence has made "consumption downgrade" to become one of the trendy expressions in 2018. It is hard for Chinese enterprises to make investment decisions during such a difficult period.

The Group has been engaging in the manufacture and sale of cornstarch and other refined products for more than two decades. Despite the challenges facing by the industry, our management still has confident about the future of the industry. Our major product is cornstarch, which is a base material for other industries, thus the market demand is relatively stable comparing with other industries. On the other hand, we source most of our corn kernel, which is our raw material, from Shandong Province and its nearby provinces, thus is not directly affected by the import tariff measures. Although the earnings performance of cornstarch and other refinery industries in 2018 were worse than that of 2017, we are still in an industry-leading position in terms of profitability and energy consumption indicator.

As the government in the Northeast region ceased to subsidise corn refinery industries during the year under review, the market has returned to its normal development and competitive status. We expect that the market will slow down in 2019, combined with the substantial increase in production capacity for the cornstarch and other refinery industries, there will be another round of elimination and integration for the industries.

BUSINESS DEVELOPMENT

The production base of Shouguang Golden Corn Biotechnology Limited ("Golden Corn Biotech", a joint venture of the Company) was still under construction in 2018. Although the construction progress is slightly behind schedule, we are still targeting to put production base into operation by the end of 2019. Upon the completion, Golden Corn Biotech will engage in the production of cornstarch and lysine. If the market environment allows, we will explore markets for other new amino acid products.

In respect of our production capability, should Golden Corn Biotech has duly commenced production, the production capacity of cornstarch and lysine of the Group will be increased to 2,400,000 tonnes and 300,000 tonnes per annum respectively.

On the other hand, we continue to invest in upgrading our production equipment and bringing in more advanced automated machinery. We plan to upgrade the enterprise resources planning (ERP) system of the Group in 2019, with an aim to improve our analysis ability in sales, tender management, storage management and financial issues, thus enhancing our management efficiency. Fees on the system upgrade will be funded by internal resources of the Group.

With our strong financial position and our leading production level, we will have greater influence in the industry once we have finished upgrading our production capacity.

行業概覽及公司發展

概覽

二零一八年的中國面對經濟發展中從未遇過的嚴峻挑戰。中美兩國貿易摩擦不斷升級，雙方關係時鬆時緊；國內需求增長放緩，增長出現斷斷續續的情況；居民缺乏消費信心，「消費降級」成為二零一八年潮語。中國企業在這個艱難時期做的投資決定一點都不容易。

集團過去二十多年一直從事玉米澱粉及其他深加工產品的生產和銷售。即使行業面對種種的挑戰，管理層仍對前景充滿信心。我們的主要產品是玉米澱粉，屬於其他行業的基礎材料，因此市場需求比較其他行業較為穩定。另一方面，我們的原材料玉米粒大部份採購自山東省和其相鄰省份，因此不受入口關稅措施的直接影響。二零一八年的玉米澱粉和深加工行業的盈利表現雖然不如二零一七年，但從盈利能力和能耗指標等等的分析來看，我們仍處於行內的領先位置。

由於東北地區政府在本回顧年度暫停對玉米加工企業補貼，這令市場回復正常發展和競爭狀態。我們預計二零一九年，市場增長放緩，加上行業產能大增，玉米澱粉及其他深加工行業會進入另一波的淘汰整合局面。

業務發展

於二零一八年，壽光金玉米生物科技有限公司（「金玉米生物科技」，本公司的一間合資公司）的生產基地仍然建造中。雖然建造進度比原計劃稍為落後，但我們仍然以二零一九年底前投產為目標。在建成後，金玉米生物科技將會從事生產玉米澱粉、賴氨酸業務。如果市場環境配合，日後會開拓其他新品種氨基酸市場。

產能方面，如果金玉米生物科技正式投產，本集團的玉米澱粉及賴氨酸產能會將分別達到每年2,400,000噸及300,000噸。

另一方面，我們不斷投資改善生產設備和引入更自動化的器材。我們計劃在二零一九年更新整個集團的企業資源規劃系統，我們希望藉此提昇我們在銷售、招標管理、倉庫管理和財務分析能力，從而提升管理效率。有關更新該系統的費用將由本集團的內部資源撥付。

本集團財政實力雄厚，生產水平處於領導位置，產能提升後將可以增加行業的影響力。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

Upstream products

Upstream products represent cornstarch and ancillary corn-refined products, which have a variety of application potentials depending on our customers' industry sectors.

During the year under review, the overall demand of cornstarch was still stable. The market price movement between cornstarch and corn kernel was almost correlated in most time.

Soybean was one of the affected commodities in Sino-US trade war, and as a result, the supply and market price of soybean related products, such as soybean meal, were also affected. Corn germ and corn germ meal are one of the materials replaceable with soybean and soybean meal. Corn germ and soybean can be used for oil extraction. Corn germ meal and soybean meal, which are the remaining materials after oil extraction, can be further produced as animal feeds. The selling prices of corn germ meal and corn fibre in the market started to go up in the second half of the year and resulted in the improvement of profitability in this business segment.

Fermented and downstream products

Fermented and downstream products consist of lysine, starch-based sweetener, modified starch, and other fermented products derived from cornstarch.

China is the biggest lysine producer in the world. This position will likely remain the same in the following years. The production capacity of lysine could comfortably exceed the domestic demand. As there was abundant supply of lysine, the selling price of lysine was deeply suppressed during the year under review. In order to maintain a suitable inventory level and profitability of lysine products, the Group spent much effort to expand its sales appearance in overseas market.

The business and sales performance of other products, such as starch-based sweetener and modified starch, were better than the lysine products during the year under review. As there were abundant supply in the market, the selling prices could still be adjusted but at a lower speed than the costs.

業務回顧

上游產品

上游產品指玉米澱粉及玉米深加工副產品，視乎我們客戶所處行業，有關產品有不同的應用可能。

於回顧年度，玉米澱粉的整體需求維持穩定。玉米澱粉及玉米粒的市價變動近乎在大部份時間均互相關連。

大豆為其中一種受中美貿易戰影響的商品，而大豆相關產品（如豆粕）的供應及市價亦因而受到影響。玉米胚芽及玉米胚芽粕為可由大豆及豆粕替代的材料之一。玉米胚芽及大豆均可用作榨油。玉米胚芽粕及豆粕是榨油後的剩餘材料，可加工製成動物飼料。玉米胚芽粕及玉米糖麩在市場上的售價於本年度下半年開始上升，使本業務分部的盈利能力有所改善。

發酵及下游產品

發酵及下游產品則包括賴氨酸、澱粉糖、變性澱粉及其他發酵產品（全部均利用玉米澱粉生產）。

中國為全球最大的賴氨酸生產國。有關地位於未來數年將很可能維持不變。賴氨酸的產能遠遠高於本地需求。由於賴氨酸供應充足，賴氨酸於回顧年度內的售價受到極大壓力。為使賴氨酸產品的存貨量及盈利能力保持在合適水平，本集團已大力為產品拓展海外銷售市場。

於回顧年度內，澱粉糖及變性澱粉等其他產品的業務及銷售表現較賴氨酸產品優勝。由於市場供應充足，雖然我們仍可對售價作出調整，但調升速度則低於成本的上升速度。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL PERFORMANCE

Overview

During the year under review, the Group recorded a total revenue of approximately RMB5,073 million (2017: RMB4,695 million). Gross profit of the Group decreased significantly by 28.5% to approximately RMB443 million (2017: RMB620 million).

Profit after taxation decreased significantly to RMB238 million (2017: RMB394 million). Basic earnings per share of the Company was RMB0.0385 per share based on the weight average number of 5,995,892,000 ordinary shares (2017: RMB0.0647 per share based on the weight average number of 5,995,892,000 ordinary shares).

Segment performance

Upstream products

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收入	3,558,900	3,177,310
Gross profit	毛利	266,560	254,970
Gross profit margin	毛利率	7.5%	8.0%

Revenue of upstream products increased significantly by 12.0% to RMB3,558,900,000 (2017: RMB3,177,310,000). The gross profit margin of this business segment decreased by 0.5 percentage point to 7.5%. During the year under review, sales volume of cornstarch increased to approximately 1,153,848 tonnes (2017: 1,141,913 tonnes). As a result of the increase in corn kernel price, the selling price of cornstarch also increased. The average selling price of corn starch increased by 13.5% to RMB2,121 (2017: RMB1,868) per tonne.

財務表現

概覽

於回顧年度內，本集團錄得總收入約人民幣5,073,000,000元（二零一七年：人民幣4,695,000,000元）。本集團的毛利大幅下跌28.5%至約人民幣443,000,000元（二零一七年：人民幣620,000,000元）。

除稅後利潤大幅下跌至人民幣238,000,000元（二零一七年：人民幣394,000,000元）。根據加權平均股數5,995,892,000股普通股計算，本公司的每股基本盈利為每股人民幣0.0385元（二零一七年：根據加權平均股數5,995,892,000股普通股計算為每股人民幣0.0647元）。

分部表現

上游產品

上游產品的收入大幅上升12.0%至人民幣3,558,900,000元（二零一七年：人民幣3,177,310,000元）。本業務分部的毛利率下跌0.5個百分點至7.5%。於回顧年度內，玉米澱粉的銷量增加至約1,153,848噸（二零一七年：1,141,913噸）。由於玉米粒價格上升，玉米澱粉的售價亦同告上升。玉米澱粉的平均售價上升13.5%至每噸人民幣2,121元（二零一七年：人民幣1,868元）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Fermented and downstream products

發酵及下游產品

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收入		
– Lysine	– 賴氨酸	827,433	941,098
– Starch-based sweetener	– 澱粉糖	322,743	271,853
– Modified starch	– 變性澱粉	323,492	275,627
– Others	– 其他	40,921	28,653
Total	總計	1,514,589	1,517,231
Gross profit	毛利	176,604	364,573
Gross profit margin	毛利率	11.7%	24.0%

Although the revenue of fermented and downstream products segment decreased slightly to RMB1,514,589,000 (2017: RMB1,517,231,000), the gross profit of this business segment decreased significantly to RMB176,604,000 (2017: RMB364,573,000).

儘管發酵及下游產品分部的收入輕微下跌至人民幣1,514,589,000元(二零一七年:人民幣1,517,231,000元),但本業務分部的毛利大幅下跌至人民幣176,604,000元(二零一七年:人民幣364,573,000元)。

Both the sales volume and selling price of lysine products recorded a substantial decrease in 2018. The average selling price of lysine products decreased to RMB5,661 (2017: RMB5,977) per tonne, whilst the sales volume decreased to 146,153 tonnes (2017: 157,456 tonnes). Export sales of lysine products increased to approximately RMB247,230,000 (2017: RMB209,324,000).

賴氨酸產品的銷量及售價於二零一八年均大幅減少。賴氨酸產品的平均售價下跌至每噸人民幣5,661元(二零一七年:人民幣5,977元),而銷量則下降至146,153噸(二零一七年:157,456噸)。賴氨酸產品的出口銷售上升至約人民幣247,230,000元(二零一七年:人民幣209,324,000元)。

Revenue of starch-based sweetener increased significantly by 18.7% to approximately RMB322,743,000 (2017: RMB271,853,000). The average selling price and sales volume of starch-based sweetener was about RMB2,105 (2017: RMB1,956) per tonne and 153,314 tonnes (2017: 138,975 tonnes) respectively.

澱粉糖的收入大幅上升18.7%至約人民幣322,743,000元(二零一七年:人民幣271,853,000元)。澱粉糖的平均售價及銷量分別約為每噸人民幣2,105元(二零一七年:人民幣1,956元)及153,314噸(二零一七年:138,975噸)。

Revenue of modified starch increased significantly by 17.4% to RMB323,492,000 (2017: RMB275,627,000). The percentage of export sales to total modified starch sales increased to about 33.3% (2017: 27.3%).

變性澱粉的收入大幅上升17.4%至人民幣323,492,000元(二零一七年:人民幣275,627,000元)。變性澱粉的出口銷售額佔變性澱粉總銷售額的比例上升至約33.3%(二零一七年:27.3%)。

Other fermented and downstream products sales represented new generation and environmental-friendly products. The production scale and the size of domestic market were comparatively smaller than other businesses of the Group. Revenue of these product was approximately RMB40,921,000 (2017: RMB28,653,000).

其他發酵及下游產品的銷售指新一代及環保產品。本地市場的生產規模及大小相比本集團其他業務為小。該等產品的收入約為人民幣40,921,000元(二零一七年:人民幣28,653,000元)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Cost of sales and gross profit

The major cost components mainly consisted of corn kernel and utilities expenses, which represented about 81.3% and 8.3% (2017: 80.8% and 7.8%) of total cost of sales respectively. During the year under review, the cost of corn kernel, electricity and steam increased by about 9.6%, 35.1% and 13.8% respectively. As the selling price of our products were not adjusted in the same pace as the increase in these major costs, the gross profit of the Group decreased significantly during the year under review.

The Group did not enter into any forward/futures contract to hedge the price fluctuation of corn kernel during the year review. The Group makes purchases from the spot market in accordance with its production schedule.

Review of other operations

Other gains and losses

The other gains and losses decreased substantially to approximately RMB67,968,000 (2017: RMB105,868,000). The decrease was mainly attributable to the following factors:

- (i) the Group did not receive any government subsidy (2017: RMB97 million) for the compensation of losses during the relocation of Shouguang production site;
- (ii) the Group recognised the deferred income of approximately RMB49 million (2017: RMB13 million) which represented the government grants received from the local governments in previous years;
- (iii) the Group recognised a gain of approximately RMB310,000 on disposal of properties, plants and equipment as compared with a loss of approximately RMB11 million in 2017; and
- (iv) the Group recorded a gain of approximately RMB10 million (2017: RMB6 million) on sales of scrap materials.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 2,200 full time staff (2017: 2,133). Total staff costs, including Directors' emoluments, of the Group were approximately RMB183 million (2017: RMB167 million). The Group considers the experience, responsibility, and performance of the Directors and employees of the Group in order to determine their respective remuneration packages.

銷售成本及毛利

成本的主要組成部分主要為玉米粒及公共事業開支，分別佔總銷售成本約81.3%及8.3%（二零一七年：80.8%及7.8%）。於回顧年度內，玉米粒、電力及蒸汽的成本分別上升約9.6%、35.1%及13.8%。由於產品售價未有跟隨該等主要成本上升作出同步調整，令本集團於回顧年度內的毛利大幅減少。

本集團於回顧年度內並無訂立任何遠期／期貨合約對沖玉米粒的價格波動。本集團會根據本身的生產計劃在現貨市場進行採購。

其他營運回顧

其他收益及虧損

其他收益及虧損大幅減少至約人民幣67,968,000元（二零一七年：人民幣105,868,000元）。其他收益及虧損減少主要由於：

- (i) 本集團並無收到任何政府補助（二零一七年：人民幣97,000,000元）作為壽光生產廠房搬遷期間所蒙受損失的補償；
- (ii) 本集團確認遞延收入約人民幣49,000,000元（二零一七年：人民幣13,000,000元），為過往數年自地方政府收取的政府補助；
- (iii) 本集團確認出售物業、廠房及設備收益約人民幣310,000元，而二零一七年則為虧損約人民幣11,000,000元；及
- (iv) 本集團錄得銷售廢料之收益約人民幣10,000,000元（二零一七年：人民幣6,000,000元）。

人力資源及薪酬政策

於二零一八年十二月三十一日，本集團聘用2,200名（二零一七年：2,133名）全職員工。本集團的總員工成本（包括董事酬金）約為人民幣183,000,000元（二零一七年：人民幣167,000,000元）。於釐定本集團各董事及僱員的薪酬組合時，本集團會考慮彼等各自的經驗、職責及表現。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Company has adopted a share option scheme (the "Share Option Scheme") in order to enable the Group to grant options to eligible persons as incentives or rewards for their contribution to the Group as well as to attract, recruit and retain senior management, key employees and human resources that are valuable or potentially valuable to the Group.

In addition, a remuneration committee is delegated by the Board to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management.

As at 31 December 2018, no share options have been granted under the Share Option Scheme.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment on uncommitted funds. The primary purpose of our financial management and treasury policy is to ensure possessing sufficient cash and available banking facilities to meet its commitment on one hand and to obtain better return on the other hand. Any unused fund is not only placed on short-term/fixed deposits with authorised financial institutions in Hong Kong and/or the People's Republic of China (the "PRC"), but also short-term capital-and-reward guaranteed financial instruments.

FOREIGN CURRENCY EXPOSURE

The Directors do not consider the exposure to foreign exchange risk being significant to the Group's operation as the Group operated mainly in the PRC and most of the Group's transactions, assets and liabilities were denominated in Renminbi. Foreign currencies were however received from export sales. Such proceeds were subject to foreign exchange risk before converting into Renminbi. The foreign currencies received from export sales were converted into Renminbi upon receipt from overseas customers. The Group manages foreign exchange risk by monitoring the exchange rates closely instead of entering into any foreign exchange hedging arrangement.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The key financial performance indicators, including gearing ratio, of the Group for the year ended 31 December 2018 and its comparative figures are set out on page 105.

The Directors are of the opinion that the working capital available to the Group is sufficient for its present requirements. The Group's borrowing, cash and cash equivalents were mostly denominated in Renminbi. As at 31 December 2018, the borrowing was approximately RMB4,432,000 (2017: RMB4,432,000) and interest-free. In addition, the borrowing was with a maturity within one year.

本集團已採納一項購股權計劃（「購股權計劃」），讓本集團向合資格人士授出購股權，作為彼等對本集團所作貢獻的獎勵及回報，以及讓本集團可吸引、延攬及挽留高級管理層、主要僱員及對本集團而言屬或可能屬寶貴的人力資源。

此外，薪酬委員會獲董事會委派審閱及釐定薪酬待遇的條款、花紅及應付予董事及高級管理層的其他報酬。

於二零一八年十二月三十一日，本公司並無根據購股權計劃授出任何購股權。

財務管理及庫務政策

本集團對並無指定用途的資金採取保守的現金管理及投資策略。我們財務管理及庫務政策的主要目的為確保持有足夠現金及可動用銀行信貸應付其承諾，以及取得更佳的回報。任何尚未動用的資金除會存放於香港及／或中華人民共和國（「中國」）的認可財務機構作短期／定期存款外，亦會用作購買短期資本及回報保證財務工具。

外匯風險

鑒於本集團主要在中國經營業務，而大部分交易、資產及負債乃以人民幣計值，故董事認為本集團業務並無承受重大外匯風險。然而，出口銷售所收取的貨幣款為外幣。有關款項於兌換為人民幣前須承受外匯風險。至於向海外客戶進行出口銷售收取的外幣，均於收取時兌換為人民幣。本集團並無以訂立外匯對沖安排的方式管理外匯風險，而是透過密切留意匯率管理風險。

流動資金、財務資源及資本架構

本集團截至二零一八年十二月三十一日止年度的關鍵財務指標（包括槓桿比率）及其比較數字載於第105頁。

董事認為，本集團可動用的營運資金足以應付其現有所需。本集團之借款、現金及現金等價物大部分以人民幣計值。於二零一八年十二月三十一日，借款約為人民幣4,432,000元（二零一七年：人民幣4,432,000元），毋須計息。此外，該等借款為於一年內到期。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

PLEDGE OF ASSETS

As at 31 December 2018, bills payables were secured by bank acceptance bills of RMB4,338,000 and bank deposits of approximately RMB6,062,000. As at 31 December 2018, the Group did not pledge any leasehold land and building to secure banking facilities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2018.

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company's reserves available for distribution to shareholders amounted to approximately RMB156,291,000. The amount of distributable reserves included the Company's share premium of approximately RMB39,369,000, which may be distributed provided that the Company would remain solvent after the distribution of dividend.

DIVIDEND POLICY

The Board intends to create long term value for the shareholders of the Company through maintaining a balance between dividend distribution, adequate cash flow and reserve to meet its working capital requirement and capturing growth opportunities. The Board may propose or declare the payment of dividends after taking into account the current financial performance, the future financial requirements and any other factors that may deem relevant to the Company. The Board may decide the frequency of dividend payment and further declare or recommend any special distributions. Dividends may be declared or paid by way of cash or scrip or by other means that the Board considers appropriate. The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of Cayman Islands and the Company's memorandum and articles of association. The Board will review this dividend policy from time to time and there can be no assurance that dividend will be paid in any particular amount for any given period.

資產抵押

於二零一八年十二月三十一日，應付票據分別由人民幣4,338,000元的銀行承兌票據及約人民幣6,062,000元的銀行存款作抵押。於二零一八年十二月三十一日，本集團並無抵押任何租賃土地及樓宇作為銀行信貸之抵押。

或然負債

於二零一八年十二月三十一日，本集團並無任何重大或然負債。

可供分派儲備

於二零一八年十二月三十一日，本公司可供分派予股東的儲備約為人民幣156,291,000元。可供分派儲備金額包括本公司股份溢價約人民幣39,369,000元，有關金額可在本公司於分派股息後仍有償債能力的情況下作出分派。

股息政策

董事會計劃透過維持股息分派、充足現金流量及儲備之間的平衡為本公司股東創造長遠價值，以符合其營運資金規定及把握增長機會。董事會可在考慮目前財務表現、未來財務要求及任何其他可能被視為與本公司相關的因素後建議或宣派股息。董事會可決定派付股息的次數，並進一步宣派或建議任何特別分派。股息可以現金或以股代息或董事會認為合適的其他方式宣派或派付。股息派付亦須遵守適用法例及法規，包括開曼群島法例及本公司的章程大綱及細則。董事會將不時檢討本股息政策，概不保證將於任何指定期間派付任何指定金額的股息。

Environmental and Sustainability Report

環境及可持續發展報告

Basis of preparation

The preparation of this report was conducted mainly with reference to the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). This Report has complied with all the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide, which is contained in Appendix 27 to the Listing Rules. We aimed to provide a balanced and comprehensive review on mainly the environment and social performance of different areas in our Group with our major stakeholders in this report. We used priority issue analysis to identify and focus the primary needs and issues faced by our stakeholder groups.

This report covered the overall environmental and social performance of all major subsidiaries of the Group which are set out in note 14 to the consolidated financial statements during the year ended 31 December 2018.

What we believe

Cornstarch is one of the most versatile and easily workable resources which also has a wide range of application in various industries. From the perspective of corn supply, the promotion of using cornstarch would support the development of local and village economy by wise-using the agricultural lands. From the perspective of demand of corn kernel, cornstarch is one of the most commonly used components of tens of thousands of manufactured products nowadays. Its existence can be found in different formats, such as clothing we wear, the food and beverage served in the restaurant, and as far as oil exploration. Thus, we maintain a positive view on our business in the long run.

With our strong platform, we are positioned to capture the benefits of an increasing market share and are well prepared for further sustainable growth. Even though we are facing the current tough and uncertain global and domestic environment, our objective remains unchanged, which is to be in a leading position in the corn-refinery industry in the People’s Republic of China (the “PRC”). To achieve this goal, the Directors and the Board’s executive management teams are engaged in expanding our Group in various aspects, including our production capacity of cornstarch and lysine products, our product pipeline, our marketing force and our market coverage. The Company is also committed to enhancing our research and development capability.

編製基準

本報告主要參考載於香港聯合交易所有限公司證券上市規則（「上市規則」）附錄27的「環境、社會及管治報告指引」所編製。本報告已遵守上市規則附錄27內所載環境、社會及管治報告指引的所有「不遵守就解釋」條文。我們主要基於本集團在不同領域的環境及社會表現，旨在透過本報告向主要持份者提供平衡而全面的回顧。我們利用優先問題分析的方法識別及集中處理我們的持份者群組所面對主要需求及問題。

本報告涵括本集團所有主要附屬公司的整體環境及社會表現。附屬公司詳情載於截至二零一八年十二月三十一日止年度的合併財務報表附註14。

我們的信念

玉米澱粉是其中一種用途最多及可輕易成形的資源，並獲不同行業廣泛應用。從玉米粒供應角度，透過明智地使用農地，推廣使用玉米澱粉將可支持本地及農村經濟發展。從玉米粒需求角度，玉米澱粉已成為現時最常用的生產材料之一，用於生產數以萬計的產品。玉米澱粉可以不同形式呈現，如我們身上的衣服、餐廳所供應的食物及飲料，甚或乎石油勘探。因此，我們對業務的長遠前景繼續持正面看法。

憑藉我們強大的平台，我們已作好準備，把握市場份額上升所帶來的好處，並已為達到進一步可持續增長作好部署。雖然我們現時所面對的全球及本地環境十分嚴峻及充滿不確定因素，但我們成為中華人民共和國（「中國」）玉米深加工業領導者的目標並未因而改變。為達到有關目標，董事及董事會執行管理團隊已全力提升本集團於多個不同方面的能力，包括提升玉米澱粉及賴氨酸產品的產能、拓展產品渠道、增強市場推廣力度及拓展市場覆蓋率。本公司亦致力提升研究及開發能力。

Goal 目標	Method 方法	Outcome 結果
Become a market leader in the corn refinery industry in China 成為中國玉米深加工業的市場領導者	<ul style="list-style-type: none">• Cost control 成本控制• Strengthen the balance sheet 加強資產負債狀況• Research and development 研究及開發	Create value to our shareholders 為股東創造價值

Environmental and Sustainability Report

環境及可持續發展報告

Major Stakeholders to the Group

The Group's sustainability is highly dependent on the relationship with its stakeholders. Besides creating value to shareholders of the Company, we also create value to our stakeholders beyond monetary terms. We are committed to balancing financial performance with how we do business, how we treat our people, how we live the values in our business relationships and how we care for the environment which we rely on. We have six major stakeholder groups which can participate in or affect our decision-making process and influence our business outcomes.

A. Employee

We recognise that the health and safety of our people come first as they are key to our long-term success. This is core to us and to every aspect of our business. However, we recorded one fatality at our Linqing production site in March 2018. This involved one employee when an outside grain truck was being reversed into a discharge area. An investigation was carried by the Linqing Public Security Bureau and concluded that the trucker was the responsible person in this incident. The management also took several actions after this incident, such as formulating a new factory traffic safety management policy, dividing pedestrian walking section, designating route for on and off-duty, and providing clearer signage, to avoid similar incident in future.

We believe the achievement of positive workplace relations is mutually beneficial to the Group and our employees as workplace efficiency is achieved when labour relationships allow for a culture of continuous improvement and acceptance of change. Thus, we encourage communication at all levels. Apart from regular meetings with the representative of the Group's labour union, we also obtain opinions from and provide feedbacks within our workgroups in order to ensure continual improvement for the work environment and other staff related matters. To understand, manage and, where possible, minimise occupational injuries or illnesses in our business is equally important. We have appropriate controls in place and provide our people with appropriate training to ensure compliance with the relevant laws and regulations in relation to employees' health and safety. On-the-job trainings related to individual development are also provided to our people to enhance skills and capabilities for discharging duties at work.

本集團的主要持份者

本集團的可持續性很大程度取決於其與持份者的關係。除為本公司股東創造價值外，我們亦為持份者創造金錢以外的價值。我們致力在財務表現與經營、員工待遇、於業務關係中體現我們價值及關愛我們賴以維生的環境的方式間取得平衡。我們有六個主要持份者集團參與或能影響我們的決策程序，且能對我們的業務結果造成影響。

A. 僱員

我們深明將員工的健康及安全放於首位的重要性，因為彼等是我們取得長遠成功的關鍵。這亦是我們及業務所有方面的核心。然而，我們位於臨清的生產廠房在二零一八年三月發生一起死亡事故。事故涉及一名僱員，事發時一架外來的穀物卡車正在倒車進入卸貨區。臨清市公安局對事故進行調查，認為卡車司機須為事故負責。管理層亦在事故發生後採取數項措施，如制定新的廠房交通安全管理政策、劃分行人專用區、指定上班及下班路線及提供更清晰的指示牌，防止類似事故於日後再次發生。

我們認為維持積極的員工關係對本集團及僱員雙方均有益處，倘勞資關係能夠成就不斷改進並接受轉變的文化，即能達到職場效率。因此，我們鼓勵不同級別的員工進行溝通。除與本集團工會代表舉行定期會議，我們亦會聽取不同工作小組的意見及作出回應，以確保持續改進工作環境及其他員工相關事宜。清楚明白及應付職業傷病問題，及於可行情況下將發生職業傷病的機會降至最低同樣重要。我們已有合適的監控措施，並為員工提供合適培訓，以確保符合有關僱員健康及安全的相關法例及法規。我們亦為員工提供與其個人發展有關的在職培訓，以提升彼等於工作中執行職務的技能及能力。

Environmental and Sustainability Report

環境及可持續發展報告

We, through the Safety and Supervision Department, had provided the following major training events and topics to our employees during the year:

此外，安監部於年內亦為僱員提供以下主要培訓項目及主題：

Major training event/activity	主要培訓項目／活動
Fire prevention and fire drill	防火及火警演習
Hazardous chemical leaking drill	有害化學物品洩漏演習
Safety laws and regulations	安全法例及規例
Occupational disease prevention training	職業疾病的防控培訓
Body check provided for selected staff with high occupational disease risk	為經選定的職業疾病高危害員工提供身體檢查
Liquid flammable chemical rescue exercise	液體易燃化學品救援演習
Electrician, welder and boiler worker safety training	電工、焊工和鍋爐工人安全培訓
Lightning protection check	雷電保護檢查
Update and change of hazard identification and warning cards	更新及更換有害物品識別及警告卡
Safety requirement for using hoisting belts	使用起重帶的安全要求
Prevention of dust explosion	塵爆預防

At the same time, we strive to cultivate sustainable employment practices and labour standards by strictly complying with the PRC Labour Law, the PRC Labour Contract Law and other applicable PRC employment regulations throughout our production processes, and by promoting fair and equal treatment in all areas of human resources, including recruitment and promotion, compensation and dismissal, working hours, diversity, rest periods, equal opportunity, anti-discrimination, and other benefits and welfare. We prohibit the employment and use of child and forced labour in any of our operations. We believe that the Group can uphold human rights, prevention of child labour and forced labour by strictly complying with the above laws and regulations and internal policy.

與此同時，我們在整個生產過程中嚴格遵守中國勞動法、中國勞動合同法及其他適用的中國僱傭法規，並在招聘及晉升、賠償及解僱、工時、多樣性、休息時間、平等機會、反歧視及其他利益及福利等所有與人力資源有關的領域提倡公平及平等的待遇，致力建立可持續的僱傭常規。我們嚴禁旗下任何業務招聘及僱用童工及強制勞工。我們相信，通過嚴格遵守以上法律及法規以及內部政策，本集團能夠維護人權、防止出現童工及強迫勞動的情況。

In adherence with high standards of business ethics and anti-bribery policies, all employees (including Directors) are required to abide by our ethics policy and anti-corruption regulations in China. Our employees are prohibited from conducting themselves in any way which involves any illegal behaviours by taking advantage or abusing their positions, including but not limited to bribery, fraud, extortion, money laundering and illegally obtaining or accepting benefits from others. In addition, a whistleblowing policy has been implemented to provide a secured reporting channel for employees and stakeholders including, among others, customers and suppliers to report any suspected misconduct or malpractice involving the Group.

為堅守高標準的商業道德和反賄賂政策，所有僱員（包括董事）均須遵守我們的道德政策及中國的反貪法規。我們嚴禁僱員利用或濫用彼等職權進行任何形式的違法行為，包括（但不限於）賄賂、欺詐、勒索、洗黑錢及違法取得或接受他人利益。此外，我們亦落實執行舉報政策，為僱員和持份人（包括（其中包括）客戶及供應商）提供安全的渠道舉報任何涉及本集團的疑似不當或不良行為。

During the year under review, there had been no incidences of non-compliance with relevant laws and regulations that have a significant impact on the Group regarding, among others, safe working environment, occupational hazards, employment and labour practices, bribery, extortion, fraud and money laundering, preventing child and forced labour and anti-corruption and no legal proceedings or cases regarding corrupt practices had been instituted by or brought against the Group and/or its employees.

於回顧年度內，在（其中包括）安全工作環境、職業危害、僱傭及勞動常規、賄賂、勒索、欺詐及洗黑錢、杜絕童工及強制勞工以及反貪方面，並無發生違反相關法律及法規，且對本集團有重大影響的事件而本集團及／或其僱員並無提起或被提起與貪污行為有關的法律程序或案件。

Environmental and Sustainability Report

環境及可持續發展報告

B. Suppliers

We have developed trust with our suppliers. We, as a leading cornstarch manufacturer, play an important role in the procurement of corn kernel in Shouguang and Linqing districts, which are located in Shandong province. Our suppliers mainly consist of farmers, cooperatives, agents and traders. We provide our corn kernel offer price to our suppliers by using mobile technology. While our procurement is carried out on a 24/7 basis, we propose corn kernel offer prices to our suppliers through mobile technology to increase efficiency. We believe that our suppliers will deliver the best corn kernel to us at their first priority because our offer prices are transparent and we show commitment to purchase at our initial offer prices. We also adopt a tender policy and procedure for choosing service providers and subcontractors in a fair and transparent manner.

C. Customers

Product safety is a great issue as we produce base raw materials for our customers. Our products can be reproduced for animal feeds or other products for human intake. The maintenance of high product quality is the only key to customers' loyalty. Our quality assurance programme ensures that our product standards can be identified precisely in accordance with the Chinese national standards issued by The Standardization Administration of the PRC. In addition, we also work closely with our customers to develop our order book and provide the required products at the right time.

During the year under review, there had been no incidences of non-compliance with relevant laws and regulations that have a significant impact on the Group regarding, health and safety, marketing and labelling, and privacy matters relating to products provided and methods of redress. Also, there were no product recalls, legal proceedings or cases regarding product responsibility had been instituted by or brought against the Group.

D. Governments

One of our major stakeholders is government authorities. The Group shows its commitment to improve production efficiency by using modernised production facilities and deploying resources in the development of production knowhow. The payback of these investments would not be within a short time. To ensure that the development direction is on the right way with long-term government support, we maintain good working relationship with the municipal governments. In addition, we have worked closely with local governments, other government bureaus, such as Environmental Protection Bureau and Tax Bureau. We expect that our continuous commitments and support to the government authorities would assist them in better understanding and responding to our industry needs.

B. 供應商

我們與供應商之間已建立互信關係。作為龍頭玉米澱粉製造商，我們於山東省濰光及臨清區玉米粒採購上扮演重要角色。我們的供應商主要為農民、合作社、代理商及貿易商。我們利用移動科技向供應商提供玉米粒收購價。基於採購工作全年無休止進行，我們利用移動科技向供應商提出玉米粒收購價以提升效率。由於我們的收購價具透明度，加上我們承諾按最初提供的收購價購貨，我們相信供應商將優先向我們提供最優質的玉米粒。我們亦採用招標政策及程序以公平及具透明度的方法挑選服務供應商及分包商。

C. 客戶

由於我們為客戶生產基礎原材料，產品安全是我們的重大議題。我們的產品可加工製成動物飼料或供人類食用的其他產品。要挽留客戶，保持產品高質量是唯一方法。我們的質量保證計劃確保產品標準能精準地符合國家標準化管理委員會發出的中國國家標準。此外，我們亦與客戶緊密合作安排訂單，並適時提供所需產品。

於回顧年度內，概無有關所提供產品的健康及安全、市場推廣及標籤、私隱事宜及補救方法且對本集團有重大影響的相關法律及法規的不合規事件。此外，本集團並無產品召回提起或被提起與產品責任有關的法律程序或案件。

D. 政府

政府機關是我們主要持份者之一。本集團承諾使用現代化的生產設施及分配資源發展生產技術，以改善生產效益。該等投資的回報不會在短期內出現。為確保發展方向能得到政府的長期支持，我們與市政府保持良好工作關係。此外，我們與本地政府、其他政府機關（如環境保護局及稅務局）緊密合作。我們預期，我們長久以來對政府機關的承諾及支持，將有助我們對行業需要有更適切的了解，及作出最佳的回應。

Environmental and Sustainability Report

環境及可持續發展報告

E. Shareholders

One of the major stakeholders of the Company is our shareholders. We share our business objective with and create value to our shareholders. Our long term corporate strategy is to maximise total shareholder return. The Board undertakes the management responsibility on behalf of our shareholders. During our decision-making process, we strive to strike a balance among various factors, including without limitation maintaining a healthy balance sheet, choosing sustainable development projects, and determining the optimal financial requirements of the Group.

The Board established a shareholders' communication policy setting out the principles of the Company in relation to shareholders' communications, with the objective of ensuring the availability of balanced and understandable information and each of the shareholders are treated equally. We encourage shareholders and potential investors read the Company's corporate communication policy, which is available at the Company's website.

F. Environment

Environmental Policies

The Group understands that our business has an impact on the environment and we recognise the importance of sound environmental management practices and sustainable business operations. We are committed to meeting all environmental standards and policies as set by government.

Throughout the year under review, there were no material incidence of non-compliance with the relevant environmental laws and regulations that have a significant impact on the Group. Our environmental strategy is to achieve a balance between cost of production on one hand, and greenhouse gas ("GHG") emissions and sewage disposal on the other hand. Our business is both energy and water intensive, the Group has its own facilities to reduce GHG emissions and treat sewage before disposal to city sewage network. A perpetual monitoring system on sewage disposal is reported to local environmental protection bureau and open to public inspection. In order to protect our environment and reduce the cost of production, we use methane generated from sewage treatment to produce steam for internal use.

During the year under review, the Group did not produce any hazardous waste in our production plants. In addition, most of our non-hazardous wastes are collected and sold to third parties for other uses.

E. 股東

我們的股東是本公司的主要持份者之一。我們與股東秉持一致的業務目標，並為股東創造價值。我們的長遠企業策略是為股東帶來最大的總回報。董事會代表股東肩負管理的責任。在我們的決策過程中，我們力求在多個因素間取得平衡，包括（但不限於）維持健康的資產負債表、選擇可持續發展項目，以及決定集團的最佳財務需求。

董事會已制定一套股東溝通政策，當中載列本公司有關股東溝通的原則，旨在確保提供公平及可理解的資料，且每位股東都有相同待遇。我們鼓勵股東及潛在投資者閱讀本公司的公司通訊政策，有關政策可於本公司網站獲得。

F. 環境

環境政策

本集團明白我們的業務對環境造成一定影響，並深明良好的環境管理常規及可持續的業務營運的重要性。我們致力遵守政府所制定的所有環保標準及政策。

於整個回顧年度，並無發生違反相關環境保護法律及規例，且對本集團有重大影響的重大事件。我們的環境策略為在生產成本、溫室氣體排放及污水排放方面取得平衡。我們的業務需要使用大量能源及食水，本集團已有設施減少溫室氣體排放及於污水排入城市污水網絡前進行處理。本集團已有一套全天候運作的系統監察污水排放，並向地方環保當局報告有關數據，並公開予公眾人士查閱。為保護環境及降低生產成本，我們利用處理污水時所產生的甲烷產生蒸汽供內部使用。

於回顧年度內，本集團的生產廠房並無製造出任何有害廢料。此外，我們會對大部份無害廢料進行收集，並出售予第三方作其他用途。

Environmental and Sustainability Report

環境及可持續發展報告

Use of Resources

Other than corn kernel, electricity and water are the other two major costs amongst the costs of production. The electricity we used is mainly generated from coal in Shandong province. Although the Group does not have any option to choose the source for the production of energy, we spend much effort to improve production efficiency and, in return, we can reduce the GHG intensity indirectly. For example, the management team reviews the energy consumption rate and sets a new target at the beginning of every financial year. Water is a vital resource for our planet. It is used to grow crops, feed animals and people, generate electricity and steam, and produce our products. We extract underground water during the production and use our own reclaimed water treatment facilities to minimise over-reliance of using underground water and its impact to the environment. We are committed to using water responsibly.

Other Stakeholder to the Group – Community

In August 2018, Typhoon Rumbia brought heavy rain in Shandong province. The production complex located in Shouguang was one of the serious affected areas. Greenhouses, farmland, livestock and properties were toppled by ruthless flood. The Group and our staff provided financial support and voluntary community services to help the afflicted villagers returning to normal life.

It is the Group's policy to contribute to activities which can benefit the community and create positive values to society through our business and operation.

Key Performance Summary

The environmental-related performance data are set out in Key Performance Indicators on pages 105 to 106. The management endeavours to present a complete and meaningful information to the user of such data, however, we cannot assure the accuracy or completeness of data in which we collected. The accuracy of the data we produced in this report may be affected by, inter alia, unit conversion factors, material/quality tolerance, and difference in material used and method of production. Therefore, we accept no liability for the accuracy of the information if users of such data suffer any losses or damage.

資源使用

除玉米粒外，電力和食水是生產成本中另外兩大主要成本。我們主要使用在山東省以煤產生的電力。儘管本集團不能選擇使用何種生產能源，我們會致力改善生產效益，從而間接減少溫室氣體排放強度。例如，管理層團隊審視能源消耗率，並於每個財政年度開始時訂立新目標。水是地球的重要資源。水可以栽種莊稼、供動物及人類飲用、發電及產生蒸汽，以及生產我們的產品。我們承諾以負責任的態度使用食水。我們於生產過程中抽取地下水，並會使用自設的回收水處理設施減少對使用地下水的依賴，以及對環境造成的影響。

本集團的其他持份者 – 社區

於二零一八年八月，颱風溫比亞為山東省帶來暴雨。位於壽光的綜合生產大樓為其中一個嚴重受災地區。溫室、農田、生畜及財產均被無情的洪水推倒或捲走。本集團及員工為受災村民提供財務支持及自願社區服務，以幫助他們回歸正常生活。

本集團政策為透過業務及營運，為有利社區及可為社會帶來正面價值的活動作出貢獻。

主要表現概要

環境相關表現數據載於第105至106頁的主要表現指標。管理層盡力向該等數據的用戶呈報完整及具意義的資料，然而，我們無法保證我們收集所得數據的準確性或完整性。我們於本報告內提供的數據的準確性可能會因（其中包括）單位換算系數、物料／質量差範圍，以及使用不同的物料及生產方法而受到影響。因此，我們不會就有關數據的用戶因該等資料準確性所蒙受的任何損失或損害而承擔任何責任。

Risk Review Report

風險審閱報告

The Board has the overall responsibility for the Group's risk management and internal control systems. These systems are monitored by the Board through the assistance of the Audit Committee, Corporate Strategy and Development Department and Internal Audit Department.

Risk management and internal control systems are not one-off arrangements; instead they are integrated into our daily business operations and decision-making process. The objective of upholding a high standard of risk management and internal control is to guarantee the sustainability of the Group's development.

Managing risks

The management uses risk scorecard to rank and compare each identified risk and its related impact posing to the Group. Through this analysis process, all identified risks are presented to the Board in an effective and comprehensible manner.

The executive management team is assigned with the responsibility for managing risks and monitoring the implementation of risk mitigation policies. In addition, the team heads are required to pledge themselves to ensure appropriate control procedures are in place within their respective teams to the Chief Executive Officer once a year.

Major activities in 2018

The Board held one meeting to discuss the risks and mitigation tools for the year ended 31 December 2018. As consistent with last year, the following works and tasks related to enhancing our control standards and assessing risks were completed in 2018:

- Reviewed the internal audit reports (presenting independent appraisals of the adequacy and effectiveness of the Group's risk management and internal control systems)
- Reviewed the production safety reports (presenting reviews on safety and risk levels of the Group's production methods, operating procedures as well as workplace and occupational health conditions)
- Reviewed the risk assessment of the operation of the Group
- Discussed with the management on the risk control measurements
- Reviewed the adequacy and effectiveness of the Group's risk management system

董事會對本集團風險管理及內部監控系統承擔整體責任，並在審核委員會、企劃部及內部審核部的協助下監察該等系統。

風險管理及內部監控系統並非一次過的安排，相反，該等系統是我們的日常業務營運及決策過程的一部份。維持高水準風險管理及內部監控的目的是保證本集團可持續發展。

管理風險

管理層採用風險計分卡對本集團所面對的各項已識別風險及其相關影響進行評級及比較。透過是項分析過程，所有已識別的風險會以有效及易於理解之方式向董事會呈報。

執行管理團隊獲指派負責管理風險並監管風險舒緩政策的執行情況。此外，各小組主管須每年向行政總裁承諾確保本身的團隊已制訂合適的監控程序。

二零一八年的主要活動

董事會於截至二零一八年十二月三十一日止年度舉行一次會議討論風險及舒緩風險的工具。與去年相一致，於二零一八年已完成下列與提升監控水平及評估風險有關的工作及任務：

- 審閱內部審核報告（當中呈列對本集團風險管理及內部監控系統是否足夠及具成效的獨立評估）
- 審閱生產安全報告（當中呈列對本集團生產方法、營運程序以及工作地點及職業安全狀況的安全及風險水平之審閱）
- 審閱本集團的營運風險評估
- 與管理層討論風險監控措施
- 審閱本集團風險管理系統是否足夠及有效

Risk Review Report

風險審閱報告

- Carried out different large-scale factory drills, such as product recall drill, fire drill, prevention of dust explosion review, safety review on use of corrosive chemicals, and emergency escape drill
- Engaged an independent consultancy company to provide occupational health and safety seminar to our staff
- Engaged an independent consultancy company to review safety measures
- 進行不同的大規模工廠演習，如產品召回演習、火警演習、塵爆預防檢討、使用腐蝕性化學品的安全檢討及緊急逃生演習
- 委聘獨立顧問公司為員工舉辦職業健康與安全研討會
- 委聘獨立顧問公司檢討安全措施

Principle risks analysis

Principle risk and uncertainty identification are part of our risk management system. The following analysis shows the major risks and uncertainties that are considered material and may adversely affect the business and financial position of the Group.

主要風險分析

識別主要風險及不確定因素是我們風險管理系統的其中一部分。以下分析載列被視為重大及可能對本集團的業務及財務狀況產生不利影響的主要風險及不確定因素。

Major risks 主要風險	Mitigation plans 舒緩風險計劃
<p>Domestic market risk</p> <p>Our businesses are dependent on the prosperity of Chinese market. The challenge of oversupply and weak demand of cornstarch and its related products accelerates over the year.</p> <p>國內市場風險</p> <p>我們的業務依賴於中國市場的繁榮。玉米澱粉及其相關產品供過於求及需求疲弱的挑戰於年內加劇。</p>	<ul style="list-style-type: none"> Maintain a strong balance sheet Maintain sufficient banking facilities Strengthen the credit control of customers Allocate more resources on the development of overseas market Adjust production plan more frequently <ul style="list-style-type: none"> 維持穩健的資產負債表 維持充裕的銀行信貸 加強對客戶的信貸監控 分配更多資源開發海外市場 更頻密地調整生產計劃
<p>Production risk</p> <p>Production schedule may be affected by working safety review and environmental review.</p> <p>We have no compromise on staff safety. Failure to follow safety laws, regulations and standards may result in workplace accidents involving injury or fatality. During the year under review, we spend much effort to ensure that safety controls are in place.</p> <p>In order to the fulfil regional gas pollutant benchmark set by the local government, factories in the region may be required to limit its production output temporarily. The frequency of such requirement may increase in the future.</p> <p>生產風險</p> <p>生產計劃可能受到工作安全審查及環境評估的影響。</p> <p>我們在員工安全事宜上絕不讓步。如未能遵守安全法例、規例及標準，可能會導致工作地點發生意外，造成傷亡。於回顧年度，我們努力確保妥善實施安全監控。</p> <p>為了符合當地政府制定的地區性氣體污染物指標，該地區的工廠可能會被要求暫時限制產量。接獲該要求的次數在未來可能會增加。</p>	<ul style="list-style-type: none"> Safety Supervision Department to oversee all safety issues of the Group Corporate Strategy and Development Department to monitor control procedures in place regularly Perform various safety exercises and safety drills regularly Maintain high level of gas emission standard during our production <ul style="list-style-type: none"> 安監部監察本集團所有生產事宜 企劃部定期監察是否妥善實施監控程序 定期進行各種安全活動及安全演習 於生產中保持高標準的氣體排放水平

Risk Review Report

風險審閱報告

Major risks 主要風險	Mitigation plans 舒緩風險計劃
<p>Product safety risk</p> <p>Our product may not achieve our customer's required level of quality or national standard. Poor quality or sub-standard product could have negative impact on our brand image and reputation.</p> <p>產品安全風險</p> <p>我們的產品可能無法達致客戶所要求的質量水平或國家標準。劣質或不達標準的產品可能會對我們的品牌形象及聲譽造成負面影響。</p>	<ul style="list-style-type: none"> • Undertake strict quality control and product testing • Carry out periodic product recall drill to improve the handling process of product recalls shall they arise, hence minimising the potential negative impact of any sub-standard product on the Group • 進行嚴格的質量監控及產品測試 • 定期進行產品召回演習，以改善產品召回的處理程序，從而將任何不達標準產品可能對本集團造成的負面影響降至最低
<p>Regulatory risk</p> <p>It is a trend that environmental protection-related rules and regulations will be more stringent year by year. Government's policy may change without prior signals. Evolving standards, rules and regulations could result in increased costs, regulatory actions, or in extreme cases, litigation or plant closure.</p> <p>法規風險</p> <p>與環境保護相關的規則及規例一年比一年嚴格，並已成為趨勢。政府政策可在毫無先兆的情況下改變。標準、規則及規例不停轉變，可能會導致成本上升和招致監管行動，在極端情況下更可能會導致訴訟或關閉工廠。</p>	<ul style="list-style-type: none"> • Regular monitoring and review of changes in laws and regulations • Act as a representative of industry group and participate in the government policy/regulation-making stage • 定期監察及檢討法例及規例的變動 • 擔任行業組織的代表，在政府政策／規例的制定階段介入
<p>Expansion failure risk</p> <p>The Group may not execute a new product project as planned. Business combination, acquisition or formation of joint venture may not achieve the expected outcome as planned.</p> <p>無法擴展風險</p> <p>本集團未必會按計劃推行新產品項目。業務合併、收購或成立合營企業亦可能無法取得預期成果。</p>	<ul style="list-style-type: none"> • Market research and feasibility study on potential new product • Due diligence work on potential acquisition target • Engage legal advisors to advise on any key proposed investment actions • 對潛在新產品進行市場調查及可行性研究 • 對潛在收購目標進行盡職調查 • 委聘法律顧問就任何主要建議投資行動提供意見

In respect of the year ended 31 December 2018, the Board considered the internal control system is effective and adequate for financial report and listing rule compliance. No significant areas of concern that might affect the Group were identified.

It should be acknowledged that our risk management and internal control systems are designed to manage rather than eliminate the risk of failure and can only provide reasonable and not absolute assurance against material misstatement or loss.

就截至二零一八年十二月三十一日止年度而言，董事會認為內部監控系統對財務申報及遵守上市規則而言屬有效及足夠，且並無發現任何可能影響本集團的重大須關注事宜。

務請注意，我們的風險管理及內部監控系統乃為管理（而非消除）出現事故的風險，並僅可合理（而非絕對）保證並無重大錯誤陳述或損失。

Corporate Governance Report

企業管治報告

The board (the “Board”) of directors (the “Directors”) of the Company understands maintaining high corporate governance standard is crucial to success in the future. The Board and its dedicated executive management teams always demonstrate its commitment in upholding sound internal control standard, accountability and integrity to the shareholders and stakeholders of the Company.

Corporate Governance Practices

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year under review and has applied the principles as laid down with the aim of achieving a high level of governance, except that Mr. Tian Qixiang (the chairman of the Board) did not attend the 2018 annual general meeting (the “2018 AGM”) because of his other business engagement.

Directors’ Securities Transactions

The Company has adopted its own Securities Dealing Code (the “Dealing Code”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. The Dealing Code applies to all Directors and to all employees who are informed that they are subject to its provisions. The Company has made specific enquiry of all Directors and that all the Directors confirmed their compliance with the required standard set out in the Dealing Code throughout the year under review.

The Board

The Board is accountable to the shareholders of the Company (the “Shareholders”) for its leadership and control and is collectively responsible for promoting the Company’ long-term success and businesses by directing and supervising the Company’s affairs. The Board is currently composed of four executive Directors and three independent non-executive Directors. All members of the Board are subject to the same duties of care and skill and fiduciary duties in upholding their accountability to the Shareholders and in making decisions objectively in the best interests of the Company and the Shareholders as a whole.

The Board, being the governing body of the Company, had led the management in performing the following duties during the year under review:

- Formulating long-term and short-term strategic and business plans
- Approving the Group’s annual forecasts
- Evaluating the business performance of the Group
- Ensuring the integrity of financial information
- Evaluating the effectiveness of the Group’s internal control and risk management systems
- Reviewing and monitoring the Group’s corporate governance policies and practices and ensuring their implementation in accordance with the CG Code
- Ensuring the Group’s compliance with legal and regulatory requirements

本公司董事（「董事」）會（「董事會」）深明保持高水平企業管治對本公司於未來取得成功的重要性。董事會與專責的執行管理團隊一直銳意向本公司股東及利益相關者展示對維持良好的內部控制標準、問責性及誠實守信的承諾。

企業管治常規

除田其祥先生（董事會主席）因其他業務活動而並無出席二零一八年股東週年大會（「二零一八年股東週年大會」）外，本公司已於回顧年度遵守香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載的企業管治守則（「企業管治守則」）載列的適用守則條文，並應用已訂明的原則以實現高水平企業管治。

董事的證券交易

本公司已採納其自訂的證券買賣守則（「買賣守則」），其條款不比上市規則附錄十所載的上市發行人董事進行證券交易的標準守則寬鬆。買賣守則適用於所有董事及所有獲通知須遵守該守則規定的僱員。本公司已向全體董事作出具體查詢，全體董事確認彼等於整個回顧年度一直遵守買賣守則所載的規定標準。

董事會

董事會須領導及控制本公司向本公司股東（「股東」）負責，並共同負責指引及監管本公司事務促成本公司長期成功及推進業務。董事會目前由四名執行董事及三名獨立非執行董事組成。董事會所有成員均須遵守相同的謹慎及技巧行事及受信責任，以向股東負責及客觀地以符合本公司及股東整體利益的方式作出決定。

董事會作為本公司的管理組織，已於回顧年度帶領管理層履行下列職責：

- 制訂長期及短期策略及業務計劃
- 批准本集團的年度預測
- 評估本集團業務表現
- 確保財務資料的完整性
- 評估本集團內部控制及風險管理系統的成效
- 檢討及監察本集團企業管治政策及常規，以及確保根據企業管治守則執行
- 確保本集團遵守法律及監管要求

Corporate Governance Report

企業管治報告

To facilitate effective management, the Board has delegated certain functions to various Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these Board committees operates under their respective written terms of reference on terms no less exacting than the code provisions. Suggestions and conclusions of the Board committees will be reported to the Board in its subsequent meeting.

In addition, the Board also delegates the day-to-day operational responsibilities to the executive management team under the leadership of the Chief Executive Officer. The Chief Executive Officer, working with the executive management team, is responsible for the operations and business development of the Group.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate and not be performed by the same individual. Mr. Tian Qixiang holds the position of the Chairman, primarily responsible for the strategic positioning. Mr. Gao Shijun serves as the Chief Executive Officer, primarily responsible for the operations and business development of the Group.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Directors and in particular, between Mr. Tian Qixiang (Chairman) and Mr. Gao Shijun (Chief Executive Officer). The biographies of the Directors are set out in the section headed "Directors and Senior Management Profiles".

Company Secretary

Mr. Leung Siu Hong, the company secretary of the Company, is a full time employee of the Group. He also serves as the secretary of each of the Audit Committee, Nomination Committee, Remuneration Committee and other board committees as organised by the Board from time to time. Mr. Leung is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters, for example, to ensure Board procedures and applicable laws and regulations are followed.

Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountant. Mr. Leung is also a fellow member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

During the year under review, Mr. Leung took no less than 15 hours professional training to update his skills and knowledge.

為達致有效管理，董事會將若干職能指派予不同的董事會委員會，即審核委員會、薪酬委員會及提名委員會。各董事會委員會依據彼等各自的書面職權範圍運作，其條款並不較守則條文寬鬆。各董事會委員會將於其後的董事會會議中，向董事會匯報其建議及結論。

此外，董事會亦將指派行政管理團隊在行政總裁的領導下負責集團的日常營運。行政總裁與行政管理團隊共同負責本集團的營運及業務發展。

主席與行政總裁

主席與行政總裁的角色明確區分，且並非由一人同時兼任。田其祥先生擔任主席一職，主要負責戰略部署。高世軍先生擔任行政總裁一職，主要負責集團的經營和業務發展。

董事之間（尤其是田其祥先生（主席）與高世軍先生（行政總裁）之間）概無任何關係（包括財務、業務、家族或其他重大／相關關係）。董事的履歷詳情載於「董事及高級管理人員簡介」一節。

公司秘書

本公司公司秘書梁兆康先生為本集團全職僱員。彼亦擔任審核委員會、提名委員會、薪酬委員會及董事會不時成立的其他董事會委員會的秘書。梁先生負責透過主席及／或行政總裁向董事會提供有關管治事宜的建議，例如確保董事會程序及適用法律及法規獲得遵從。

梁先生為香港會計師公會及英國特許公認會計師公會的資深會員，亦為英國特許秘書及行政人員公會與香港特許秘書公會的資深會員。

於回顧年度，梁先生已接受不少於15小時專業培訓以提升其技能及知識。

Corporate Governance Report

企業管治報告

2018 Board and Committee Meeting Attendance and Training Record

During the year under review, the Board held four regular meetings and eight other additional meetings. The regular Board meetings are scheduled one year in advance to facilitate maximum attendance by Directors. Other additional Board meetings are convened as and when required.

Our Directors recognised the importance of participating in continuous professional development (the “CPD”) to develop and refresh their knowledge and skill, which can help them keep abreast of current trends and issues facing the Group and ensure better fulfilment of their duties as directors of the Company.

The attendance record of the Directors at Board meetings, Board committee meetings and the 2018 AGM, together with the type of training received by each of the Directors during the year under review are as follows:

二零一八年董事會會議及委員會會議的出席及培訓記錄

於回顧年度，董事會舉行四次定期會議及八次其他額外會議。董事會預早一年計劃定期董事會會議的時間表，藉以盡量提高董事的出席率。如有需要，亦會召開其他董事會會議。

董事肯定參與持續專業發展（「持續專業發展」）發展及更新知識與技能的重要性，其可令董事緊貼目前趨勢及本集團所面臨的問題，並確保彼等更好地履行作為本公司董事的職責。

各董事於回顧年度的董事會會議、董事會委員會會議及二零一八年股東週年大會出席記錄，以及所接受的培訓類別如下：

	Board Meetings 董事會會議		Board Committee Meetings 董事會委員會會議			2018 AGM 二零一八年 股東週年大會	Type of CPD received 所接受的 持續專業 發展類別
	Regular	Others	Audit Committee	Remuneration Committee	Nomination Committee		
	定期	其他	審核委員會	薪酬委員會	提名委員會		
Executive Directors:	執行董事：						
Mr. Tian Qixiang(Chairman)	4/4	8/8	N/A不適用	2/2	1/1	✗	A,B
Mr. Gao Shijun(Chief Executive Officer)	4/4	8/8	N/A不適用	N/A不適用	N/A不適用	✓	A,B
Mr. Liu Xianggang	4/4	8/8	N/A不適用	N/A不適用	N/A不適用	✓	A,B
Mr. Yu Yingquan	4/4	8/8	N/A不適用	N/A不適用	N/A不適用	✓	A,B
Independent non-executive Directors:	獨立非執行董事：						
Professor Hua Qiang	4/4	8/8	3/3	2/2	1/1	✗	A,B
Mr. Sun Mingdao	4/4	8/8	3/3	2/2	1/1	✗	A,B
Mr. Yue Kwai Wa, Ken	4/4	8/8	3/3	2/2	1/1	✓	A,B

A	Attending briefings/seminars/webinars/forums/workshops/conferences relating to directors' duties or other relevant topics	A	出席與董事職務或其他相關主題有關的簡報會／研討會／網上研討會／論壇／工作坊／會議等
B	Reading materials, such as newspapers, journals, business updates and regulatory updates relating to business, economy or directors' duties	B	閱覽與業務、經濟形勢或董事職務有關的材料，如報章、期刊、最新業務資訊及最新監管資訊等

Board Diversity

With a view to achieving a sustainable and balanced development, the Company sees 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, race, educational background, professional experience, skills, knowledge and independence under the Group's Board Diversity Policy as published on the Company's website. 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.

董事會多元化

為達致可持續及均衡的發展，本公司視董事會層面日益多元化為支持其達到戰略目標及維持可持續發展的關鍵元素。在設定董事會成員組合時，會根據本公司網站所載的本集團董事會成員多元化政策，從多個方面考慮董事會多元化，包括但不限於性別、年齡、文化、種族、教育背景、專業經驗、技能、知識及獨立性。董事會所有委任均以用人唯才為原則，並會充分顧及董事會成員多元化的裨益，以客觀條件考慮人選。

Corporate Governance Report

企業管治報告

Director's Appointments, Re-election and Removal

Pursuant to the Articles of the Company, every Director shall be subject to retirement by rotation at least once every three years. Any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that general meeting.

Independent non-executive Directors are appointed for a term of one year subject to retirement by rotation and re-election in accordance with the Articles. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his independence and must provide an annual confirmation of his independence to the Company.

Accountability and Audit

The Directors acknowledge their responsibility for the preparation and the true and fair presentation of the consolidated financial statements in accordance with Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, using and applying consistently suitable accounting policies and making reasonable and prudent judgement and estimates. The Board is not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern.

The financial information and plans were discussed in the regular Board meetings. The Chairman and Chief Executive Officer of the Company are responsible for explaining the latest business development and financial projections to the Directors.

During the year, the fee payable to the external auditor of the Group, SHINEWING (HK) CPA Limited ("SHINEWING"), and its affiliated firms comprise service charges for the following:

		2018 二零一八年 HK\$000 千港元	2017 二零一七年 HK\$000 千港元
Audit service	審核服務	860	860
Review of interim results	審閱中期業績	270	250
Tax representative service	稅務代表服務	30	30

董事的委任、重選及罷免

根據本公司章程細則，每名董事須至少每三年輪流退任一次。任何就填補臨時空缺或作為新增董事而獲委任的董事僅可任職至本公司下一次股東大會，屆時將合資格於該股東大會上接受重選。

獨立非執行董事的任期為一年，並須根據章程細則輪流退任及接受重選。倘出現任何可能影響獨立非執行董事獨立性的變動，各獨立非執行董事均須在切實可行的情況下盡快通知本公司，並須就其獨立性向本公司作出年度確認。

問責及核數

董事已確認，彼等有責任根據香港財務報告準則及香港會計準則編製及真實而公平地列報合併財務報表，並且貫徹使用及應用適當的會計政策，以及作出合理和審慎的判斷及估計。董事會並無發現任何重大不明朗事件或情況可能會影響本公司的業務，或令其持續經營能力成疑。

董事會在定期會議中討論財務資料和計劃。本公司主席及行政總裁負責向各董事解釋最新的業務發展及財務預測。

年內，應付本集團外聘核數師信永中和（香港）會計師事務所有限公司（「信永中和」）及其聯屬公司的費用包括以下服務費用：

Corporate Governance Report

企業管治報告

Change of External Auditor in 2016

Because PricewaterhouseCoopers (“PwC”) and the Company could not reach an agreement on the audit fee for the financial year ended 31 December 2016, PwC resigned as the external auditor of the Company in October 2016. SHINEWING was then appointed as the external auditor of the Company to fill the casual vacancy of the office. Save as disclosed above, there were no other change in the external auditor in the preceding three years.

Risk Management and Internal Control

Each company and industry is associated with specific inevitable risks. We cannot avoid them, but we adopt the best and responsible approach to manage and overcome them. Our risk management and internal control systems have been in place for many years, which provide the assurance of operation efficiency, work safety and safeguarding of assets. The Board undertakes the responsibility for monitoring the business risks and formulating plans and risk management policies to mitigate the potential risks and uncertainties that materially affect the business of the Group. The Board is also responsible for evaluating the effectiveness of the risk management and internal control systems of the Group.

The management team is delegated by the Board to identify, manage and mitigate material risks that might adversely affect our business. Once the management team considers any newly-identified risk to be material, it will report such risk to the Board for assessment and consideration of implementing a corresponding mitigation plan where appropriate. However, it is possible that certain risks remain undetected or unidentified and risks currently identified as immaterial may eventually turn out to be material to our Group. In view of the inevitable nature of certain risks associated with our business and industry, our risk management and internal control systems are designed to manage rather than eliminate unavoidable risks of failure to achieve the Group’s business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

於二零一六年更改外聘核數師

由於羅兵咸永道會計師事務所（「羅兵咸永道」）與本公司未能就截至二零一六年十二月三十一日止財政年度的審核費用達成共識，故羅兵咸永道已於二零一六年十月辭任本公司核數師職位。信永中和於當時獲委任為本公司外聘核數師，以填補臨時空缺。除上文所披露者外，外聘核數師於過往三年並無其他變動。

風險管理及內部監控

各公司及行業均無可避免面對特定的風險。我們無法避免風險，但我們採取最佳及負責的方法處理及克服風險。我們的風險管理及內部監控系統已運作多年，為營運效率、工作安全及財產保障提供保證。董事會負責監察業務風險，並制定計劃及風險管理政策，將可能會對本集團業務造成重大影響的風險及不明朗因素減至最低。董事會亦負責評估本集團風險管理及內部監控系統的成效。

董事會授權管理團隊識別、管理及減少對本集團業務有不利影響的重大風險。倘管理團隊認為任何新識別的風險屬重大，其將向董事會報告有關風險進行評估，以及考慮實施相應的舒緩影響計劃（如適用）。然而，仍有可能出現若干未能發現或識別的風險，或現時識別為對本集團不重大但最終成為重大的風險。鑒於與我們業務及行業有關的若干風險屬無法避免，我們的風險管理及內部監控系統乃為管理而非消除未能達成本集團業務目標的無可避免風險設計，且只能合理（而非絕對）保證不會有重大失實陳述或損失。

Corporate Governance Report

企業管治報告

The following diagram shows the risk management hierarchy of the Group, which provides information on our processes used to identify, evaluate and manage significant risks:

The Board

董事會

- Monitoring business risks
監察業務風險
- Formulating plans and risk management policies
制定計劃及風險管理政策
- Evaluating effectiveness of risk controls and mitigation tools
評估風險控制及舒緩工具的成效
- Oversee and ensure the conduct of reviews on the Group's risk management and internal control systems at least annually
監察及確保每年至少對本集團的風險管理及內部監控系統進行一次審閱

Audit committee

審核委員會

- Reviewing the Group's risk management and internal control systems at least annually
每年至少對本集團的風險管理及內部監控系統進行一次審閱
- Ensure the Group's management has performed its duty in implementing the Group's risk management and internal control systems
確保本集團管理層履行其執行本集團風險管理及內部監控系統的職責
- Considering major findings on risk management and internal control matters
考慮風險管理及內部監控事務的重大發現

Operational departments

營運部門

- Identifying different risks and uncertainties in each operating cycle
識別各個營運週期中不同的風險及不明朗因素
- Reporting identified risks and significant adverse business factors
報告已識別風險及重大不利業務因素
- Implementing risk controls and mitigation policies determined by the Board
執行由董事會釐定的風險管理及舒緩政策

Operational departments

The function of operational management includes, inter alia, the identification of potential risks and the implementation of the Group's risk management and internal control systems, including risk controls and mitigation policies, as determined by the Board in the course of daily operations.

The Group has built in the risk management culture from top to bottom. At departmental level, the Group has prescribed, for each operational department, our risk management principles, control procedures and code of conducts in order to promote stronger understanding of stewardship responsibilities, delegation of duties, and accountability for the Group's risk management and internal control systems. At staff level, the Group has laid down the business ethics policy, whistleblowing policy and inside information escalation policy to ensure that sufficient controls are in place to guide our employees' behaviours through, and ensure timely and decisive responses to, potential and emerging crises. To enforce our people's individual risk management capabilities and minimise any gap between the Board's risk vision and management's actions, risk-related objectives are also integrated into employees' annual performance goals and appraisal process.

下表載列本集團的風險管理層級，其提供我們用於識別、評估及管理重大風險的程序的資料：



營運部門

營運管理部門的功能包括（其中包括）識別潛在風險及執行董事會於日常業務過程中所釐定的本集團風險管理及內部監控系統，包括風險控制及舒緩影響政策。

本集團由上至下建立風險管理文化。於部門層面上，本集團各營運部門均有訂明的風險管理原則、監控程序及行為守則，藉以加深管理層對本集團風險管理及內部監控系統的責任、職務分授及問責性的認識。於員工層面上，本集團已制定商業道德政策、舉報政策及內幕消息匯報政策，確保有足夠監控就潛在及突發危機為僱員的行為提供指引，並確保適時作出堅定的回應。為加強員工的個人風險管理能力，以及縮小董事會的風險預測與管理層行動間的差距，僱員的年度表現目標及評估程序中亦加入風險相關的目標。

Corporate Governance Report

企業管治報告

The Group emphasises production safety and product safety in every aspect of our operations. Safety always comes first.

The production safety function is carried out by the Safety Supervision Department (the "SSD") of the Group. The major functions of SSD includes, inter alia, the promotion of risk management culture, compliance and regulatory standards. It also carries out periodical drills on whole-factory scale, such as fire drill, prevention of dust explosion review, safety review on working at height and use of corrosive chemicals, regular staff examination on safety issues, etc.

The product safety function is carried by the Corporate Strategy and Development Department (the "CSDD"). It carried out product recall drills periodically. In addition, CSDD also assists our department heads to develop control procedures in their respective departments.

The management believes that periodic drills provide our employees with opportunities to train and test their reaction under different critical situations. In addition, it also allows the Group to evaluate the effectiveness of each of our codes of conduct and, risk management and internal control procedures.

Internal audit is an important component of corporate risk management. The internal audit function is performed by the Group's Internal Audit Department (the "IAD"). The major responsibilities of IAD are as follows:

- (i) To carry out independent review on business activities;
- (ii) To analyse any potential control, operational, compliance and financial impact on weaknesses;
- (iii) To report findings on any weakness areas; and
- (iv) To suggest improvement and remedy procedures.

Relationship of Audit Committee and the Board under risk management framework

The Audit Committee is delegated with the responsibility to review the adequacy and effectiveness of the Group's internal control and risk management systems at least annually. Periodical review reports and presentations from management are provided to the Audit Committee in relation to internal control and risk management matters. These reports and presentations allow the Audit Committee to assess the effectiveness of the internal control and risk management systems. Whenever a weakness of the Group's internal control and risk management systems is identified, the Audit Committee is responsible for discussing its potential financial impacts and the corresponding remedy procedures with the Board and the management. The Group had not been aware of any material internal control failings or weaknesses affecting its overall operation during the year under review.

本集團於營運各方面均注重生產安全及產品安全，並時刻將安全放於首位。

生產安全的工作由本集團安監部（「安監部」）執行。安監部的主要工作包括（其中包括）推廣風險管理文化、提升合規及監管標準。安監部亦定期進行以全廠房為對象的演習，如消防演習、塵爆預防檢討、高空作業及使用腐蝕性化學品的安全檢討，定期就安全事宜對員工進行評核等。

產品安全的工作由企劃部（「企劃部」）執行。其定期進行產品召回演集。此外，企劃部亦協助部門主管製訂各部門自身的監控程序。

管理層相信定期演習為僱員提供訓練機會，以及測試彼等在不同危急情況下的反應。另外，演習亦讓本集團評估各項行為準則，以及風險管理及內部監控程序的成效。

內部審計為企業風險管理的重要元素。內部審計工作由本集團的內部審計部（「內部審計部」）進行。內部審計部的主要職責如下：

- (i) 對業務活動進行獨立審閱；
- (ii) 分析任何潛在監控、營運、合規及財務弱點的影響；
- (iii) 匯報所發現的任何弱點；及
- (iv) 就改善及補救程序提供建議。

審核委員會及董事會在風險管理框架下的關係

審核委員會獲授權負責每年至對本集團內部監控及風險管理系統是否足夠及有效進行至少一次審閱。管理層全定期向審核委員會提供有關內部監控及風險管理事宜的審閱報告及呈報。有關報告及呈報可讓審核委員會評估內部監控及風險管理系統的成效。倘發現本集團內部監控及風險管理系統存在弱點，審核委員會負責與董事會及管理層討論其潛在財務影響及相應的補救程序。本集團於回顧年度並無發現任何影響本集團整體營運的重大內部監控缺失或弱點。

Corporate Governance Report

企業管治報告

A Risk Review Report set out on pages 22 to 24 summarised our works conducted and the evaluation of risks associated with the Group during the year under review.

Inside information

An inside information escalation policy is in place and sets out the principles and internal control procedures for guiding our Directors and relevant employees on the handling and dissemination of inside information in a timely manner and in adherence to the relevant laws and regulations. The policy is subject to review by the Board from time to time in view of, among others, relevant legal and regulatory updates.

Audit Committee

The major roles and functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group and to provide recommendations and advice to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment.

The Audit Committee of the Company currently consists of all independent non-executive Directors namely Professor Hua Qiang, Mr. Sun Mingdao and Mr. Yue Kwai Wa, Ken. Mr. Yue is the chairman of the Audit Committee.

During the year under review, the Audit Committee performed the following duties:

- Reviewed the Group's annual report and interim report
- Reviewed the significant accounting policy and the impact of the adoption of new financial reporting standards
- Discussed the audit issues with the external auditor
- Reviewed the annual internal audit plan
- Made recommendation of the appointment of external auditor
- Assessed the independence of external auditor
- Reviewed and discussed the internal audit reports and risk management findings with our management

Remuneration Committee

The major function of the Remuneration Committee is to make recommendation to the Board on the remuneration policy and remuneration structure for all Directors.

Our remuneration policy prohibited our Directors from determining his or her own remuneration. Each Director's remuneration package has been considered and/or reviewed periodically with respect to his or her individual performance, responsibilities, financial performance of the Group, market practice and other applicable factors.

風險審閱報告載於第22至24頁，概列其於回顧年度內所進行的工作及對與本集團有關的風險作出的評估。

內部資料

本集團已制定內幕消息匯報政策，並訂明原則及內部監控程序，指引董事及相關僱員及時根據相關法例及法規處理及發佈內幕消息。董事會不時根據（其中包括）相關法例及監管更新檢討有關政策。

審核委員會

審核委員會的主要角色及工作為檢討及監察本集團的財務報告程序、財務控制、內部監控及風險管理制度，並就委任、續聘及罷免外聘核數師以及彼等的委任條款向董事會提供建議及意見。

目前，本公司審核委員會成員包括全體獨立非執行董事，即花強教授、孫明導先生及余季華先生。余先生為審核委員會主席。

於回顧年度，審核委員會已履行下列職責：

- 審閱本集團的年度業績及財務報告
- 審閱重大會計政策及採納新訂財務報告準則的影響
- 與外聘核數師討論審核問題
- 檢討年度內部審核計劃
- 就委任外聘核數師提供提議建議
- 評估外聘核數師的獨立性
- 與管理層審閱及討論內部審核報告及風險管理所發現的情況

薪酬委員會

薪酬委員會的主要職能為就全體董事的薪酬政策及薪酬架構向董事會提供推薦建議。

我們的薪酬政策禁止董事釐定自身的薪酬。每名董事的薪酬待遇會定期根據其個人表現、職責、本集團的財務表現、市場慣例及其他適用因素進行考慮及／或審閱。

Corporate Governance Report

企業管治報告

The Remuneration Committee currently consists of all independent non-executive Directors namely Professor Hua Qiang, Mr. Sun Mingdao and Mr. Yue Kwai Wa, Ken and the Chairman of the Company, Mr. Tian Qixiang. Mr. Yue is the chairman of the Remuneration Committee.

The remuneration of executive Directors and independent non-executive Directors for the financial year 2017 and 2018 are the same. The Remuneration Committee has reviewed the annual remuneration package of both executive Directors and independent non-executive Directors for financial year 2019 and has recommended that the annual remuneration for Directors should remain unchanged for the financial year 2019.

None of Director participated in any discussion about his own remuneration in the meetings regarding the review of remuneration.

Nomination Committee

The major functions of the Nomination Committee are to review the structure and composition of the Board, to implement and review the Board Diversity Policy, to review and provide recommendations to the Shareholders on the terms of Director's service contract, and to assess the independence of the independent non-executive Directors.

The Board adopts a board diversity policy that, in formally nominating a candidate the Board shall assess the suitability of a proposed candidate by taking into account factors including but not limited to gender, age, cultural, race, educational background, professional experience, skills, knowledge and independence. Summary of the Group's diversity policy is set out on page 27 above.

The Nomination Committee currently consists of all independent non-executive Directors namely Professor Hua Qiang, Mr. Sun Mingdao and Mr. Yue Kwai Wa, Ken and the Chairman of the Company, Mr. Tian Qixiang. Mr. Yue is the chairman of the Nomination Committee.

During the year under review, the Nomination Committee performed the following duties:

- Assessed the independence of the independent non-executive Directors
- Made recommendations on the re-election of retiring Directors to the Board
- Reviewed the background and suitability of a proposed independent non-executive Director
- Evaluated the structure and composition of the Board
- Reviewed the Company's Board Diversity Policy
- Reviewed the term of reference of the Nomination Committee

目前，薪酬委員會成員包括全體獨立非執行董事（即花強教授、孫明導先生及余季華先生），以及本公司主席田其祥先生。余先生為薪酬委員會主席。

執行董事及獨立非執行董事於二零一七年及二零一八年財政年度的薪酬相同。薪酬委員會已審閱執行董事及獨立非執行董事於二零一九年財政年度的年度薪酬組合，建議董事於二零一九年財政年度的年度薪酬應維持不變。

於檢討薪酬的會議上，概無董事參與討論自身的薪酬。

提名委員會

提名委員會的主要工作為審閱董事會的架構及組成、執行及檢討董事會成員多元化政策、審閱董事服務合約的條款及就此向股東作出推薦建議，以及評估獨立非執行董事的獨立性。

董事會採納董事會成員多元化政策，在正式提名董事會成員人選時，董事會須評估候選人的合適性，考慮因素包括（但不限於）性別、年齡、文化、種族、教育背景、專業經驗、技能、知識及獨立性。本集團的多元化政策概要載於上文第27頁。

目前，提名委員會成員包括全體獨立非執行董事（即花強教授、孫明導先生及余季華先生），以及本公司主席田其祥先生。余先生為提名委員會主席。

於回顧年度，提名委員會已履行下列職責：

- 評估獨立非執行董事的獨立性
- 就重選退任董事向董事會作出推薦建議
- 審閱候任獨立非執行董事的背景資料及合適性
- 評估董事會架構及組成
- 檢討本公司董事會成員多元化政策
- 檢討提名委員會的職權範圍

Corporate Governance Report

企業管治報告

Nomination Policy

The Company sets out below the nomination procedures and the process and criteria contained in the Nomination Policy adopted by the Board in March 2019.

Nomination Procedures and Process

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate.

The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from members of the Board if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by members of the Board.

- For filling a casual vacancy or appointing an additional member to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval.
 - For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.
 - A circular will be sent to the shareholders of the Company to provide them with the name, brief biography, proposed remuneration, (where an independent non-executive Director is to be nominated) independency and other information of the proposing candidate in accordance with the requirements of the applicable laws, rules and regulations including those of the Listing Rules.
 - A shareholder can serve a written notice to the Company for the attention of the Company Secretary of his or her intention to propose a certain person for election as a Director. This written notice, together with (i) the information of the candidate as required to be disclosed under Rule 13.51(2) of the Listing Rules and such other information as may be considered relevant to his or her proposed election; and (ii) the written consent by that person to the publication of his or her personal data provided pursuant to (i) immediately above, by the Company in its corporation communication documents in compliance with the Listing Rules or as may be required by the Stock Exchange at the principal place of business in Hong Kong of the Company for a period of no earlier than the day after the despatch of the notice of the meeting and ending no later than 7 days prior to the date of the general meeting.
 - The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.
- 就為董事會填補臨時空缺或委任額外成員而言，提名委員會須提出建議以供董事會考慮及批准。
 - 就推薦候選人參加股東大會選舉而言，提名委員會須向董事會作出提名以供其考慮及建議。
 - 根據適用法例、規則及法規（包括上市規則）的規定，載有候選人名字、簡歷、建議薪酬、獨立性（就提名獨立非執行董事而言）及其他資料的通函將寄發予本公司股東。
 - 股東可向本公司發出書面通知（註明收件人為公司秘書），表述其有意推舉指定人士參選董事。該書面通知連同(i)根據上市規則第13.51(2)條須予披露的候選人資料及該等可能被認為與候選人的建議選舉有關的其他資料；及(ii)該人士就本公司遵照上市規則或聯交所規定於其企業通訊文件中刊發根據上述(i)項提供的個人資料發出的同意書，須於不早於有關會議通告寄發後翌日起至不遲於有關股東大會日期前七日結束之期限內寄往本公司於香港的主要營業地點。
 - 董事會就有關其推薦候選人參加任何股東大會選舉的一切事宜擁有最終決定權。

提名政策

本公司於下文載列董事會於二零一九年三月採納的提名政策內所載提名程序及過程以及標準。

提名程序及過程

下文所列因素將供提名委員會評估候選人合適性時作為參考。

提名委員會秘書須召開提名委員會會議，並於其會議召開前邀請董事會成員提名入選（如有）供提名委員會考慮。提名委員會亦可建議並非由董事會成員提名的人選。

Corporate Governance Report

企業管治報告

Criteria adopted by the Nomination Committee

- **Business experience:** The candidate should have significant experience from a senior role in an area of business, public affairs or academia, relevant to the Company. Awareness of the corn deep-processing industry would be an advantage but not a requirement in all cases.
- **Public board experience:** The candidate should have relevant expertise and experience earned as a Board member of a reputable listed company or from a senior position in his or her industry, public affairs or academia.
- **Diversity:** The candidate should contribute to the Board being a diverse body, with diversity reflecting gender, age, cultural and educational background, ethnicity, professional experience, qualifications, skills and length of service. Given the current composition of the Board, a female candidate would be an advantage but not a requirement.
- **Standing:** The candidate should be of the highest ethical character and have a strong reputation and standing, both personally and professionally, in his or her fields.
- **Time commitment:** Each Board member must have sufficient time available for the proper performance of his or her duties. Directors should be sufficiently free of other commitments to be able to devote the time needed to prepare for meetings and participate in induction, training, appraisal and other Board associated activities.
- **Independence:** For the candidate who is proposed as an independent non-executive Director, he or she must satisfy all the independence requirements as set out in Rule 3.13 of the Listing Rules. He or she must always be aware of threats to his or her independency and avoid any conflict of interest with the Company. He or she must be able to represent and act in the best interest of the Company and its shareholders as a whole.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee may also consider such other factors as it may see fit which are in the best interest of the Company and its shareholders as a whole. The Nomination Committee and the Board may set specific requirements, depending on the need of development of the Company, for the candidates.

提名委員會採納的標準

- **業務經驗：**候選人須擁有大量擔任與本公司相關業務、公共事務或學術界高級職位的經驗。對玉米深加工行業有認識者將獲優先考慮，但並非必要條件。
- **公眾公司董事會經驗：**候選人應擁有擔任知名上市公司董事會成員或於其所屬行業、公共事務或學術界出任高級職位所獲得的相關專業知識及經驗。
- **多元性：**候選人需要為董事會作為一個多元組織作出貢獻，使其在性別、年齡、文化及教育背景、種族、專業經驗、資格、技能及服務年期上具備多元性。鑒於董事會現時的組成，女性候選人將獲優先考慮，但並非必要條件。
- **名聲：**候選人應擁有最高道德標準，且在其所處領域擁有卓著聲譽及名聲（個人及專業）。
- **時間投入：**各董事會成員必須擁有足夠時間妥為履行其職務。董事應預留足夠時間投放於會議準備，以及參與入職介紹、培訓、評估及其他與董事會有關的活動。
- **獨立性：**就獲提名出任獨立非執行董事的候選人而言，彼必須符合上市規則第3.13條所載的全部獨立性規定。彼必須時常留意對其獨立性有威脅的事宜，以及避免與本公司有任何利益衝突。彼必須能代表及以本公司及其股東整體的最佳利益行事。

該等因素僅供參考，並不旨在涵蓋所有因素，也不具決定性作用。提名委員會亦可考慮其認為符合本公司及其股東整體最佳利益的其他因素。提名委員會與董事會可視乎本公司的發展需要對候選人設立特別要求。

Corporate Governance Report

企業管治報告

Shareholders

The Company welcomes enquires from Shareholders. The Board will review Shareholders' enquires on a regular basis. Specific enquiries and suggestions by Shareholders can be sent in writing to the Company's office at Suite 3312, Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong or by email (ir@chinastarch.com.hk).

In case of shareholding enquires, Shareholders should direct their enquiries to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, via its website at www.tricoris.com, or by email to is-enquiries@hk.tricorglobal.com, or dial its hotline at (852) 2980 1333 or go in person at its public counter at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

A Shareholder's Communication Policy was adopted by the Board in order to promote effective communications between Shareholders and the Company. This policy is available on our website. The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law.

Shareholder(s) holding not less than one tenth (10%) of the paid up capital of the Company can convene an extraordinary general meeting by depositing the requisition in writing to the Company. The procedures for Shareholder(s) to convene and present proposals at general meetings, including proposing a person for election as a Director, are available on our website.

Constitutional Documents

The Company did not make any changes to its constitutional document during the year under review.

股東

本公司歡迎股東垂詢。董事會將定期審閱股東的查詢。股東如有任何具體查詢及意見，可以書面方式寄送至本公司辦事處香港銅鑼灣勿地臣街1號時代廣場一座3312室或電郵(ir@chinastarch.com.hk)方式提出。

有關股權方面的查詢，股東應透過本公司香港股份過戶登記分處卓佳證券登記有限公司的網站www.tricoris.com、電郵至is-enquiries@hk.tricorglobal.com、致電熱線(852) 29801333，或親臨其設於香港皇后大道東183號合和中心22樓的公眾櫃台向過戶登記分處提出。

董事會已採納股東溝通政策促進股東與本公司的有效溝通。有關政策可於本公司網站閱覽。本公司明白保障股東私隱的重要性，除法例規定者外，不會在未經股東同意的情況下披露股東資料。

於本公司繳足股本中持有不少於十分一(10%)權益的股東可透過向本公司發出書面要求召開股東特別大會。股東召開股東大會及於會上提呈建議(包括建議一名人士參選董事)的程序可於本公司網站查閱。

章程文件

於回顧年度內，本公司的章程文件並無任何變動。

Directors and Senior Management Profiles

董事及高級管理人員簡介

Executive Directors

Mr. Tian Qixiang, aged 55, is the chairman of the Board and a member of each of the Nomination Committee and Remuneration Committee of the Board. Mr. Tian is principally responsible for the Group's strategic positioning. He is also responsible for formulating the Group's business development objectives and ensuring that such objectives are implemented by the Board accordingly. Mr. Tian is the chairman of the board of directors of Shandong Shouguang Juneng Golden Corn Development Co., Ltd. ("Golden Corn"), an indirect wholly owned subsidiary of the Company. Mr. Tian is also a director of Shouguang Golden Corn Biotechnology Limited ("Golden Corn Biotech"), an indirect non-wholly owned subsidiary of the Company.

Mr. Tian completed his study of Electricity and Water Irrigation from Water and Electricity Machinery School in 1981 and graduated from The Shandong Province Party Committee School of the People's Republic of China with a diploma in Economics Management in 1996. Mr. Tian obtained the qualification as a senior economist in December 2002.

Mr. Tian is beneficially interested in approximately 54.58% of the issued share capital of Merry Boom Group Limited ("Merry Boom"), a substantial shareholder of the Company, and is also a director of Merry Boom.

Mr. Gao Shijun, aged 51, is the chief executive officer of the Company. Mr. Gao is principally responsible for overseeing the Group's operations and business management. Mr. Gao joined Golden Corn in August 1998, and was later appointed as the deputy manager of Golden Corn in January 2000. Mr. Gao has been a director of Golden Corn since July 2003 and its general manager since May 2005. Mr. Gao is also a director of Linqing Deneng Golden Corn Bio Limited ("Deneng Golden Corn"), Shouguang Golden Far East Modified Starch Co., Ltd and Golden Corn Biotech respectively.

Mr. Gao obtained an undergraduate degree in Physics in 1989 and a Master of Business Administration degree in 2012 from Shandong University. He was also awarded the qualification of senior engineer in 2010. Mr. Gao was appointed as the permanent vice-president of China Starch Industry Association with a term from June 2016 to May 2021.

執行董事

田其祥先生，55歲，董事會主席，並為董事會提名委員會及薪酬委員會的成員。田先生主要負責本集團的戰略部署。他同時亦負責本集團業務發展目標的規劃並確保這些目標會由董事會相應執行。田先生為本公司間接全資附屬公司山東壽光巨能金玉米開發有限公司（「金玉米」）董事會的主席，彼亦為本公司間接全資附屬公司壽光金玉米生物科技有限公司（「金玉米生物科技」）的董事。

田先生於一九八一年在山東省水利機電學校完成電力排灌專業課程，一九九六年畢業於中國共產黨山東省委員會黨校，持有經濟管理專業文憑。田先生於二零零二年十二月取得高級經濟師資格。

田先生實益擁有本公司主要股東怡興集團有限公司（「怡興」）已發行股本約54.58%，彼同時為怡興的董事。

高世軍先生，51歲，本公司行政總裁。高先生主要負責監督本集團的經營和業務管理。高先生於一九九八年八月加入金玉米，其後於二零零零年一月獲委任為金玉米的副總經理。自二零零三年七月起高先生為金玉米的董事，二零零五年五月起更成為總經理。高先生亦分別為臨清德能金玉米生物有限公司（「德能金玉米」）、壽光金遠東變性澱粉有限公司及金玉米生物科技的董事。

高先生於一九八九年自山東大學畢業，並獲得物理學士學位，隨後於二零一二年取得山東大學工商管理碩士學位。彼亦於二零一零年獲授高級工程師資格。高先生獲委任為中國澱粉工業協會常務副會長，任期為二零一六年六月至二零二一年五月。

Directors and Senior Management Profiles

董事及高級管理人員簡介

Mr. Liu Xianggang, aged 50, joined Golden Corn as a factory supervisor in 1998 and has been a director of Golden Corn since October 2005. Mr. Liu is also a director of Golden Corn Biotech. Mr. Liu was director of Deneng Golden Corn for the period from March 2008 to March 2017 and served as its general manager from March 2008 to December 2012 respectively. He is responsible for the Group's production technology developments and cornstarch production.

Mr. Liu graduated from Shandong Industrial University (subsequently amalgamated into Shandong University in 2000) in 1990 with an undergraduate degree in Industrial Management, and obtained a postgraduate diploma in Industrial Economics from the Economics School of Shandong University in 2003. Mr. Liu also obtained a Master of Business Administration degree from Shandong University in 2012. Mr. Liu obtained the qualification as senior engineer in 2002. Mr. Liu is the deputy supervisor of the Cornstarch Professionals Committee of China Starch Industry Association.

Mr. Yu Yingquan, aged 50, is principally responsible for the overall management in investment and corporate finance of the Group. Mr. Yu is a director of Golden Corn and Golden Corn Biotech respectively.

Mr. Yu graduated from Shandong Hydro Institute in 1990 with a diploma in Hydro Economic and Financial Management, and obtained a diploma in Finance Management from Shandong Economics Management Institute in 1998. Mr. Yu obtained the Certificate of Accounting Professional of the People's Republic of China issued by Finance Bureau of Shouguang City in 1997.

Independent Non-executive Directors

Professor Hua Qiang, aged 47, has been appointed as independent non-executive Director on 17 May 2016. Professor Hua has been a professor of the School of Biotechnology and the State Key Laboratory of Bioreactor Engineering of the East China University of Science and Technology since 2008. He obtained a bachelor and a master degree in chemical engineering (major in biochemical engineering) from the Zhejiang University in 1993 and 1996 respectively. He also obtained a doctoral degree in information engineering from the Kyushu Institute of Technology (Japan) in 2000. He was appointed as an assistant professor of Institute for Advanced Biosciences of the Keio University (Japan) from 2001 to 2004, and was appointed as a postdoctoral scholar of the Department of Bioengineering of the University of California, San Diego from 2004 to 2007. He had also been a medical research scientist for Sanford Burnham Prebys Medical Discovery Institute (formerly known as "Burnham Institute for Medical Research") (the United State of America) from 2007 to 2008.

劉象剛先生，50歲，於一九九八年加盟金玉米出任工廠主管，並由二零零五年十月起出任金玉米董事。劉先生亦為金玉米生物科技的董事。於二零零八年三月至二零一七年三月止期間，劉先生為德能金玉米的董事，並於二零零八年三月至二零一二年十二月擔任該公司總經理。他負責本集團的生產技術開發及玉米澱粉的生產。

劉先生於一九九零年畢業於山東工業大學（隨後於二零零零年併入山東大學），持有工業管理工程學士學位，並於二零零三年獲山東大學經濟學院頒發產業經濟學研究生文憑。彼亦於二零一二年取得山東大學工商管理碩士學位。於二零零二年，劉先生獲取高級工程師的資格。劉先生是中國澱粉工業協會玉米澱粉專業委員會的副主任。

于英泉先生(前度姓名：于英全)，50歲，主要負責本集團的整體投資管理和企業融資。于先生分別為金玉米董事及金玉米生物科技的董事。

于先生於一九九零年畢業於山東水利專科學校，獲水利經濟與財務管理文憑，及於一九九八年由山東省經濟管理幹部學校院獲得財務管理文憑。于先生於一九九七年取得由壽光市財政局發出的中華人民共和國會計從業資格證書。

獨立非執行董事

花強教授，47歲，已於二零一六年五月十七日獲委任為獨立非執行董事。花教授自二零零八年起一直出任華東理工大學生物工程學院生物反應器工程國家重點實驗室教授。彼於一九九三年及一九九六年分別取得浙江大學化工系學士及碩士學位（主修生物化學工程），並於二零零零年取得日本九州工業大學信息工程學博士學位。彼於二零零一年至二零零四年獲委任為日本慶應義塾大學先端生命科學研究所助理教授，於二零零四年至二零零七年獲委任為加州大學聖地牙哥分校生物工程系博士後學者，以及於二零零七年至二零零八年為美國Sanford Burnham Prebys Medical Discovery Institute（前稱「Burnham Institute for Medical Research」）醫藥科學研究員。

Directors and Senior Management Profiles 董事及高級管理人員簡介

Mr. Sun Mingdao, aged 70, has been appointed as an independent non-executive Director on 5 September 2013. Mr. Sun also serves as a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Board. Mr. Sun was appointed as the Eighth Session's permanent deputy chief secretary of China Starch Industry Association for a term from June 2016 to May 2021. Mr. Sun was appointed as a deputy supervisor of the Expert Committee of China Starch Industry Association in November 2015. Mr. Sun was also appointed as a vice director of the Technical Committee on Food-grade Starch and Starch Derivatives under the Standardization Administration of the People's Republic of China in November 2015.

Mr. Sun had been a deputy director of the research centre and a vice general manager of Wuhan Huali Environmental Technology Co., Ltd. from 2001 to 2007. Mr. Sun had served as a standing committee member, and the Sixth and Seventh Sessions' chief secretary of China Starch Industry Association respectively.

Mr. Yue Kwai Wa, Ken, aged 53, has been appointed as an independent non-executive Director on 5 September 2007. Mr. Yue also serves as the chairman of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Board.

Mr. Yue is served as an executive director, the chairman, the chief executive officer, the company secretary and the compliance officer of Roma Group Limited. He is an independent non-executive director of Major Holdings Limited ("Major"). He was an independent non-executive director of Manfield Chemical Holdings Limited ("Manfield") for the period from 6 November 2015 to 31 December 2018. The shares of Roma, Major and Manfield are listed on The Stock Exchange of Hong Kong Limited.

Mr. Yue is a certified public accountant with solid experience in accounting, auditing and corporate finance. Mr. Yue is also a member of the American Institute of Certified Public Accountants and the Colorado State Society of Certified Public Accountants. He is also holding a specialist certificate and a practicing certificate in corporate finance of the Hong Kong Securities Institute.

Senior Management

All the executive Directors are responsible for the various aspects of the business and operation of the Group. These executive Directors are regarded as the member of the senior management team of the Group.

孫明導先生，70歲，於二零一三年九月五日獲委任為獨立非執行董事。孫先生亦為董事會審核委員會、提名委員會及薪酬委員會的成員。孫先生獲委任為中國澱粉工業協會第八屆常務副秘書長，任期為二零一六年六月至二零二一年五月。孫先生於二零一五年十一月獲委任為中國澱粉工業協會專家委員會副主任。孫先生亦於二零一五年十一月獲委任為中華人民共和國國家標準管理委員會轄下澱粉食品及澱粉衍生物技術委員會副主任。

孫先生於二零零一年至二零零七年分別為武漢華麗環保科技有限公司研究所副所長及該公司副總經理。孫先生曾分別擔任中國澱粉工業協會常務理事、第六及第七屆秘書長。

余季華先生，53歲，於二零零七年九月五日獲委任為獨立非執行董事。余先生亦為董事會審核委員會、提名委員會及薪酬委員會的主席。

余先生現時為羅馬集團有限公司的執行董事、主席、行政總裁、公司秘書及監察主任。彼為美捷滙控股有限公司（「美捷滙」）的獨立非執行董事。截至二零一五年十一月六日至二零一八年十二月三十一日止期間，彼為萬輝化工控股有限公司（「萬輝」）的獨立非執行董事。羅馬、美捷滙及萬輝的股份均於香港聯合交易所有限公司上市。

余先生是執業會計師，在會計、核數和企業融資方面經驗豐富，同時亦是美國會計師協會會員、科羅拉多州註冊會計師協會會員。彼亦持有香港證券專業學會的專業證書及企業融資執業證書。

高級管理層

所有執行董事負責本集團各方面的業務及營運。此等執行董事乃被視為本集團的高級管理隊伍。

Independent Auditor's Report

獨立核數師報告



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TO THE SHAREHOLDERS OF CHINA STARCH HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of China Starch Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 45 to 103, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

致中國澱粉控股有限公司股東

(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審計列載於第45至103頁中國澱粉控股有限公司(「貴公司」)及其附屬公司(「貴集團」)的合併財務報表。此合併財務報表包括於二零一八年十二月三十一日的合併財務狀況表與截至該日止年度的合併損益及其他綜合收益表、合併權益變動表及合併現金流量表,以及合併財務報表附註(包括主要會計政策概要)。

我們認為,該等合併財務報表已根據香港會計師公會(「香港會計師公會」)所頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於二零一八年十二月三十一日的合併財務狀況,以及其於截至該日止年度的合併財務表現及合併現金流量,並已按照香港《公司條例》的披露規定妥為編製。

意見基礎

我們已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審計。我們在該等準則項下的責任在本報告「核數師對合併財務報表的審計責任」一節進一步闡述。根據香港會計師公會的職業核數師道德守則(「守則」),我們為獨立於 貴集團,並已按照守則履行其他道德責任。我們相信,我們已獲得足夠及適當的審計憑證,為我們的審計意見提供基礎。

關鍵審計事項

關鍵審計事項是我們專業判斷所認為,對我們審計本期間合併財務報表最為重要的事項。該等事項已於我們審計整份合併財務報表及就其出具意見處理,而我們不會就該等事項獨立提供意見。

Independent Auditor's Report

獨立核數師報告

Valuation of property, plant and equipment

物業、廠房及設備的估值

Refer to note 15 to the consolidated financial statements and the accounting policies on page 54.

請參閱合併財務報表附註15及第54頁的會計政策。

The key audit matter 關鍵審計事項	How the matter was addressed in our audit 審計中處理有關事項的方法
<p>We identified the valuation of property, plant and equipment as a key audit matter because of its significance to the consolidated financial statements. 基於物業、廠房及設備的估值對合併財務報表的重要性，我們已將其認定為關鍵審計事項。</p> <p>As at 31 December 2018, carrying amount of property, plant and equipment is approximately RMB1,781,270,000. It involves a significant degree of judgement by the management in assessing whether there are any indicators of impairment for property, plant and equipment at the end of the reporting period which may affect the carrying amount of property, plant and equipment. Therefore, it comes to our concern that there is a risk of of valuation of property, plant and equipment. 於二零一八年十二月三十一日，物業、廠房及設備的賬面值約為人民幣1,781,270,000元。管理層需要在評估物業、廠房及設備於報告期末是否有任何可能會對物業、廠房及設備賬面值造成影響的減值跡象時作出重大判斷。因此，我們的憂慮為對物業、廠房及設備進行估值的風險。</p>	<p>Our audit procedures were designed to evaluate the management's assessment of the indicators of impairment and, where such indicators were identified, assessed the management's impairment testing and identify any valuation risk of property, plant and equipment. 我們的審計程序的設計乃為評核管理層就減值跡象所作出的評估，及在確定有關跡象的情況下，評估管理層所作出的減測試，以及識別物業、廠房及設備的任何估值風險。</p> <p>We have discussed with the management on the key assumptions used in the management's assessment of the indicators of impairment. We have also performed check on sample basis by physically inspecting whether the property, plant and equipment are kept in a good condition. 我們已與管理層討論管理層在評估減值跡象時所使用的主要假設。吾等亦抽樣對物業、廠房及設備進行實地視查，以確認彼等是否處於良好狀況。</p>

Impairment assessment of trade receivables

貿易應收款的減值評估

Refer to note 19 to the consolidated financial statements and the accounting policies on pages 56 and 57.

請參閱合併財務報表附註19及第56至57頁的會計政策。

The key audit matter 關鍵審計事項	How the matter was addressed in our audit 審計中處理有關事項的方法
<p>We have identified the impairment assessment of trade receivables as a key audit matter because the loss allowance involves significant degree of management estimation. 由於虧損撥備涉及管理層的重大估計，我們已認定貿易應收款的減值評估為關鍵審計事項。</p> <p>As at 31 December 2018, the Group had trade receivables of approximately RMB76,867,000. Expected credit loss (the "ECL") impairment model has been adopted for impairment assessment of which it involved significant management judgement on historical loss rate based on the provision matrix using past due information and forward-looking information based on both current and forecast general economic conditions. 於二零一八年十二月三十一日，本集團有貿易應收款約人民幣76,867,000元。預期信貸虧損（「預期信貸虧損」）減值模型已採納用作減值評估，當中涉及管理層根據撥備矩陣利用逾期資料及根據目前及預計一般經濟狀況利用前瞻性資料對歷史虧損率作出的重大判斷。</p>	<p>Our procedures were designed to review the management's process of determination of historical loss rate and forward-looking information for performing of loss allowance assessment and challenge the reasonableness of the methods and assumptions used to estimate the loss allowance. 我們審計程序的設計乃為檢討管理層釐定歷史虧損率及前瞻性資料以進行虧損撥備評估的過程，並對估計虧損撥備時使用的方法及假設的合理性提出質疑。</p> <p>We have challenged the assumptions and critical judgement used by the management by comparing the management's expectation of the amounts of trade receivables which are unlikely to be recovered in the foreseeable future at current carrying amount based on ageing of receivables at year end, cash received after year end, as well as the recent creditworthiness of each debtor and forward-looking information on macro economy and industry performance. 我們透過比較管理層預計的貿易應收款金額，對管理層所使用假設及重大判斷提出質疑。根據年末應收款項的賬齡、年末後收取的現金以及各債務人近期的信用度及有關宏觀經濟及行業表現的前瞻性資料，該等金額不大可能按目前賬面值於可見未來收回。</p>

Independent Auditor's Report

獨立核數師報告

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors of the Company and Audit Committee for the Consolidated Financial Statements

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

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

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

合併財務報表及就其發出的核數師報告以外的資料

貴公司董事對其他資料負責。其他資料包括年報內的所有資料，惟合併財務報表及就其發出的核數師報告除外。

我們就合併財務報表發出的意見並不涵蓋其他資料，我們亦不對該等資料發表任何形式的核證結論。

就合併財務報表的審計而言，我們的責任為閱讀其他資料，並在過程中考慮其他資料與合併財務報表或我們於審計過程中所瞭解的情況是否有重大抵觸，或是否可能有重大錯誤陳述。基於我們已執行的工作，倘我們認為其他資料存在重大錯誤陳述，我們需要報告有關事實。就此而言，我們並無任何報告。

貴公司董事及審核委員會對合併財務報表的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》的披露規定編製真實而公平的合併財務報表，以及落實其認為屬必要的內部控制，以使所編製的合併財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製合併財務報表時，貴公司董事負責評估貴集團繼續以持續基準經營的能力，並在適用情況下披露與以持續基準經營有關的事項，以及使用持續經營的會計基礎，惟董事有意將貴集團清盤或停止經營，或除此以外別無其他實際的替代方案則除外。

審核委員會負責監督貴集團的財務報告流程。

Independent Auditor's Report

獨立核數師報告

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

核數師對合併財務報表的審計責任

我們的目標為合理確定整體合併財務報表是否存在由於欺詐或錯誤而導致的重大錯誤陳述，並按照協定的委任條款僅向閣下發出載有我們意見的核數師報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理核證是高水平的核證，但並不保證按照《香港審計準則》進行的審計總能發現已存在的重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期有關錯誤陳述（個別或共同）會影響使用者根據合併財務報表所作出的經濟決定，則有關錯誤陳述被視為重大錯誤陳述。

在根據《香港審計準則》進行審計的過程中，我們會作出專業判斷，並保持專業懷疑態度。我們亦：

- 識別和評估合併財務報表因欺詐或錯誤而存在重大錯誤陳述的風險，因應該等風險設計及執行審計程序，以及獲取充足和適當的審計憑證為我們的意見提供基礎。由於欺詐可能涉及串謀、偽造、故意遺漏、失實陳述，或凌駕內部控制，因此，與未能發現因錯誤而導致的重大錯誤陳述相比，未能發現因欺詐而導致的重大錯誤陳述的風險較高。
- 瞭解與審核有關的內部控制，以設計適用於有關情況的審核程序，但並非旨在對貴集團內部控制的成效發表意見。
- 評估貴公司董事所採用會計政策是否恰當，以及貴公司董事所作出的會計估計及相關披露是否合理。
- 就貴公司董事採用持續經營基礎的會計法是否恰當作出結論，並根據已獲取的審計憑證，就是否有對貴集團繼續以持續基準經營的能力構成重大疑問的事件或情況的相關重大不確定因素作出結論。倘我們的結論為存在重大不確定因素，則我們需要於核數師報告中提出須注意合併財務報表內的相關資料披露，或倘有關披露資料不足，則需要修訂我們的意見。我們的結論以截至核數師報告日期所獲得的審計憑證為基礎。然而，貴集團可能因未來事件或情況而不再持續經營。

Independent Auditor's Report

獨立核數師報告

- 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.
- 評估合併財務報表的整體呈列方式、架構及內容（包括披露資料），以及合併財務報表是否以達致公平呈列反映相關交易及事件。
- 就貴集團內各實體或業務活動的財務資料獲得充足的合適審計憑證，以就合併財務報表發表意見。我們須負責指導、監督及執行集團的審計工作。我們須為我們的審計意見承擔全部責任。

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

我們與審核委員會就（其中包括）審計工作的計劃範圍及時間安排及重大審計發現（包括我們於審計期間識別出的內部監控的任何重大缺陷）進行溝通。

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

我們亦向審核委員會提交聲明，說明我們已遵守有關獨立性的道德要求，並就所有被合理認為可能影響我們獨立性的關係及其他事宜及（如適用）相關防範措施，與負責管治的人員進行溝通。

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

從與審核委員會溝通的事項中，我們決定對本期合併財務報表的審計工作最為重要的事項，而有關事項因而為關鍵審計事項。除非法律或法規不容許公開披露此等事項，或於極罕見的情況下，我們認為由於可合理預期披露此等事項的不良後果將超越公眾知悉此等事項的利益，因而不應於報告中披露，否則我們會於核數師報告中說明此等事項。

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kwan Chi Fung.

本獨立核數師報告的審計項目合夥人是關志峰先生。

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

18 March 2019

信永中和（香港）會計師事務所有限公司

執業會計師

關志峰

執業證書號碼：P06614

香港

二零一九年三月十八日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

合併損益及其他綜合收益表

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

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收入	5	5,073,489	4,694,541
Cost of sales	銷售成本		(4,630,325)	(4,074,998)
Gross profit	毛利		443,164	619,543
Distribution expenses	分銷費用		(91,425)	(96,664)
Administrative expenses	行政費用		(148,475)	(132,294)
Other gains and losses	其他收益及虧損	6	67,968	105,868
Operating profit	經營利潤		271,232	496,453
Finance income	融資收入	7	44,147	32,424
Finance expenses	融資費用	8	(444)	(290)
Profit before income tax	除所得稅前利潤	9	314,935	528,587
Income tax expenses	所得稅支出	10	(76,900)	(134,526)
Profit and total comprehensive income for the year	本年度利潤及綜合收益總額		238,035	394,061
Attributable to:	以下各項應佔：			
Owners of the Company	本公司擁有人		230,897	388,167
Non-controlling interests	非控股股東權益		7,138	5,894
			238,035	394,061
Earnings per share attributable to owners of the Company	本公司擁有人應佔每股盈利			
Basic and diluted earnings per share (RMB)	每股基本及攤薄盈利(人民幣)	12	0.0385	0.0647

Consolidated Statement of Financial Position

合併財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

		Notes	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
		附註		
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	1,781,270	1,131,849
Right-of-use assets	使用權資產	16	201,132	–
Prepaid lease payments	預付租賃款	17	–	205,587
Deposits for acquisition of right-of-use assets	收購使用權資產的保證金		30,896	–
Deposits for acquisition of property, plant and equipment	收購物業、廠房及設備的保證金		119,621	21,759
Deferred tax assets	遞延稅項資產	22	77,957	48,527
Total non-current assets	非流動資產總值		2,210,876	1,407,722
Current assets	流動資產			
Inventories	存貨	18	409,822	224,532
Trade and other receivables	貿易及其他應收款	19	462,391	409,692
Pledged bank deposits	已抵押銀行存款	20	6,062	3,000
Fixed deposits	定期存款	20	340,000	390,000
Cash and cash equivalents	現金及現金等價物	20	782,904	1,103,160
Total current assets	流動資產總值		2,001,179	2,130,384
Total assets	資產總值		4,212,055	3,538,106
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	21	532,656	532,656
Other reserves	其他儲備		401,491	423,560
Retained earnings	保留盈利		1,853,538	1,659,287
			2,787,685	2,615,503
Non-controlling interests	非控股股東權益		138,658	131,520
Total equity	權益總額		2,926,343	2,747,023

Consolidated Statement of Financial Position

合併財務狀況表

As at 31 December 2018 於二零一八年十二月三十一日

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowing	借款	23	–	224
Deferred income	遞延收入	24	342,142	220,183
Deferred tax liabilities	遞延稅項負債	22	23,944	9,838
Total non-current liabilities	非流動負債總額		366,086	230,245
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款	25	694,036	287,205
Advances from customers	客戶墊款	26	113,294	157,355
Income tax payable	應付所得稅		83,559	88,302
Borrowing	借款	23	4,432	4,208
Employee housing deposits	員工房屋保證金	27	23,768	23,768
Lease liabilities	租賃負債		537	–
Total current liabilities	流動負債總額		919,626	560,838
Total liabilities	負債總額		1,285,712	791,083
Total equity and liabilities	權益及負債總額		4,212,055	3,538,106

Approved and authorised for issue by the board of directors on 18 March 2019.

董事會於二零一九年三月十八日批准及授權刊發。

Tian Qixiang
田其祥
Director
董事

Yu Yingquan
于英泉
Director
董事

The notes on pages 50 to 103 are an integral part of these consolidated financial statements.

第50至103頁的附註乃合併財務報表的其中部分。

Consolidated Statement of Changes in Equity

合併權益變動表

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

		Attributable to owners of the Company							Non-controlling interests	Total equity
		本公司擁有人應佔								
		Share capital	Share premium	Special reserve	Capital reserve	Statutory reserve	Retained earnings	Total		
Note	股本	股份溢價	特別儲備	資本儲備	法定儲備	保留盈利	總計	非控股股東權益	權益合計	
附註	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	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	二零一七年一月一日	532,656	137,424	27,080	56,196	198,505	1,314,815	2,266,676	35,626	2,302,302
Profit and total comprehensive income for the year	本年度利潤及綜合收益總額	-	-	-	-	-	388,167	388,167	5,894	394,061
Contribution from a non-controlling interest of a subsidiary	一間附屬公司的一名非控股股東權益注資	-	-	-	-	-	-	-	90,000	90,000
2016 final dividend	二零一六年末期股息	13	(39,340)	-	-	-	-	(39,340)	-	(39,340)
Transfer to statutory reserves	轉入法定儲備	-	-	-	-	43,695	(43,695)	-	-	-
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	532,656	98,084	27,080	56,196	242,200	1,659,287	2,615,503	131,520	2,747,023
Profit and total comprehensive income for the year	本年度利潤及綜合收益總額	-	-	-	-	-	230,897	230,897	7,138	238,035
2017 final dividend	二零一七年末期股息	13	(58,715)	-	-	-	-	(58,715)	-	(58,715)
Transfer to statutory reserves	轉入法定儲備	-	-	-	-	36,646	(36,646)	-	-	-
At 31 December 2018	二零一八年十二月三十一日	532,656	39,369	27,080	56,196	278,846	1,853,538	2,787,685	138,658	2,926,343

Notes:

- (i) Under the Cayman Islands Companies Law, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.
- (ii) Special reserve represents (a) the difference between the nominal value of the share capital and share premium issued by the Company and the aggregate of the share capital and share premium of the subsidiaries acquired upon the Group's reorganisation; and (b) the difference between the consideration paid by the direct subsidiary for the entire registered capital of the indirect subsidiary and the amount of registered capital of the indirect subsidiary.

附註：

- (i) 根據開曼群島公司法，在章程大綱或細則的條文規限下，本公司的股份溢價可供向股東分派或派付股息，惟於緊隨股息分派後，本公司須有能力償還其於日常業務中到期的債務。
- (ii) 特別儲備指：(a)本公司所發行股本的面值及股份溢價值與本集團重組時所收購的附屬公司的股本及股份溢價總值之間的差額；及(b)直接附屬公司就間接附屬公司全部註冊資本支付的代價與間接附屬公司的註冊資本之間的差額。

Consolidated Statement of Cash Flows

合併現金流量表

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

	Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元 (Restated) (經重列)
Cash flows from operating activities			
Cash generated from operations	20(b)	103,646	553,360
Income taxes paid		(98,943)	(119,145)
Income taxes refund		1,976	-
Other finance expenses		(429)	(290)
Interest received		44,147	32,424
Net cash generated from operating activities		50,397	466,349
Cash flows from investing activities			
Government grant received		171,150	200,124
Purchases of property, plant and equipment		(363,015)	(132,395)
Deposits (payment)/refund for acquisition of land use right		(30,896)	20,830
Deposits payment for acquisition of property, plant and equipment		(137,182)	-
Proceeds from disposals of property, plant and equipment		1,597	5,719
Increase in pledged bank deposits		(3,062)	(1,937)
Decrease in fixed deposits		50,000	-
Net cash (used in)/generated from investing activities		(311,408)	92,341
Cash flows from financing activities			
Capital contribution by a non-controlling interest		-	90,000
Payment of lease liabilities		(515)	-
Interest on lease liabilities		(15)	-
Dividends paid		(58,715)	(39,340)
Net cash (used in)/generated from financing activities		(59,245)	50,660
Net (decrease)/increase in cash and cash equivalents		(320,256)	609,350
Cash and cash equivalents at 1 January		1,103,160	493,810
Cash and cash equivalents at 31 December	20(a)	782,904	1,103,160

Notes to the Consolidated Financial Statements

合併財務報表附註

1 General information

China Starch Holdings Limited (the “Company”) was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 29 November 2006. Its ultimate holding company is Merry Boom Group Limited, a company incorporated in the British Virgin Islands (the “BVI”). The address of its registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report. The principal activities of the Company and its subsidiaries (collectively, the “Group”) are the manufacture and sale of cornstarch, lysine, starch-based sweetener, modified starch and its related products.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments (note 2.10).

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

1 一般資料

中國澱粉控股有限公司（「本公司」）為於二零零六年十一月二十九日根據開曼群島公司法在開曼群島註冊成立的獲豁免有限公司，其最終控股公司為怡興集團有限公司（一間於英屬維爾京群島（「英屬維爾京群島」）註冊成立之公司）。本公司註冊辦事處及主要營業地點的地址於年報「公司資料」一節中披露。本公司及其附屬公司（統稱「本集團」）的主要業務為製造及銷售玉米澱粉、賴氨酸、澱粉糖、變性澱粉及其相關產品。

本公司以香港聯合交易所有限公司（「聯交所」）主板為第一上市地。

除另有說明者外，此等合併財務報表乃以人民幣（「人民幣」）計值。

2 主要會計政策概要

編製此等合併財務報表所應用的主要會計政策載列如下。除另有說明者外，該等政策已於所有呈列年度貫徹應用。

2.1 編製基準

本公司的合併財務報表已根據香港會計師公會頒佈的所有適用香港財務報告準則（「香港財務報告準則」）（包括所有香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋）編製。此外，合併財務報表包括聯交所證券上市規則及香港公司條例規定的適用披露資料。

除衍生金融工具（附註2.10）外，合併財務報表乃以歷史成本基準編製。

編製符合香港財務報告準則要求的財務報表需要使用若干關鍵的會計估計。管理層在運用本集團會計政策過程中亦須行使其判斷。涉及較高程度判斷或複雜性的範圍或如假設及估計對合併財務報表而言屬重大的範圍於附註4中披露。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new amendments to standards have been adopted by the Group for the first time for the current financial year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle

The Group has elected to early adopt HKFRS 16 “Leases” in the current financial year.

The Group had to change its accounting policies and make certain retrospective adjustments following the early adoption of HKFRS 16. The other new standards and amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Details of these changes are set out in notes 2.8, 2.9, 2.10, 2.21, and 2.23 to these consolidated financial statements.

(b) New standards and interpretations not yet adopted

The following new amendments to standards and interpretations, which may be relevant to the Group, are mandatory for accounting periods beginning on or after 1 January 2019:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle
HK(IFRIC)- Interpretation 23	Uncertainty over Income Tax Treatments

The Group anticipate that the application of these new amendments or interpretation to standards will have no material impact on the results and the financial position of the Group.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

2.1.1 會計政策及披露之變動

(a) 本集團所採納的新訂及經修訂準則

以下為本集團於本財政年度首次採納的新準則修訂：

香港財務報告 準則第9號	金融工具
香港財務報告 準則第15號	來自客戶合約的 收入
香港會計準則 第28號之修訂	作為香港財務報告 準則二零一四年 至二零一六年 週期之年度 改進部分

本集團選擇提前於本財政年度採納香港財務報告準則第16號「租賃」。

於提前採納香港財務報告準則第16號後，本集團須改變其會計政策並作出若干追溯調整。上表所載的其他新準則及修訂對於過往期間所確認的數額並無任何重大影響，且預期不會對本期間或未來造成重大影響。

該等變動的詳情已載列於此等合併財務報表附註2.8、2.9、2.10、2.21及2.23。

(b) 尚未採納的新準則及詮釋

以下為於二零一九年一月一日或其後開始的會計期間強制採納而可能與本集團有關的準則新修訂及詮釋：

香港財務報告 準則第9號 之修訂	具有負補償的 預付款特性
香港財務報告 準則之修訂	香港財務報告準則 二零一五年至 二零一七年週期 之年度改進
香港(國際財務 報告解釋委員 會)詮釋第23號	所得稅處理的不確 定性

本集團預期應用該等準則的新修訂及詮釋將不會對本集團的業績及財務狀況有重大影響。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries

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

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

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.3 Separate financial statements

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

Impairment testing of the investments in subsidiaries is required upon receiving 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.

2.4 Segment reporting

The chief operating decision maker is comprised of the executive directors of the Company and the senior executive management of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the chief operating decision-maker.

2 主要會計政策概要 (續)

2.2 附屬公司

附屬公司為本集團對其存有控制權的實體。倘本集團須承擔或享有參與實體之可變回報風險及權力，以及可運用其對該實體之權力以影響有關回報時，則對實體存有控制權。附屬公司於控制權轉移至本集團日期起合併入賬，並於控制權終止日期起不再合併入賬。

集團內公司間交易、結餘及集團內公司間交易的未變現收益均予對銷。未變現虧損亦會對銷，惟有證據顯示交易所轉移資產出現減值除外。如有需要，附屬公司呈報的金額已經進行調整，以與本集團的會計政策一致。

附屬公司的損益及其他綜合收益表內的各個部份由本公司擁有人及非控股股東權益應佔。即使會令非控股股東權益產生虧絀，附屬公司的綜合收益總額由本公司擁有人及非控股股東權益應佔。

2.3 獨立財務報表

於附屬公司的投資按成本扣除減值列賬。成本包括投資的直接成本。本公司基於已收股息及應收款項呈列附屬公司業績。

倘股息超逾附屬公司宣派股息期間的綜合收益總額或獨立財務報表內投資賬面值超逾被投資方合併財務報表資產淨值（包括商譽）的賬面值，則收取該等投資的股息後須對附屬公司投資進行減值測試。

2.4 分部報告

主要營運決策人包括本公司執行董事及本集團高級管理層。經營分部的呈報方式與給予主要營運決策者的內部報告一致。主要營運決策人負責分配資源及評估經營分部表現。有關分部資產及負債的資料並無披露，此乃由於該等資料並非定期向主要營運決策人呈報。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

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

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period; and
- (ii) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

2 主要會計政策概要 (續)

2.5 外幣換算

(a) 功能及呈報貨幣

計入本集團各實體財務報表的項目均以該實體業務所在的主要經濟環境的貨幣(「功能貨幣」)計量。合併財務報表乃以人民幣呈列，人民幣為本集團的功能貨幣及呈報貨幣。

(b) 交易及結餘

外幣交易按交易日期或重新計量項目估值日期當時的匯率換算為功能貨幣。因結算此等交易及按年終匯率換算以外幣計值的貨幣資產及負債而產生的外匯收益及虧損於損益內確認。

(c) 集團公司

本集團旗下所有實體(全部均非採用高通脹經濟體的貨幣)的功能貨幣倘有別於呈報貨幣，其業績及財務狀況須按如下方式兌換為呈報貨幣：

- (i) 各財務狀況表所列資產及負債按其報告期末的收市匯率換算；及
- (ii) 各項損益所列收入及開支按平均匯率換算，除非此平均匯率不足以合理地概括反映於交易日期適用匯率的累計影響，則在此情況下，收入及開支則按交易日期的匯率換算。

在合併賬目時，換算海外業務淨投資產生的匯兌差額，均列入其他綜合收益內。當處置或出售部分海外業務時，計入權益的匯兌差額於損益內確認為出售收益或虧損的一部分。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment

Property, plant and equipment, other than those under construction, are stated at historical cost less depreciation and impairment losses. Property, plant and equipment under construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Property, plant and equipment under construction is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Buildings	15 – 35 years
Plant and machinery	5 – 12 years
Motor vehicles	6 years
Other machinery	4 – 10 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 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains and losses' in profit or loss.

2 主要會計政策概要 (續)

2.6 物業、廠房及設備

除在建項目之外，物業、廠房及設備均會按歷史成本減折舊及減值虧損列賬。作生產或行政用途或尚未決定用途的在建物業、廠房及設備會按成本減任何已確認減值虧損入賬。在建物業、廠房及設備乃當完成並可作擬定用途時分類為物業、廠房及設備的適當類別。該等資產的折舊於資產可供用作擬定用途時開始，採用的基準與其他物業資產的基準相同。

歷史成本包括收購該等項目直接應佔的開支。

只有在與項目相關的未來經濟利益可能流入本集團，而項目成本能可靠地計量時，項目的其後成本才會計入資產賬面值，或在適當情況下確認為獨立資產。已取代部分的賬面值會被終止確認。其他所有維修保養費用於產生的財務期間內在損益表內扣除。

物業、廠房及設備的折舊採用直線法按以下的估計可使用年期將成本分配至其殘值計算：

樓宇	15至35年
廠房及機器	5至12年
汽車	6年
其他機器	4至10年

資產的殘值及可使用年期於各報告期末進行檢討，並於適當時作出調整。

倘資產賬面值高於其估計可收回金額，則資產賬面值會即時撇減至其可收回金額（附註2.7）。

出售收益及虧損以比較所得款與賬面值而釐定，並於損益表內的「其他收益及虧損」中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets

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

2.8 Financial instruments

HKFRS 9 replaced HKAS 39 "Financial Instruments, Recognition and Measurement".

Currently, HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15 (note 2.21). Derivative financial instrument is measured at FVPL (note 2.10). All other recognised financial assets of the Group that are within the scope of HKFRS 9 (including trade and other receivables, cash and cash equivalents, pledged bank deposits and fixed deposits) are subsequently measured at amortised cost.

Financial liabilities, such as trade and other payables, excluding other tax payables (note 2.15), borrowing (note 2.16), lease liabilities and employee housing deposits, are measured at amortised cost.

The method of recognition and classification of the above financial instruments adopted pursuant to HKFRS 9 are the same as the policy adopted under HKAS 39.

2 主要會計政策概要 (續)

2.7 非金融資產的減值

當有事件出現或情況改變顯示賬面值可能無法收回時，會就資產減值進行檢討。減值虧損按資產的賬面值超出其可收回金額的差額即時於損益確認。可收回金額以資產的公平值扣除銷售成本或使用價值兩者中的較高者為準。於評估減值時，資產按可分開識辨現金流量（現金產生單位）的最低層次分組。商譽以外的非金融資產如出現減值，會於各報告日期檢討其減值撥回的可能性。

2.8 金融工具

香港財務報告準則第9號取代香港會計準則第39號「金融工具：確認及計量」。

現時，香港財務報告準則第9號將金融資產分為三個主要分類：按攤銷成本計量、按公平值計入其他綜合收益及按公平值計入損益。該等分類取代香港會計準則第39號持有至到期投資、貸款及應收款、可供出售金融資產及按公平值計入損益的金融資產的分類。香港財務報告準則第9號項下金融資產的分類乃根據管理金融資產的業務模式及其合約現金流量的特性作出。

客戶合約所產生的貿易應收款初始根據香港財務報告準則第15號計量（附註2.21）。衍生金融工具按公平值計入損益計量（附註2.10）。本集團所有其他屬香港財務報告準則第9號範圍內的已確認金融資產（包括貿易及其他應收款、現金及現金等價物、已抵押銀行存款及定期存款）其後按攤銷成本計量。

金融負債（例如貿易及其他應付款（但不包括其他應付稅項）（附註2.15）、借款（附註2.16）、租賃負債及員工房屋保證金）按攤銷成本計量。

上述根據香港財務報告準則第9號採納的金融工具確認及分類方式與香港會計準則第39號所採納的政策相同。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.9 Credit risk and impairment of financial assets

Currently, the Group's financial assets measured at amortised cost, such as trade and other receivables, are subject to HKFRS 9's new expected credit loss (the "ECL") model. While cash and cash equivalents, pledged bank deposits and fixed deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss allowance was immaterial. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) set out the details how the Group determines whether there has been a significant increase in credit risk.

Financial assets measured at fair value, such as futures contracts, are not subject to ECL assessment.

For trade receivables, the Group applies the simplified approach to providing loss allowance at an amount equal to lifetime ECLs for its financial assets at initial recognition and through its life of the asset. A provision matrix is determined based on historical overdue pattern, shared risk characteristics, probability-weighted estimate of credit losses and is adjusted for forward-looking estimates. At each reporting date the above parameters are updated.

For other receivables, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance measured at an amount equal to lifetime ECLs.

For the financial years prior to 1 January 2018, the Group applied an "incurred loss" model which an impairment loss was recognised only if any one of the following indicators occurred:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant change in the technological, market, economic or legal environment that have an adverse effect on the debtors.

2 主要會計政策概要 (續)

2.9 金融資產的信貸風險及減值

現時，本集團按攤銷成本計量的金融資產（例如貿易及其他應收款）須受限於香港財務報告準則第9號的新預期信貸虧損（「預期信貸虧損」）模型。雖然現金及現金等價物、已抵押銀行存款及定期存款均須遵守香港財務報告準則第9號的減值規定，但所識別的減值虧損撥備並不重大。所應用的減值方法視乎信貸風險是否已經顯著增加而定。附註3.1(b)載列本集團釐定信貸風險是否顯著增加的方法。

按公平值計量的金融資產（例如期貨）毋須接受預期信貸虧損評估。

就貿易應收款而言，本集團應用簡單方法，於首次確認金融資產及在資產整段生命年期內按相當於生命年期預期信貸虧損的金額作出虧損撥備。撥備矩陣乃根據過往逾期模式、共有風險特質及機率加權估計信貸風險釐定，並就前瞻估計作出調整。上述參數於各報告日期更新。

就其他應收款而言，本集團確認相當於十二個月預期信貸虧損的虧損撥備，除非自初始確認後信貸風險顯著上升，在該情況下則按相當於生命年期預期信貸虧損計量虧損撥備。

就二零一八年一月一日前的財政年度而言，本集團應用「已產生虧損」模型，只有在出現以下任何一項跡象時確認減值虧損：

- 債務人面臨重大財政困難；
- 違約，例如欠繳或拖欠利息或本金付款；
- 債務人可能將會破產或進行其他財務重組；及
- 技術、市場、經濟或法律環境出現對債務人造成不利影響的重大變動。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.10 Derivative financial instruments

Derivative financial instruments, such as futures contract, are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedging accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

For the financial years prior to 1 January 2018, the derivatives were classified as held for trading financial instruments and any fair value change was recognised in profit or loss.

2.11 Inventories

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

2.12 Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less loss allowance (note 2.9).

2.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible into known amount of cash which are subject to an insignificant risk of changes in value, with original maturity of three months or less.

2.14 Share capital

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

2 主要會計政策概要 (續)

2.10 衍生金融工具

衍生金融工具(例如期貨)乃按公平值確認。於各報告期末,其公平值會重新計量。重新計量至公平值的收益或虧損即時於損益確認,惟符合對沖會計處理資格的衍生工具除外,於該情況下則視乎所對沖項目的性質確認所產生的收益或虧損。

就二零一八年一月一日前的財政年度而言,衍生工具獲分類為持作買賣金融工具,其任何公平值變動均於損益中確認。

2.11 存貨

存貨以成本及可變現淨值兩者的較低者入賬,而成本按加權平均法釐定。製成品及在製品的成本包括原材料、直接勞工、其他直接成本及相關生產間接成本(基於正常營運能力)。可變現淨值乃於日常業務過程中的估計售價,減去適用的可變銷售開支。

2.12 貿易及其他應收款

本集團於有權無條件取得代價時確認應收款。倘代價到期支付前的條件僅為待時間過去,則收取有關代價的權利即為無條件。

應收款使用實際利率法按攤銷成本減虧損撥備列賬(附註2.9)。

2.13 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、活期存款以原到期日為三個月或以下,可隨時轉換為已知現金金額,且價值變動風險極微的短期高流動性投資。

2.14 股本

普通股分類為權益。與發行新股或購股權直接有關的增量成本(扣除稅項),列入權益作為所得款的減值。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.15 Trade and other payables

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

2.16 Borrowing

Borrowing is recognised initially at fair value, net of transaction costs incurred. Borrowing is subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest method.

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

Borrowing is classified as current liability unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 主要會計政策概要 (續)

2.15 貿易及其他應付款

貿易應付款為於日常業務過程中就向供應商購買貨品或服務而付款的責任。倘貿易及其他應付款於一年或之內到期（或倘時間更長，則於業務的正常營運週期內），則被分類為流動負債，否則以非流動負債呈列。

貿易及其他應付款按公平值初步確認，其後採用實際利率法按攤銷成本計量。

2.16 借款

借款按公平值初步確認，並扣除已產生的交易成本。借款隨後按攤銷成本列賬；所得款（扣除交易成本）與贖回值之間的任何差額，使用實際利率法於借款期內在損益中確認。

倘可能會提取部分或全部融資，設立貸款融資時支付的費用確認為貸款的交易成本。在此情況下，費用遞延至貸款提取為止。如沒有證據證明可能會提取部分或全部融資，則該費用撥作資本列為流動資金服務的預付款，於有關融資期間攤銷。

除非本集團有權無條件將債務結算日期延遲至報告期結束後至少十二個月，否則借款歸類為流動負債。

2.17 借款成本

收購、建造或生產須長時間方能作擬定用途或出售前的資產所直接應佔的一般及特殊借款成本，會加入該等資產的成本內，直至該等資產已大致備可作擬定用途或出售為止。

以特別就合資格資產借入的未動用款項作臨時投資，其投資所得收入會從合資格撥作資本的借款成本中扣除。

所有其他借款成本在產生期間於損益中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.18 Current and deferred tax

The tax expense for the period comprises current and deferred tax. 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.

(a) 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 reporting period in the countries where the Company's subsidiaries operate and generates 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.

(b) Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or a 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 tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the foreseeable future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 主要會計政策概要 (續)

2.18 當期及遞延稅項

本期的稅項支出包括當期和遞延稅項。稅項在損益確認，但與其他綜合收益或直接在權益確認的項目有關者則除外。在此情況下，稅項亦分別在其他綜合收益或直接在權益確認。

(a) 當期所得稅

當期所得稅支出根據本公司的附屬公司經營業務及產生應課稅收入所在的國家於報告期末已頒佈或實質上已頒佈的稅務法例計算。對於有待詮釋的相關稅務規則，管理層定期評估報稅表所採取的立場，如認為適當會基於預期須向稅務機關支付的稅款提撥準備。

(b) 遞延稅項

因應資產和負債的稅基與資產和負債在合併財務報表的賬面值之間的暫時差額，採用負債法確認遞延稅項。然而，若遞延稅項源於交易（非業務合併）的資產或負債的初步確認，而在交易時不影響會計損益及稅務損益，則不記賬。遞延稅項採用在報告期末已頒佈或實質上已頒佈並預期在有關的遞延稅項資產變現或遞延稅項負債結算時將會使用的稅率（及法例）釐定。

遞延稅項資產在未來可能有應課稅利潤而就此可使用暫時性差異的情況下才會確認入賬。

於附屬公司的投資所產生之應課稅暫時性差異作遞延稅項負債準備，惟本集團可以控制暫時性差異的撥回時間，且暫時性差異在可預見將來可能不會撥回的遞延稅項負債除外。

因投資於附屬公司而產生的可扣減暫時差異，僅會於暫時性差異可在可見將來撥回，且有充足應課稅利潤可用作抵銷暫時差異時確認為遞延稅項資產。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.18 Current and deferred tax (Continued)

(c) Offsetting

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

2.19 Employee benefits

(a) Pension obligations

The Group sponsors defined contribution pension plans in the People's Republic of China (the "PRC") and Hong Kong. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions made to the defined contribution pension plans are expenses as incurred. Prepaid contributions are recognised as asset to the extent that a cash refund or a reduction in future payment is available.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2 主要會計政策概要 (續)

2.18 當期及遞延稅項 (續)

(c) 抵銷

當有法定可執行權力將當期稅項資產與當期稅項負債抵銷，且遞延稅項資產和負債涉及由同一稅務機關對應課稅實體或有意以淨額基準結算所得稅結餘的不同應課稅實體徵收的所得稅，則可將遞延稅項資產與負債互相抵銷。

2.19 僱員福利

(a) 退休金責任

本集團於中華人民共和國（「中國」）和香港設立界定供款計劃。界定供款計劃是本集團向獨立實體支付固定供款的退休金計劃。倘基金沒有充足資產向全體僱員支付與當期或過往期間僱員服務有關的福利，則本集團亦無法定或推定責任作額外供款。向界定供款退休金計劃作出之供款於作出時支銷。預付供款於有現金可退回時或可扣減未來付款時確認為資產。

(b) 花紅

預期支付的花紅乃於本集團須承擔因僱員所提供服務而產生的現有法定或推定性責任，並在可合理估計有關責任的金額時確認為負債。花紅計劃的負債預期將於十二個月內償還，並根據在償付時預期會支付的金額計量。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.19 Employee benefits (Continued)

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets) and including that of non-vesting conditions (for example, the requirement for employees to save). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the reporting date, the entity revises its estimates of the number of options that are expected to vest. 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 options are exercised.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 主要會計政策概要 (續)

2.19 僱員福利 (續)

(c) 以股份支付的報酬

本集團設立一項按股權計算、以股份為基礎的報酬計劃。本集團就授出購股權而取得之僱員服務的公平值乃確認為費用。購股權歸屬期間支銷之總額乃參考已授出購股權之公平值而釐定，惟不計及任何非市場歸屬條件之影響（例如盈利能力及銷售增長目標），但包括非歸屬條件（例如要求員工儲蓄）之影響。非市場歸屬條件包括於有關預期可予歸屬之購股權數目之假設內。於報告日期，實體會修改其估計預期可予歸屬之購股權之數目。修改原來估計數字如有影響，則於損益內確認，並對權益作相應調整。

當購股權獲行使時，收取之所得款項於扣除任何直接應佔之交易成本後計入股本（面值）及股份溢價賬。

2.20 撥備

當本集團因過往事件而須負上現有的法定或推定責任，並且可能須流失資源以履行責任，而金額亦能夠可靠估計時，會確認撥備。未來經營虧損撥備不會確認入賬。

倘有多項類似責任出現，則會整體考慮責任所屬類別以釐定履行責任會否導致資源流失。即使同一類別責任內任何一項造成資源流失的可能性不高，仍會確認撥備。

撥備按為履行責任預計所需開支的現值計量，計算此等現值使用的稅前貼現率能夠反映對貨幣時間價值及該責任特有的風險的市場評估。時間流逝導致撥備金額的增加會確認為利息開支。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.21 Revenue recognition

HKFRS 15 replaces HKAS 18 “Revenue” which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction Contracts, which specified the accounting for construction contracts and related interpretations.

The Group has elected to use the modified retrospective approach with the effect of initially applying this standard recognised at the date of initial application.

Revenue from sale of upstream products and fermented and downstream products is recognised when goods are delivered to the customers, which is taken to be the point in time when the Group transfers control over the products to the customers. Revenue excludes value added taxes or other sales taxes and is after deduction of sales return, if any. In prior years, the accounting policies of revenue measurement and recognition under HKAS 18 were almost the same as the existing policies adopted under HKFRS 15. Under HKAS 18, sales of products are recognised when a customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customer’s acceptance of goods. Therefore, the adoption of HKFRS 15 does not have material impact on the accounting policies as compared with the previous accounting policies adopted under HKAS 18.

2 主要會計政策概要 (續)

2.21 收入確認

香港財務報告準則第15號取代香港會計準則第18號「收入」，當中涵蓋出售貨物及提供服務所產生之收入，以及香港會計準則第11號「建築合約」，當中指明建築合約及相關詮釋之會計處理。

本集團已使用經修訂追溯法採納此準則，所以首次應用此準則當日其應用影響即獲確認。

銷售上游產品以及發酵及下游產品的收入於向客戶交付貨品時確認，即是本集團將貨品的控制權轉移予客戶的時間點。收入不包括增值稅或其他銷售稅，並須扣除銷售退回（如有）。於過往年度，香港會計準則第18號項下有關收入計量及確認的會計政策與香港財務報告準則第15號項下採納的現有政策大致相同。根據香港會計準則第18號，當客戶可全權決定產品銷售渠道及售價，且沒有影響客戶接受貨品的未履行責任時，則會確認產品銷售。因此，與過往在香港會計準則第18號項下採納的會計政策相比，採納香港財務報告準則第15號對會計政策並無重大影響。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.21 Revenue recognition (Continued)

The Group does not expect to have any contract where the period between the transfer of goods to the customer and the payment by the customer exceeds one year. As a result, the Group does not adjust any of the transaction prices for the time value of money.

The Group does not expect to have any contract asset which represents the Group's rights to consideration in exchange of goods that delivered to the customer is not yet unconditional. In contrast, 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 payment is due.

Advances from customers are contract liabilities which represent the Group's obligation to render goods to customers for which the Group has received consideration from the customers.

The Group also does not expect to have any incremental cost to obtain a contract with a customer. Costs that will be incurred regardless of whether the contract is obtained are expensed as they incurred.

2.22 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.23 Leases

The Group has opted for the early adoption of HKFRS 16 in the current financial year.

HKFRS 16 introduces a single, on-balance sheet lease accounting model for leases. A lessee is currently required to recognise almost all leases on the statement of financial position which will reflect their "right-of-use" for a period of time and their associated liability for payments.

2 主要會計政策概要 (續)

2.21 收入確認 (續)

倘貨品的控制權轉移予客戶與客戶就此付款的時間超過一年，本集團並不預期於該期間有任何合約。因此，本集團並不就金錢的時間價值調整任何交易價格。

倘本集團已交付予客戶的貨品而收取代價的權利並未成為無條件，本集團亦不預期就此持有任何代表的合約資產。相反，應收款於貨品交付時確認，因為於該時間點只需要在到期付款前經過一段時間，代價即為無條件。

客戶墊款為合約負債，代表本集團就已自客戶取得代價而向其提供貨品的責任。

本集團並不預期為取得一名客戶的合約而產生任何增量成本。不論是否取得合約，成本將會於產生時支銷。

2.22 利息收入

利息收入採用實際利率法確認。倘貸款及應收款項出現減值，本集團會將賬面值減至可收回金額，即按工具的原實際利率折現的估計未來現金流，並繼續將折現金額作為利息收益入賬。減值貸款及應收款項的利息收入使用原實際利率確認。

2.23 租賃

本集團選擇於本財政年度提早採納香港財務報告準則第16號。

香港財務報告準則第16號引入對租賃的一個單一、在資產負債表上之租賃會計處理模式。承租人現時須於財務狀況表上確認絕大多數租賃，其將反映彼等於特定時間段內的「使用權」及其相關的付款責任。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.23 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are measured at the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables
- variable lease payments that are based on an index or a rate
- amounts expected to be payable under residual value guarantees
- the exercise price of purchase option if it is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease reflecting the lessee exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of lease liabilities
- any lease payment made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 主要會計政策概要 (續)

2.23 租賃 (續)

租賃產生的資產及負債初始按現值基準計量。租賃負債按下列租賃付款的現值計量：

- 固定付款 (包括實質固定付款) 減任何應收租賃優惠
- 以指數或比率為基準的可變租賃付款
- 預期於餘值擔保項下應付的款項
- 倘行使該購買選擇權屬合理地可肯定，則為該選擇權的行使價；及
- 於行使終止租賃的選擇權時所需支付的終止租賃罰款。

租賃付款按租賃所隱含的利率 (倘該利率可釐定) 或本集團的增量借款率貼現。

使用權資產的成本計量包括以下各項：

- 租賃負債的初步計量金額
- 於開始日期或之前所作的任何租賃付款，減去已收取的任何租賃優惠
- 任何初始直接成本；及
- 修復成本。

各項租賃付款於負債及融資成本間分配。融資成本於租賃期間在損益中扣除，以制定出各期間負債剩餘結餘的固定定期利率。使用權資產於資產可用年期與租約年期的較短者中按直線法折舊。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.23 Leases (Continued)

There are recognition exemptions for short-term leases and leases of low-value items. Short-term leases are leases with a lease term of 12 months or less at the commencement date. Low-value items included IT-equipment and small items of office furniture. Payments associated with short-term leases and leases of low value items are recognised on a straight-line basis as expenses in profit or loss.

In prior years, rental payable under operating leases were charged to profit or loss on a straight-line basis over the lease term.

The Group applies the practical expedient to grandfather the definition of a lease on transition. This means that it will apply HKFRS 16 to contracts that were previously identified as leases under HKAS 17 "Leases" and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

The Group has transitioned to HKFRS 16 in accordance with the modified retrospective approach and, therefore, the information presented for 2017 has not been restated. The right-of-use asset for property lease was measured at the amount equal to the lease liability, adjusted by the amount of any prepayments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2017.

The reconciliation of operating lease commitment to lease liabilities is set out below:

		RMB'000 人民幣千元
Operating lease commitment at 31 December 2017	於二零一七年十二月三十一日的 經營租賃承擔	1,117
Lease of short-term and low value assets	短期及低價值資產租賃	(145)
Estimated dismantling cost	預計拆除成本	116
		<hr/>
Gross lease liabilities at 1 January 2018	於二零一八年一月一日的毛租賃負債	1,088
Discounting	貼現	(36)
		<hr/>
Lease liabilities at 1 January 2018	於二零一八年一月一日的租賃負債	1,052

The lease liabilities were discounted at an incremental borrowing rate at 1 January 2018.

2 主要會計政策概要 (續)

2.23 租賃 (續)

就短期租賃及低價值項目租賃設有確認豁免。短期租賃指於開始日期租約年期為12個月或少於12個月的租賃。低價值資產包括器材及小型辦公傢俬。與短期租賃及低價值資產租賃有關的付款按直線法於損益中確認為開支。

於過往年度，來自經營租賃的應付租金按直線法在該租期自損益中扣除。

本集團採用可行權宜以釐定轉移中的租賃的定義。此意指本集團將應用香港財務報告準則第16號到先前於香港會計準則第17號「租賃」及香港（國際財務報告詮釋委員會）詮釋第4號「釐定安排是否包括租賃」項下獲識別為租賃的合約。

本集團已根據修改追溯法轉移至香港財務報告準則第16號，因此，就二零一七年呈報的資料並未獲重列。物業租賃的土地使用權資產按相當於租賃負債的金額計量，並就於二零一七年十二月三十一日的合併財務狀況表有關該租賃而確認的任何預付款金額調整。

經營租賃承擔與租賃負債的對賬如下：

租賃負債已按二零一八年一月一日的增量借款率貼現。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.23 Leases (Continued)

Prepaid lease payment in respect of the land use right in the PRC is currently reclassified and recognised as right-of-use assets under HKFRS 16.

The adjustment of the opening balances (affected items only) below results from the initial application of the HKFRS 16 as at 1 January 2018. The prior-year amounts were not adjusted.

	31 December 2017	HKFRS 16 Reclassification	HKFRS 16 Contract capitalisation	1 January 2018
	於二零一七年 十二月三十一日	香港財務報告 準則第16號 重新分類	香港財務報告 準則第16號 合約資本化	二零一八年 一月一日
	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
Assets:				
Prepaid lease payments	205,587	(205,587)	-	-
Right-of-use assets	-	205,587	1,052	206,639
Liabilities:				
Lease liabilities	-	-	1,052	1,052

2.24 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 profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

2 主要會計政策概要 (續)

2.23 租賃 (續)

就中國土地使用權的預付租賃款現時已重新分類為香港財務報告準則第16號項下的使用權資產。

下列對期初結餘的調整(只限受影響項目)乃二零一八年一月一日首次應用香港財務報告準則第16號所致。過往期間的金額未有調整。

2.24 政府補助

政府補助於可合理保證將會收到補助及將遵守相關附帶條件時，按其公平值確認。

有關成本之政府補助會作遞延，並在須將該補助與該補助擬補償之成本配對所需的期間，於損益確認。

與物業、廠房及設備有關的政府補助計入非流動負債作為遞延收入，並於相關資產的預計年內按直線法計入損益。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 Summary of significant accounting policies (Continued)

2.25 Research and development expenditure

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

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2 主要會計政策概要 (續)

2.25 研究及開發開支

研究開支於產生期間確認為開支。開發項目（涉及新產品或改良產品的設計及測試）產生的成本於符合以下所有條件時確認為無形資產：

- (a) 完成無形資產在技術上可行，致使該無形資產可供使用或銷售；
- (b) 管理層有意完成及使用或銷售該無形資產；
- (c) 能夠使用或銷售無形資產；
- (d) 能呈現該無形資產如何產生可能的未來經濟利益；
- (e) 具備充裕的技術、財務及其他資源，以完成開發工作及使用或銷售該無形資產；以及
- (f) 能夠可靠計量該無形資產於開發時應佔的開支。

其他不符合上述要求的開發開支產生期間確認為開支。之前確認為開支的開發成本於之後的期間不會被確認為資產。資本化開發成本被列為無形資產，並於該資產可供使用時按直線法於不超過五年的可使用年期攤銷。

2.26 股息分派

向本公司股東分派的股息在股息獲本公司股東或董事（如合適）批准當期於本集團及本公司的財務報表確認為負債。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 Financial risk management

3.1 Financial risk factors

The Group's major financial instruments include trade and other receivables, bank deposits, borrowing, trade and other payables, and employee housing deposits. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

(i) Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise. Approximately 11% (2017: 9%) of the Group's sales are denominated in currencies other than the functional currency of the entities of the Group.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange risk arises when future commercial translation or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to United States Dollars ("US\$") and Hong Kong Dollars ("HK\$"). The management considers the foreign exchange risk with respect to US\$ and HK\$ is not material as the net exposure of the financial assets and liabilities denominated in these currencies is insignificant.

3 財務風險管理

3.1 財務風險因素

本集團的主要金融工具包括按公平值計入損益的金融資產、貿易及其他應收款、已抵押銀行存款、三個月以上定期存款、現金及現金等價物、借款、貿易及其他應付款及員工房屋保證金。該等金融工具的詳情已在相關的附註披露。該等金融工具的相關風險及減低該等風險的政策在下文載述。管理層會管理及監督該等風險以確保能及時並有效地實施適當措施。

(a) 市場風險

(i) 外匯風險

本集團進行的若干交易以外幣計值，因此須承擔匯率波動的風險。本集團約11%（二零一七年：9%）的銷售額乃以本集團實體的功能貨幣以外的貨幣計值。

本集團透過密切監測外幣匯率的變動管理其外匯風險。

本集團業務主要位於中國，大部分交易以人民幣結算。倘日後商業匯兌或已確認資產及負債以非實體功能貨幣的貨幣計值，將會產生外匯風險。本集團主要面臨美元及港元的外匯風險。管理層認為有關美元及港元的外匯風險並不重大，因為以該等貨幣計值的金融資產及負債的淨風險微不足道。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose to material foreign exchange risk as the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB. The Group has not used any forward contracts or currency borrowings to hedge its exposure as the cost-benefit is considered not effective.

(ii) Corn kernel price risk

Corn kernels are the major raw materials of the product of the Group and they are subject to price changes in the commodity market. During the year, management did not use any commodity futures to control the exposure of the Group to price fluctuations of corn kernel. Instead, purchases are made in bulk at the time when the market price of corn kernel is considered as low.

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)

本集團的資產及負債以及業務交易基本不涉及重大外匯風險，原因為本集團的資產及負債主要以人民幣計值。本集團透過在中國的銷售獲取人民幣，以應付以人民幣計值的負債。由於認為成本效益不高，故本集團並無利用任何遠期合約或貨幣借款對沖其風險。

(ii) 玉米粒價格風險

玉米粒為本集團產品的主要原材料，須面對商品市場的價格變動。本年度內，管理層並無使用商品期貨控制本集團因玉米粒價格波動而承受的風險。反之，於玉米粒市價被認定為低時大量採購玉米粒。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cornstarch price risk

Cornstarch is a major product of the Group and it is subject to price changes in the commodity market. The party which holding a put position of cornstarch futures contract would not make any profit if the cornstarch market is prosperity. In other words, short-selling cornstarch futures contract during the price-up period would unnecessary increase the exposure of price risk. The management would use futures contract to control the exposure of price risk when the market is extreme volatile or in recession.

(iv) Interest rate risk

The Group's interest rate risk arises primarily from ad hoc short-term borrowing or discount on bank acceptance bills carried at variable rates, which exposes the Group to cash flow interest rate risk. The Group's interest-free government loan exposes the Group to fair value interest rate risk. The management considers the fair value interest rate risk is insignificant as the government loan is repayable within one year.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(iii) 玉米澱粉價格風險

玉米澱粉為本集團的主要產品，須面對商品市場的價格變動。在玉米澱粉市場暢旺時，持有玉米澱粉期貨合約的認沽倉位的一方將不會獲得任何利潤。換言之，沽空玉米澱粉期貨合約在玉米澱粉價格上升期間將不必要地增加所面對的價格風險。管理層會在市場極為波動或衰退時利用期貨合約控制價格風險。

(iv) 利率風險

本集團之利率風險主要來自按浮動利率計息的不時的短期借款或銀行承兌票據的貼現，其令本集團面臨現金流利率風險。本集團之免息政府貸款令本集團面臨公平值利率風險。管理層認為公平值利率風險並不重大，原因為政府貸款需於一年內償還。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and bank deposits included in the consolidated statement of financial position which represent the Group's maximum exposure to credit risk in relation to its financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

To manage the risk arising from bank deposits, which include cash and cash equivalents, pledged bank deposits and fixed deposits, the Group only transacts with reputable banks which are high-credit-quality financial institutions. There has no recent history of default in relation to these financial institutions. The credit risk on bank acceptance bills is monitored closely by the management who will assess the reputation of the customer's issuing bank and the risk of recoverability. The ECL on all bank deposits and bank acceptance bills is close to zero.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The management believes that there is no material credit risk inherent in the Group's outstanding balances of other receivables and the ECL is close to zero.

For trade receivables, the Group has credit policy to monitor the credit risk. In general, the credit record and credit period for each customer are regularly assessed, based on the customer's financial condition, historical payment record and other factors such as current market condition.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

本集團的信貸風險主要來自合併財務狀況表中包括的貿易及其他應收款以及銀行存款，該等貿易及其他應收款以及銀行存款代表本集團就其金融資產承擔的最高信貸風險。管理層已制訂信貸政策，並不斷監察所承擔的信貸風險。

為管理銀行存款（包括現金及現金等價物、已抵押銀行存款及定期存款）產生的風險，本集團僅與信譽良好而且屬高信貸質素金融機構的銀行交易。近期該等金融機構並無違約紀錄。銀行承兌票據的信貸風險由管理層密切監察，管理層亦會評估客戶的發行銀行的信譽以及可收回程度的風險。所有銀行存款及銀行承兌票據的預期信貸虧損近乎零。

就其他應收款而言，管理層會基於過往結算紀錄及過往經驗對其他應收款是否可回收定期作出整體評估及個別評估。管理層相信本集團的其他應收款概無內在的信貸風險，而其預期信貸虧損近乎零。

就貿易應收款而言，本集團已制訂信貸政策監察信貸風險。一般而言，每一名客戶的信貸紀錄及信貸期限獲定期評估，評估乃基於客戶的財務狀況、過往支付紀錄及其他因素如現行市況考慮。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group categories trade or other receivables for write off when a customer or debtor fails to make contractual payments. Where trade or other receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group applies the simplified approach to providing for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables from third parties and related parties.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

		Expected loss rate 預期虧損比率	Gross carrying amount 賬面總值 RMB'000 人民幣千元	Loss allowance 虧損撥備 RMB'000 人民幣千元
Current (not past due)	即期 (未逾期)	~0%	65,902	-
1 – 60 days past due	逾期一至六十日	0.15%	4,942	7
61 – 90 days past due	逾期六十一至九十日	1.00%	6,091	61
More than 365 days past due	逾期超過三百六十五日	100.00%	9,630	9,630
			86,565	9,698

Expected loss rates are based on actual loss experience over the past two years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

本集團於一名客戶或債務人無法支付合約款項時，會將貿易及其他應收款分類為撇銷。當貿易及其他應收款獲撇銷時，本集團會繼續採取強制行動以嘗試回收到期的應收款。倘成功回收，回收款將於損益中確認。

本集團應用簡單的方法就香港財務報告準則第9號的預期信貸虧損作出撥備，該方法允許就來自第三方及有關人士的所有貿易應收款採用生命年期的預期信貸虧損。

下表提供有關本集團於二零一八年十二月三十一日就貿易應收款面對的信貸風險及預期信貸虧損資料：

預期虧損比率乃根據過往兩年的實際虧損經驗計算得出。該等比率已作出調整，以反映收集過往數據期間的經濟狀況、目前狀況與本集團所認為應收款預計存續期內的經濟狀況當中的差異。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

There was no material impact on trade and other receivables for the initial application of the new impairment requirements under HKFRS 9 compared with under HKAS 39.

The Group has no significant concentration of credit risk in respect of the trade and other receivables, with exposures spread over a number of debtors and customers.

(c) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group also maintains sufficient banking facilities to meet its future payment requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

		Within 1 year 一年以內 RMB'000 人民幣千元	Between 1 – 2 years 一年至兩年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Carrying amount liabilities 賬面值負債 RMB'000 人民幣千元
2018	二零一八年				
Trade and other payables	貿易及其他應付款	675,488	–	675,488	675,488
Lease liabilities	租賃負債	537	–	537	537
Borrowing	借款	4,432	–	4,432	4,432
Employee housing deposits	員工房屋保證金	23,768	–	23,768	23,768
		704,225	–	704,225	704,225
2017	二零一七年				
Trade and other payables	貿易及其他應付款	262,771	–	262,771	262,771
Borrowing	借款	4,208	224	4,432	4,432
Employee housing deposits	員工房屋保證金	23,768	–	23,768	23,768
		290,747	224	290,971	290,971

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

與香港會計準則第39號相比，首次應用香港財務報告準則第9號項下的新減值規定對貿易及其他應收款並無重大影響。

就貿易及其他應收款而言，本集團並無高度集中的信貸風險，風險均分散於多名債務人及客戶。

(c) 流動資金風險

本集團會作出監督，將現金及現金等價物保持在管理層認為充足的水平，以應付本集團的經營所需及減低現金流量波動的影響。此外，本集團亦維持足夠的銀行信貸應付其未來付款所需。

下表為本集團金融負債按其相關到期日分類的分析，分析乃基於合約到期日於本報告日期的剩餘期間。下表中披露金額是合同中未貼現現金流：

Notes to the Consolidated Financial Statements

合併財務報表附註

3 Financial risk management (Continued)

3.2 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the cost of capital. The Group monitors its capital structure on the basis of gearing ratio. The gearing ratio is determined by total borrowing to total assets of the Group. During 2018, the Group's capital management strategy, which was unchanged from prior year, was to maintain a lower level of gearing ratio in order to cope with unexpected change in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

3 財務風險管理 (續)

3.2 資本管理

本集團管理資本的目標為保障本集團可持續經營的能力，以為股東提供回報並為其他權益持有人提供利益。為了維持或調整資本架構，本集團可能調整向股東支付的股息金額、向股東退回資本、發行新股或出售資產，藉以減低資金成本。本集團根據槓桿比率監察資本結構。槓桿比率按本集團的借款總額除以資產總值釐定。於二零一八年，本集團之資本管理策略為維持較低的槓桿比率，以應對經濟狀況的突發變動，有關策略與去年相同。

本公司或其任何附屬公司均毋須遵守任何外部實施的資本要求。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Total borrowing	借款總額	4,432	4,432
Total assets	資產總值	4,212,055	3,538,106
Gearing ratio	槓桿比率	0.1%	0.1%

Notes to the Consolidated Financial Statements

合併財務報表附註

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation on inventories

The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete and slow-moving items. The management estimates the net realisable value for such finished goods, work-in-progress and raw materials primarily on the estimated future selling price and market conditions. Where the estimates of the net realisable value are less than expected, a material allowance may arise. The Group reassesses these estimates annually.

(b) Useful lives and estimated impairment 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. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will adjust the depreciation charge where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4 重大會計估計及判斷

以下為涉及日後的主要假設及於報告期末估估計及判斷會持續進行評估，並根據過往經驗及其他因素，包括在有關情況下對未來事件的合理預期。

本集團對未來作出若干估計及假設。所得的會計估計如其定義，極少與相關的實際結果相同。有很大機會引致下一個財政年度內對資產及負債賬面值作出重大調整風險的估計及假設討論如下。

(a) 存貨估值

本集團會於各報告期末檢討每類產品的存貨，為陳舊及滯銷項目作出備抵。管理層主要根據估計的未來售價和市場情況估計該等製成品、在製品及原材料的可變現淨值。如可變現淨值估計少於預期，可能需作出重大備抵。本集團每年重新評估該等估計。

(b) 物業、廠房及設備的可使用年期及估計減值

本集團的管理層決定其物業、廠房及設備的估計可使用年期及有關折舊開支。該估計乃根據性質及功能相近的物業、廠房及設備過往的實際可使用年期而作出。該估計可能因科技進步及競爭者對嚴重行業週期的行動而出現重大變動。管理層將於可使用年期與先前估計年期不同時調整折舊開支，或撤銷或撤減經已廢棄或出售的技術上已過時或非策略性資產。

Notes to the Consolidated Financial Statements

合併財務報表附註

4 Critical accounting estimates and judgements (Continued)

(b) Useful lives and estimated impairment of property, plant and equipment (Continued)

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting period. If such an indication exists, the recoverable amount of property, plant and equipment is estimated using the higher of its fair value less costs of disposals and its value-in-use. If the carrying amount of property, plant and equipment exceeds its recoverable amount, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss.

(c) Impairment of trade and other receivables

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives.

5 Revenue and segment information

The Group's operating segments are as follows:

Upstream products	– the manufacture and sale of cornstarch and ancillary corn-refined products
Fermented and downstream products	– the manufacture and sale of lysine, starch-based sweetener, modified starch and other products

The operating segments are identified in accordance with the economic similarity and distinction of our products. For the purpose of assessing segment performance and allocating resources between segments, the chief operating decision maker assesses and monitors the segment revenues, margins and results attributable to each reportable segment. Inter-segment sales or provision of materials to other segments is not measured.

Interest income and expense are not included in the result for each operating segment as these are managed on a group basis and are not allocated to reportable segments.

4 重大會計估計及判斷

(b) 物業、廠房及設備的可使用年期及估計減值(續)

本集團在各報告期末評估物業、廠房及設備是否有任何減值跡象。倘存在有關跡象，則以公平值減出售成本，及計算使用價值之較高者估計物業、廠房及設備之可收回金額。倘物業、廠房及設備的賬面值高於其可收回金額，則會確認減值虧損將資產之賬面值降至其可收回金額。有關減值虧損於損益中確認。

(c) 貿易及其他應收款減值

本集團透過評估預期信貸虧損估計貿易及其他應收款的虧損撥備，過程需要使用估計及判斷。預期信貸虧損乃根據本集團的過往信貸虧損經驗，並就債務人的特定因素及對目前與預計的整體經濟狀況評估於報告期末作出調整。倘估計與原先估計不同，該等差異將影響貿易應收款的賬面值，並因有關估計的變動以致期內減值虧損亦受影響。本集團會繼續評估貿易應收款於彼等預期存續期內的預期信貸虧損。

5 收入及分部資料

本集團的經營分部如下：

上游產品	– 生產及銷售玉米澱粉及玉米深加工副產品
發酵及下游產品	– 生產及銷售賴氨酸、澱粉糖、變性澱粉及其他產品

經營分部乃根據產品在經濟上的相似及不同之處識別。為評估分部表現及於分部間分配資源，主要營運決策人會評估及監察各可呈報分部應佔的分部收入、利潤及業績。分部間銷售或向其他分部提供物料並無計算在內。

利息收入及開支由於以集團基準管理，並未分配至可報告分部，故不會計入各經營分部業績內。

Notes to the Consolidated Financial Statements

合併財務報表附註

5 Revenue and segment information (Continued)

Unallocated income and expenses mainly consist of certain government grants and corporate costs respectively which cannot be allocated to individual segments.

Sales between segments are charged at cost or with reference to the selling prices used for sales made to third parties at the then prevailing market prices. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

5 收入及分部資料 (續)

未分配收入及開支分別主要包括未能分配至個別分部的若干政府補助及企業成本。

分部間銷售乃按成本或參考向第三方銷售所採用的售價按當時的當前市價收費。向管理層報告的外部收入的計量基準與合併損益及其他綜合收益表所採用者一致。

		Upstream products	Fermented and downstream products	Unallocated	Total
		上游產品	發酵及下游產品	未分配	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
2018	二零一八年				
Sales to external customers	向外來客戶銷售	3,558,900	1,514,589	–	5,073,489
Inter-segment sales	分部間銷售	239,929	148	–	240,077
Reportable segment results	可報告分部業績	279,621	167,381	–	447,002
Unallocated income	未分配收入				35,701
Unallocated expenses	未分配開支				(211,471)
Finance income	融資收入				44,147
Finance expenses	融資費用				(444)
Profit before income tax	除所得稅前利潤				314,935
Other segment information:	其他分部資料:				
Depreciation	折舊	62,262	58,696	36,208	157,166

Notes to the Consolidated Financial Statements

合併財務報表附註

5 Revenue and segment information (Continued)

5 收入及分部資料 (續)

		Upstream products 上游產品 RMB'000 人民幣千元	Fermented and downstream products 發酵及 下游產品 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
2017	二零一七年				
Sales to external customers	向外來客戶銷售	3,177,310	1,517,231	–	4,694,541
Inter-segment sales	分部間銷售	185,285	2,341	–	187,626
Reportable segment results	可報告分部業績	278,433	389,454	–	667,887
Unallocated income	未分配收入				30,897
Unallocated expenses	未分配開支				(202,331)
Finance income	融資收入				32,424
Finance expenses	融資費用				(290)
Profit before income tax	除所得稅前利潤				528,587
Other segment information:	其他分部資料:				
Depreciation and amortisation	折舊及攤銷	68,490	48,321	38,979	155,790

During the years ended 31 December 2018 and 2017, all source of revenue are recognised at a point in time.

於截至二零一八年及二零一七年十二月三十一日止年度，所有收入來源於一個時間點確認。

Based on the place of the operation of external customers, revenue attributed to the PRC and other countries is RMB4,483,086,000 and RMB590,403,000 (2017: RMB4,234,310,000 and RMB460,231,000) respectively.

根據外來客戶營運所在地，中國及其他國家應佔的收入分別為人民幣4,483,086,000元及人民幣590,403,000元（二零一七年：人民幣4,234,310,000元及人民幣460,231,000元）。

The Group's assets, liabilities and capital expenditures are predominantly attributable to a single geographical region, which is the PRC. Therefore, no analysis by geographical regions is presented.

本集團的資產、負債及資本開支絕大部分來自一個單一地區，即中國。因此，概無呈列地區分析。

Notes to the Consolidated Financial Statements

合併財務報表附註

6 Other gains and losses

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Amortisation of government grants (note 24)	政府補助的攤銷(附註24)	49,191	13,484
Government grants (note)	政府補助(附註)	4,868	98,499
Gain on sale of scrap materials	銷售廢料之收益	10,290	6,143
Gain/(loss) on disposal of property, plant and equipment	出售物業、廠房及設備之收益/(虧損)	310	(11,191)
Net foreign exchange loss	匯兌虧損淨額	(211)	(1,374)
Net fair value loss on 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虧損淨額	-	(337)
Others	其他	3,520	644
		67,968	105,868

Note:

For the year ended 31 December 2018, the government grants mainly represented a subsidy of approximately RMB4,510,000 from local government for supporting business development. For the year ended 31 December 2017, the government grants mainly represented subsidies of approximately RMB97,046,000 provided by the local government for the compensation of losses incurred during the relocation of the old production plant in Shouguang.

The government grants were granted at the discretion of the government and were not recurring in nature.

6 其他收益及虧損

附註：

截至二零一八年十二月三十一日止年度，政府補助主要指地方政府為支持業務發展而提供的資助約人民幣4,510,000元。截至二零一七年十二月三十一日止年度，政府補助主要指地方政府為補償壽光舊廠房搬遷期間所產生的虧損而提供的補貼約人民幣97,046,000元。

政府補助乃由政府酌情授出，並屬非經常性質。

7 Finance income

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest income on	以下項目的利息收入		
- Bank deposits	- 銀行存款	40,277	30,655
- Investments	- 投資	2,569	646
- Undue bank acceptance bills	- 未到期銀行承兌票據	1,301	1,123
		44,147	32,424

7 融資收入

Notes to the Consolidated Financial Statements

合併財務報表附註

8 Finance expenses

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Interest on	以下項目的利息		
– Discounted bills receivables	– 應收貼現票據	429	290
– Lease liabilities	– 租賃負債	15	–
		444	290

8 融資費用

9 Profit before income tax

The major expenses of the Group are as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost of inventories recognised as an expense	確認為開支的存貨成本	4,409,845	3,902,009
Employee benefit expenses (including directors' emoluments) (note 11)	僱員福利開支(包括董事酬金) (附註11)	183,182	167,320
Depreciation of property, plant and equipment (note 15)	物業、廠房及設備折舊(附註15)	151,659	150,903
Depreciation of right-of-use assets (note 16)	使用權資產折舊(附註16)	5,507	–
Amortisation of prepaid lease payments (note 17)	預付租賃款的攤銷(附註17)	–	4,887
Operating lease expenses in respect of short-term leases	短期租賃項下的經營租賃開支	475	–
Research and development expenses (note)	研究及開發費用(附註)	27,050	20,610
Minimum lease payments paid under operating lease in respect of premises	物業經營租賃項下已付的 最低租賃款	–	1,079
Auditor's remuneration	核數師薪酬	715	721

9 除所得稅前利潤

本集團的主要開支如下：

Note:

Research and development costs include staff costs of employees in the research and development department, which are included in the employee benefits expenses as disclosed above.

附註：

研究及開發成本包括研發部僱員之員工成本，並已計入上表所披露之僱員福利開支中。

Notes to the Consolidated Financial Statements

合併財務報表附註

10 Income tax expenses

10 所得稅支出

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current income tax	即期所得稅		
– PRC Enterprises Income Tax (“EIT”)	– 中國企業所得稅（「企業所得稅」）	94,499	166,728
– Over-provision in prior years	– 過往年度超額撥備	(2,505)	(476)
– Other PRC withholding tax	– 其他中國預扣稅	230	594
Deferred tax (note 22)	遞延稅項（附註22）	(15,324)	(32,320)
		76,900	134,526

The Group's major business is in the PRC. Under the law of the PRC on EIT and its Implementation Regulation, the tax rate of the PRC subsidiaries is 25% for both years. Except for one subsidiary of the Group is recognised as high technology enterprise is entitled to enjoy a preferential EIT rate of 15% (2017: 15%).

本集團之主要業務於中國進行。根據中國有關企業所得稅法之法律及其實施細則，中國附屬公司於兩個年度之稅率均為25%。惟本集團一間獲確認為高技術企業的附屬公司除外，該公司可享有15%（二零一七年：15%）的優惠企業所得稅率。

No provision for Hong Kong profits tax has been made as the Group entities' profit neither arose in nor was derived from Hong Kong during both years.

由於本集團的實體於兩個年度內並無在香港產生或賺取利潤，故並無就香港利得稅作出撥備。

Pursuant to the PRC EIT and its Implementation Regulation, non-PRC resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. The Group adopted the 10% withholding tax rate for PRC dividend withholding tax purposes during the year ended 31 December 2018 and 2017.

根據中國企業所得稅法及其實施細則，對非中國居民企業應收中國企業以二零零八年一月一日起所賺取利潤作出的股息，按10%的稅率徵收預扣稅（除非稅收協定／安排訂明較低的稅率）。於截至二零一八年及二零一七年十二月三十一日止年度，本集團已就中國股息預扣稅採納10%的預扣稅稅率。

Notes to the Consolidated Financial Statements

合併財務報表附註

10 Income tax expenses (Continued)

The tax expense for the year can be reconciled to the profit before taxation as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Profit before income tax	除所得稅前利潤	314,935	528,587
Tax at the corporate income tax rate at 25% (2017: 25%)	以企業所得稅率25% (二零一七年: 25%) 計算的稅項	78,734	132,147
Tax effects of	下列各項的稅務影響:		
– Different tax rate	– 不同稅率	(467)	(1,721)
– Expenses not deductible for tax purposes	– 不可扣稅開支	3,419	9,745
– Income not subject to tax	– 毋須課稅收入	(2,208)	(4,660)
– Tax losses for which no deferred tax asset was recognised	– 並無確認遞延稅項資產的稅項虧損	–	482
– Over-provision in prior years	– 過往年度超額撥備	(2,505)	(476)
– Tax deduction in the PRC	– 中國稅項減免	(2,803)	(2,085)
– PRC dividend withholding tax	– 中國股息預扣稅	2,500	500
– Other withholding tax	– 其他預扣稅	230	594
		76,900	134,526

10 所得稅支出 (續)

本年度稅項支出可與除稅前利潤對賬如下:

11 Employee benefit expenses (including directors' emoluments)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Wages and salaries	工資及薪金	129,445	113,312
Staff welfares	員工福利	33,558	36,854
Pension cost (note)	退休金費用 (附註)	20,179	17,154
Total employee benefit expenses	僱員福利開支總額	183,182	167,320

11 僱員福利開支 (包括董事酬金)

Notes to the Consolidated Financial Statements

合併財務報表附註

11 Employee benefit expenses (including directors' emoluments) (Continued)

Note:

No forfeited contributions are available to reduce the contribution payable by the Group in future years.

The Group has also sponsored various defined contribution plans for its employees in the PRC. These plans are organised by the relevant municipal and provincial governments based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for post-retirement benefits beyond the contributions made.

The Group has also sponsored a defined contribution scheme which is managed by an approved trustee registered under Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance") for its employees in Hong Kong. Both the Group and its employees in Hong Kong are required to contribute a maximum of 5% of each individual's relevant income or a limited amount as prescribed by the MPF Ordinance. The assets of the scheme are held separately from those of the Group and independently administered.

12 Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

		2018 二零一八年	2017 二零一七年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔利潤 (人民幣千元)	230,897	388,167
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(千股)	5,995,892	5,995,892

The basic and diluted earnings per share for the year ended 31 December 2018 and 2017 were the same because there was no dilutive potential ordinary share.

11 僱員福利開支(包括董事酬金)(續)

附註:

並無已沒收供款可用作扣減本集團於未來年度應付的供款。

本集團亦已為其中國僱員參與多個界定供款計劃。該等計劃由相關省市級政府管理，按相關僱員月收入之若干百分比作出供款。市級及省級政府承諾根據這些計劃為所有現有及未來退休僱員承擔退休福利責任。除作出供款外，本集團就退休後利益無進一步的推定責任。

本集團亦為其於香港的僱員設立界定供款計劃，有關計劃由根據強制性公積金計劃條例(「強積金條例」)註冊的核准受託人管理。本集團及其香港僱員均須按強積金條例所訂明按僱員相關收入最多5%或上限金額作出供款。計劃的資產與本集團的資產分開持有，並獨立管理。

12 每股盈利

本公司擁有人應佔每股基本盈利乃按以下數據計算：

由於截至二零一八年及二零一七年十二月三十一日止年度均無具攤薄效用的潛在普通股，故每股基本及攤薄盈利相同。

Notes to the Consolidated Financial Statements

合併財務報表附註

13 Dividends

Dividend payable to shareholders attributable to the previous financial year, approved and paid during the year:

	2018	2017
	二零一八年	二零一七年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
2017 final dividend of HK1.20 cents per share (2016: HK0.75 cents)	58,715	39,340
二零一七年末期股息每股1.20港仙 (二零一六年: 0.75港仙)		

Subsequent to 31 December 2018, the directors proposed a final dividend of HK1.20 cents (2017: HK1.20 cents) per share, amounting to HK\$71,951,000 (2017: HK\$71,951,000). The final dividend proposed after the end of the reporting period is subject to approval by shareholders in forthcoming general meeting and has not been recognised as a liability as at 31 December 2018.

13 股息

過往財政年度應佔、於本年度內批准並支付的應付股東股息：

於二零一八年十二月三十一日後，董事建議派發末期股息每股1.20港仙（二零一七年：1.20港仙），金額達71,951,000港元（二零一七年：71,951,000港元）。於二零一八年十二月三十一日，於報告期末後建議派發的末期股息須待股東於應屆股東大會上批准後，方告作實，且並未確認為負債。

Notes to the Consolidated Financial Statements

合併財務報表附註

14 Subsidiaries

As at 31 December 2018, the Company has the following interests in its subsidiaries. The kind of legal entity of these subsidiaries is limited liability company. The class of shares held is ordinary unless otherwise stated:

14 附屬公司

於二零一八年十二月三十一日，本公司有下列於附屬公司中的權益。該等附屬公司的合法實體類別為有限公司。除另有列明外，所持有之股份之類別為普通股：

Name of company	Place of incorporation and business	Principal activities	Particulars of issued and paid up share capital	% of ownership interest at 31 December 2018 and 2017 於二零一八年及二零一七年十二月三十一日之擁有權益百分比
公司名稱	註冊成立及經營地點	主要業務	已發行及繳足股本詳情	
Shandong Shouguang Juneng Golden Corn Development Co., Ltd* 山東壽光巨能金玉米開發有限公司	PRC 中國	Manufacturing and sale of cornstarch, lysine and related products 生產及銷售玉米澱粉、賴氨酸及相關產品	RMB480,000,000 人民幣480,000,000元	100%
Shouguang Golden Far East Modified Starch Company Limited* 壽光金遠東變性澱粉有限公司	PRC 中國	Research, development, manufacture and sale of modified starch and related products 研發、生產及銷售變性澱粉及相關產品	US\$9,600,000 9,600,000美元	100%
Linqing Deneng Golden Corn Bio Limited* 臨清德能金玉米生物有限公司	PRC 中國	Manufacturing and sale of cornstarch, starch-based sweetener and related products 生產及銷售玉米澱粉、澱粉糖及相關產品	RMB200,000,000 人民幣200,000,000元	91%
Shouguang Golden Corn Biotechnology Limited* ("Golden Corn Biotech") 壽光金玉米生物科技股份有限公司 ([金玉米生物科技])	PRC 中國	Research, development, manufacture and sales of starch, food additives, feeds, amino acids and related products 研究、開發、生產及銷售澱粉、食物添加劑、飼料、氨基酸及相關產品	RMB200,000,000 人民幣200,000,000元	55%
Sourcestar Worldwide Inc.	BVI, Hong Kong 英屬維爾京群島/香港	Investment holding 投資控股	US\$240 240美元	100%
China Starch Group Limited 中國澱粉集團有限公司	Hong Kong 香港	Investment holding 投資控股	HK\$1 1港元	100%

* English transliteration is for identification only.

* 英文譯名僅供識別。

Notes to the Consolidated Financial Statements

合併財務報表附註

14 Subsidiaries (Continued)

The following table lists out the information relating to Golden Corn Biotech, the only subsidiary of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
NCI percentage	非控股股東權益百分比	45%	45%
Current assets	流動資產	183,849	192,468
Non-current assets	非流動資產	868,089	19,101
Current liabilities	流動負債	(850,355)	(11,569)
Non-current liabilities	非流動負債	-	-
Net assets	資產淨值	201,583	200,000
Carrying amount of NCI	非控股股東權益賬面值	90,712	90,000
Revenue	收入	-	-
Profit for the year	本年度利潤	1,583	-
Total comprehensive income	綜合收益總額	1,583	-
Profit allocated to NCI	分配至非控股股東權益的利潤	712	-
Dividend paid to NCI	派付予非控股股東權益的股息	-	-
Cash flows from operating activities	來自經營活動的現金流量	281,549	419
Cash flows from investing activities	來自投資活動的現金流量	(462,563)	(19,101)
Cash flows from financing activities	來自融資活動的現金流量	-	200,000

14 附屬公司 (續)

下表載列有關本集團唯一擁有重大非控股股東權益的附屬公司金玉米生物科技的資料。以下呈列的財務資料概要指未計入任何公司間抵銷前的金額。

Notes to the Consolidated Financial Statements

合併財務報表附註

15 Property, plant and equipment

15 物業、廠房及設備

		Buildings	Plant and machinery	Motor vehicles	Other machinery	Plant and equipment under construction	Total
		樓宇	廠房及機器	汽車	其他機器	在建廠房及設備	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度						
Net book value at 1 January 2017	於二零一七年一月一日的賬面淨值	405,015	709,305	9,051	58,103	48,923	1,230,397
Additions	添置	1,138	11,354	1,002	1,373	54,398	69,265
Transfers upon completion	完成時轉撥	979	37,032	-	2,847	(40,858)	-
Disposals/written-off	出售/撇銷	(1,378)	(12,998)	(723)	(1,811)	-	(16,910)
Depreciation charge for the year	年度折舊費用	(14,164)	(121,917)	(3,149)	(11,673)	-	(150,903)
Net book value at 31 December 2017	於二零一七年十二月三十一日的賬面淨值	391,590	622,776	6,181	48,839	62,463	1,131,849
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日						
Cost	成本	498,203	1,182,318	19,852	96,256	62,463	1,859,092
Accumulated depreciation and impairment	累計折舊及減值	(106,613)	(559,542)	(13,671)	(47,417)	-	(727,243)
Net book value	賬面淨值	391,590	622,776	6,181	48,839	62,463	1,131,849
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度						
Net book value at 1 January 2018	於二零一八年一月一日的賬面淨值	391,590	622,776	6,181	48,839	62,463	1,131,849
Additions	添置	1,828	8,974	2,072	2,084	787,409	802,367
Transfers upon completion	完成時轉撥	34,437	26,209	-	2,499	(63,145)	-
Disposals/written-off	出售/撇銷	(824)	(460)	(3)	-	-	(1,287)
Depreciation charge for the year	年度折舊費用	(23,278)	(115,391)	(3,265)	(9,725)	-	(151,659)
Net book value at 31 December 2018	於二零一八年十二月三十一日的賬面淨值	403,753	542,108	4,985	43,697	786,727	1,781,270
At 31 December 2018	於二零一八年十二月三十一日						
Cost	成本	533,338	1,208,865	21,176	100,595	786,727	2,650,701
Accumulated depreciation and impairment	累計折舊及減值	(129,585)	(666,757)	(16,191)	(56,898)	-	(869,431)
Net book value	賬面淨值	403,753	542,108	4,985	43,697	786,727	1,781,270

Notes to the Consolidated Financial Statements

合併財務報表附註

16 Right-of-use assets

The amount in respect of leases are as follows:

Right of use assets 使用權資產		Land use right 土地使用權 RMB'000 人民幣千元	Properties 物業 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Prepaid lease payments (reclassification) (note 17)	預付租賃款(重新分類) (附註17)	205,587	-	205,587
Contract capitalisation	合約資本化	-	1,052	1,052
Net book value at 1 January 2018	於二零一八年一月一日的賬面淨值	205,587	1,052	206,639
Depreciation charge for the year	年度折舊費用	(4,906)	(601)	(5,507)
Net book value at 31 December 2018	於二零一八年 十二月三十一日的賬面淨值	200,681	451	201,132

The interest of land use right in the PRC are prepaid upon acquisition. The Group also leases a property in Hong Kong. The rental agreement is made for a fixed period of 3 years and does not impose any restriction or covenant.

在中國的土地使用權利息於收購時預先支付。本集團亦於香港租賃一項物業。租金協議按固定年期訂立，為期三年，並無任何限制及契諾。

17 Prepaid lease payments

The Group's interest in leasehold land and land use right in the PRC represented the prepaid operating lease payments and their net book values were analysed as follows:

		RMB'000 人民幣千元
Net book value	賬面淨值	
At 1 January 2017	於二零一七年一月一日	210,474
Amortisation charge for the year	年內攤銷費用	(4,887)
At 31 December 2017	於二零一七年十二月三十一日	205,587

16 使用權資產

租賃金額如下：

17 預付租賃款

本集團於中國之租賃土地權益及土地使用權即預付經營租賃款項，彼等的賬面淨值分析如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

17 Prepaid lease payments (Continued)

The cost of prepaid lease payments and accumulated amortisation as at 31 December 2017 was RMB238,562,000 and RMB32,975,000 respectively. The carrying amount of prepaid lease payments is reclassified as right-of-use assets at the date of initial application of HKFRS 16.

17 預付租賃款 (續)

於二零一七年十二月三十一日，預付租賃款及累計攤銷的成本分別為人民幣238,562,000元及人民幣32,975,000元。預付租賃款項的賬面值於首次應用香港財務報告準則第16號當日獲重新分類為使用權資產。

18 Inventories

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Raw materials	原材料	263,087	149,685
Work in progress	在製品	36,972	11,076
Finished goods	製成品	109,763	63,771
		409,822	224,532

18 存貨

19 Trade and other receivables

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade receivables	貿易應收款	86,565	135,346
Less: Loss allowance	減：虧損撥備	(9,698)	(9,630)
		76,867	125,716
Bank acceptance bills	銀行承兌票據	246,316	169,090
Prepayment to a non-controlling interest (note 31 (iii))	預付一名非控股股東權益款項 (附註31(iii))	-	44,600
Prepayments and other tax receivables	預付款及其他應收稅項	137,868	68,037
Others	其他	1,340	2,249
		462,391	409,692

19 貿易及其他應收款

The carrying amounts of trade and other receivables are mainly denominated in RMB.

As at 31 December 2017, trade and other receivable included an amount due from a non-controlling interest of RMB224,000 (note 31 (iii)).

貿易及其他應收款的賬面值主要以人民幣計值。

於二零一七年十二月三十一日，貿易及其他應收款包括應收一名非控股股東權益款人民幣224,000元 (附註31(iii))。

Notes to the Consolidated Financial Statements

合併財務報表附註

19 Trade and other receivables (Continued)

The movement in the loss allowance for trade receivables during the year is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At 1 January	於一月一日	9,630	9,630
Loss allowance recognised	已確認虧損撥備	68	-
At 31 December	於十二月三十一日	9,698	9,630

The Group normally grants credit period ranging from 0 to 150 days (2017: 0 to 120 days) to customers.

At the end of the reporting period, the ageing analysis of trade receivables based on the invoice date and net of loss allowance is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
0 – 30 days	零至三十日	57,169	111,761
31 – 60 days	三十一至六十日	5,418	6,992
61 – 90 days	六十一至九十日	1,564	6,597
Over 90 days	九十日以上	12,716	366
		76,867	125,716

19 貿易及其他應收款 (續)

本年度貿易應收款的虧損撥備變動如下：

本集團一般給予客戶的信貸期由零至一百五十日(二零一七年：零至一百二十日)不等。

於報告期末，貿易應收款根據發票日期及扣除虧損撥備後的賬齡分析如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

19 Trade and other receivables (Continued)

At the end of the reporting period, the bank acceptance bills consist of:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Endorsed bills	背書票據	198,742	117,631
Bills on hand	手頭票據	47,574	51,459
		246,316	169,090

The bank acceptance bills are normally with maturity period of 180 days (2017: 180 days). There is no recent history of default on bank acceptance bills.

As at 31 December 2018, bank acceptance bills of RMB4,338,000 (2017: RMB2,000,000) were pledged to banks for securing bills payables.

19 貿易及其他應收款 (續)

於報告期末，銀行承兌票據包括：

銀行承兌票據一般到期期限為一百八十日（二零一七年：一百八十日）。銀行承兌票據近期並無違約紀錄。

於二零一八年十二月三十一日，人民幣4,338,000元（二零一七年：人民幣2,000,000元）的銀行承兌票據已抵押予銀行，作為應付票據的抵押。

20 Pledged bank deposits, fixed deposits, cash and cash equivalents and other cash flow information

(a) Pledged bank deposits, fixed deposits and cash and cash equivalents

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Pledged bank deposits	已抵押銀行存款	6,062	3,000
Fixed deposits	定期存款	340,000	390,000
Cash and cash equivalents	現金及現金等價物		
– Cash at bank and on hand	– 銀行及手頭現金	782,904	1,103,160
Total	總計	1,128,966	1,496,160

As at 31 December 2018, deposits of RMB1,126,406,000 (2017: RMB1,492,449,000) were placed with banks in the PRC. Remittance of these funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

At 31 December 2018 and 2017, the pledged bank deposits were pledged to a bank for securing bills payable (note 25).

20 已抵押銀行存款、定期存款、現金及現金等價物及其他現金流資料

(a) 已抵押銀行存款、定期存款及現金及現金等價物

於二零一八年十二月三十一日，人民幣1,126,406,000元（二零一七年：人民幣1,492,449,000元）的存款乃存放於中國的銀行。將該等資金匯出中國須受限於中國政府頒布的外匯管制規則及規例。

於二零一八年及二零一七年十二月三十一日，已抵押銀行存款乃抵押予銀行作為應付票據的抵押品（附註25）。

Notes to the Consolidated Financial Statements

合併財務報表附註

20 Pledged bank deposits, fixed deposits, cash and cash equivalents and other cash flow information (Continued)

20 已抵押銀行存款、定期存款、現金及現金等價物及其他現金流資料 (續)

(b) Reconciliation of profit before tax to cash generated from operations

(b) 除稅前利潤與經營產生的現金的對賬

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Profit before income tax	除稅前利潤	314,935	528,587
Adjustments for:	經調整以下項目：		
Finance income	融資收入	(44,147)	(32,424)
Finance expenses	融資費用	444	290
Depreciation of property, plant and equipment	物業、廠房及設備折舊	151,659	150,903
Depreciation of right-of-use assets	使用權資產折舊	5,507	-
Amortisation of prepaid lease payments	預付租賃款的攤銷	-	4,887
(Gain)/losses on disposals of property, plant and equipment	出售物業、廠房及設備之(收益)/虧損	(310)	11,191
Amortisation of government grants	政府補助的攤銷	(49,191)	(13,484)
Impairment of trade receivables	貿易應收款減值	68	-
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	-	19
Changes in working capital:	營運資金變動：		
Increase in inventories	存貨增加	(185,290)	(10,647)
Increase in trade and other receivables	貿易及其他應收款增加	(52,767)	(73,147)
Increase/(decrease) in trade and other payables	貿易及其他應付款增加/(減少)	6,799	(7,793)
Decrease in advances from customers	客戶墊款減少	(44,061)	(5,022)
Cash generated from operations	經營產生的現金	103,646	553,360

Notes to the Consolidated Financial Statements

合併財務報表附註

20 Pledged bank deposits, fixed deposits, cash and cash equivalents and other cash flow information (Continued)

20 已抵押銀行存款、定期存款、現金及現金等價物及其他現金流資料(續)

(c) Reconciliation of liabilities from financing activities

(c) 融資活動所產生負債的對賬

The reconciliation of liabilities arising from financing activities is as follows:

融資活動所產生負債的對賬如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Lease liabilities	租賃負債		
At 1 January (note 2.23)	於一月一日(附註2.23)	1,052	-
Cash flows	現金流量		
- Payment of lease liabilities	-支付租賃負債	(515)	-
At 31 December	於十二月三十一日	537	-

Cash payment in respect of leases, including right-of-use assets, short term and low value leases, for the year ended 31 December 2018 was RMB1,005,000.

截至二零一八年十二月三十一日止年度就租賃(包括使用權資產、短期及低價值租賃)支付的現金為人民幣1,005,000元。

21 Share capital

21 股本

		Number of shares 股份數目 '000 千股	Share Capital 股本 HK\$'000 千港元
Authorised	法定		
Ordinary shares of HK\$0.10 each	每股面值0.10 港元之普通股		
At 31 December 2017 and 2018	於二零一七年及二零一八年 十二月三十一日	10,000,000	1,000,000

		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 千港元	RMB'000 人民幣千元
Ordinary shares, issued and fully paid:	普通股·已發行及繳足：			
Ordinary shares of HK\$0.10 each	每股面值0.10 港元之普通股			
At 1 January, 31 December 2017 and 2018	於二零一七年一月一日、 二零一七年及二零一八年 十二月三十一日	5,995,892	599,589	532,656

Notes to the Consolidated Financial Statements

合併財務報表附註

22 Deferred taxation

(a) Deferred tax assets and liabilities recognised:

The components and movement of net deferred tax assets are as follows:

	Impairment of property, plant and equipment	Government grants	Depreciation allowances in excess of the related depreciation	PRC dividend withholding tax	Total
	物業、廠房及設備減值	政府補助	超出相關折舊的折舊撥備	中國股息預扣稅	合計
	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
Deferred tax arising from:	來自以下各項的遞延稅項:				
At 1 January 2017	7,369	-	-	(1,000)	6,369
(Charged)/credited to profit or loss (note 10)	(5,224)	46,382	(8,338)	(500)	32,320
At 31 December 2017 and 1 January 2018	2,145	46,382	(8,338)	(1,500)	38,689
(Charged)/credited to profit or loss (note 10)	(93)	29,523	(11,606)	(2,500)	15,324
At 31 December 2018	2,052	75,905	(19,944)	(4,000)	54,013

The deferred tax assets/(liabilities) recognised in the consolidated statement of financial position is as follows:

於合併財務狀況表內確認的遞延稅項資產／(負債)如下:

	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Deferred tax assets	77,957	48,527
Deferred tax liabilities	(23,944)	(9,838)
	54,013	38,689

(b) Deferred tax assets not recognised

As at 31 December 2017, the Group did not recognise deferred tax assets in respect of losses amounting to RMB21,550,000 that can be carried forward indefinitely against future taxable income. The tax effect on such tax losses has not been recognised as it was not probable that future taxable profits against which the losses can be utilised. On 15 January 2019, the Group received tax assessments from the Inland Revenue Department that the tax losses previously claimed were disallowed.

(b) 未確認的遞延稅項資產

於二零一七年十二月三十一日，本集團並無就可供無限結轉以抵銷未來應課稅收入的虧損人民幣21,550,000元確認遞延稅項資產。由於在並無可以抵銷虧損的未來應課稅利潤，故並無確認有關稅務虧損的稅務影響。於二零一九年一月十五日，本集團收到稅務局的稅務評估，說明先前申索的稅務虧損不獲批准。

Notes to the Consolidated Financial Statements

合併財務報表附註

22 Deferred taxation (Continued)

(c) Deferred tax liabilities not recognised

Deferred tax liabilities in respect of the PRC dividend withholding tax relating to certain undistributed profits of the Company's PRC subsidiaries were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by the management as at the end of the reporting period, it was determined that the undistributed profits of RMB1,685,795,000 (2017: RMB1,548,333,000) of the Company's PRC subsidiaries would not be distributed in the foreseeable future.

22 遞延稅項 (續)

(c) 未確認的遞延稅項負債

由於本公司控制其中國附屬公司的股息政策，故並無就與該等附屬公司若干未分派利潤相關的中國股息預扣稅確認遞延稅項負債。根據管理層於報告期末所作出的評估，其認為本公司中國附屬公司的未分派利潤人民幣1,685,795,000元（二零一七年：人民幣1,548,333,000元）不會於可見將來作出分派。

23 Borrowing

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Government loan	政府貸款		
– Non-current liabilities	– 非流動負債	–	224
– Current liabilities	– 流動負債	4,432	4,208
		4,432	4,432

The borrowings is repayable as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年內	4,432	4,208
Between 1 and 2 years	一年至兩年	–	224
		4,432	4,432

The government loan was unsecured and interest-free. Government loan represented government assistance provided to a subsidiary of the Group. The carrying amount of the Group's borrowing is denominated in RMB.

借款償還期如下：

政府貸款為無抵押及免息。政府貸款指提供予本集團一間附屬公司的政府資助。本集團借款的賬面值以人民幣計值。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 Deferred income

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
At 1 January	於一月一日	220,183	33,543
Additions for the year	年度添置	171,150	200,124
Amortisation for the year (note 6)	年度攤銷(附註6)	(49,191)	(13,484)
At 31 December	於十二月三十一日	342,142	220,183

Deferred income mainly represents government grants received from Shouguang City Finance Bureau and Linqing City Finance Bureau for the development of the production complex in Shouguang and Linqing respectively.

遞延收入主要指為於壽光及臨清建設生產設施而分別自壽光市財政局及臨清市財政局取得的政府補助。

25 Trade and other payables

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade payables	貿易應付款	116,319	139,182
Bills payables	應付票據	10,394	5,000
Total trade and bills payables	貿易應付款及應付票據總額	126,713	144,182
Payable for construction and equipment	建築及設備應付款	446,737	46,705
Deposits	訂金	46,940	25,343
Accrued expenses	應計費用	21,643	19,077
Payroll and welfare payables	應付薪金及福利	24,729	17,590
Sales commission	銷售佣金	3,474	2,757
Other tax payables	其他應付稅項	18,548	24,434
Others	其他	5,252	7,117
		694,036	287,205

As at 31 December 2017, trade and bills payables included an amount due to a non-controlling interest of RMB41,000 (note 31(iii)).

於二零一七年十二月三十一日，貿易應付款及應付票據包括應付一名非控股股東權益款項人民幣41,000元(附註31(iii))。

Notes to the Consolidated Financial Statements

合併財務報表附註

25 Trade and other payables (Continued)

As at 31 December 2018, bills payables are secured by bank acceptance bills of RMB4,338,000 (2017: RMB2,000,000) (note 19) and pledged bank deposits of RMB6,062,000 (2017: RMB3,000,000) (note 20(a)).

The following is the ageing analysis for the trade and bills payables based on invoice date at the end of the reporting period:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
0 – 60 days	零至六十日	88,106	78,810
61 – 90 days	六十一至九十日	12,536	24,019
Over 90 days	九十日以上	26,071	41,353
		126,713	144,182

The average credit period on purchases is 80 days (2017: 80 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The carrying amounts of trade and other payables are mainly denominated in RMB.

26 Advances from customers

Revenue recognised that was included in advances from customers at the date of initial application (1 January 2018) of HKFRS15 was RMB156,759,000.

27 Employee housing deposits

Employee housing deposits are carried at amortised cost.

The Group offers residential accommodation to the staff with the aim of promoting long service with the Group. Staff are required to place housing deposits to the Group for the use of such accommodation. The employee housing deposits are interest-free, unsecured and repayable upon the return of the staff quarters by the employee or termination of employment.

25 貿易及其他應付款 (續)

於二零一八年十二月三十一日，應付票據分別以人民幣4,338,000元（二零一七年：人民幣2,000,000元）（附註19）的銀行承兌票據及人民幣6,062,000元（二零一七年：人民幣3,000,000元）（附註20(a)）的已抵押銀行存款作抵押。

以下為報告期末貿易應付款及應付票據根據發票日期的賬齡分析：

採購的平均信貸期為八十日（二零一七年：八十日）。本集團已制定財務風險管理政策，以確保所有應付款於有關信貸期內獲得支付。

貿易及其他應付款的賬面值主要以人民幣計值。

26 客戶墊款

於首次應用香港財務報告準則第15號日期（二零一八年一月一日）計入客戶墊款的已確認收益為人民幣156,759,000元。

27 員工房屋保證金

員工房屋保證金按攤銷成本列賬。

本集團向員工提供住屋，旨在令員工樂於長期服務本集團。員工使用有關住屋設施須向本集團繳付房屋保證金。員工房屋保證金乃免息、無抵押及於員工交回員工宿舍或終止僱用時退還。

Notes to the Consolidated Financial Statements

合併財務報表附註

28 Financial instruments by category

28 按類別的金融工具

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Financial assets measured at amortised cost	按攤銷成本計量的金融資產		
– Trade and other receivables (excluding prepayments and other tax receivables)	– 貿易及其他應收款 (不包括預付款及 其他應收稅項)	324,523	297,055
– Pledged bank deposits and fixed deposits	– 已抵押銀行存款及定期存款	346,062	393,000
– Cash and cash equivalents	– 現金及現金等價物	782,904	1,103,160
		1,453,489	1,793,215
Financial liabilities measured at amortised cost	按攤銷成本計量的金融負債		
– Borrowing	– 借款	4,432	4,432
– Lease liabilities	– 租賃負債	537	–
– Employee housing deposit	– 員工房屋保證金	23,768	23,768
– Trade and other payables (excluding other tax payables)	– 貿易及其他應付款 (不包括其他應付稅項)	675,488	262,771
		704,225	290,971

29 Commitments

29 承擔

Capital expenditure contracted but not provided for at the end of the year is as follows:

於本年度結束時已訂約但未撥備的資本開支如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	270,522	129,736

Notes to the Consolidated Financial Statements

合併財務報表附註

30 Share-based payment transactions

The Company's share option scheme (the "Share Option Scheme") was adopted on 19 May 2017 for the purpose of providing incentives or rewards to directors, employees and other eligible persons. The Share Option Scheme will remain in force for a period of ten years commencing on the date on which the Share Option Scheme is adopted. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of issued capital of the Company from time to time.

As at 31 December 2018 and 2017, no options have been granted under the Share Option Scheme.

31 Related party transactions

During the year, the Group entered into the following material related party transactions:

(i) Transactions with related parties

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Purchase of electricity and steam from a non-controlling interest	自一名非控股股東權益購買電力和蒸汽	-	140,385

These transactions are conducted in accordance with their respective contract prices.

(ii) Key management compensation

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Short-term benefits	短期福利	1,750	1,750
Retirement benefit scheme contributions	退休福利計劃供款	156	146
		1,906	1,896

30 以股份支付款項的交易

本公司於二零一七年五月十九日採納購股權計劃（「購股權計劃」），目的為向董事、僱員及其他合資格人士提供激勵或獎勵。購股權計劃將於購股權計劃採納之日起計十年內有效。因行使根據購股權計劃及本公司採納的任何其他購股權計劃的所有已授出但尚未行使購股權而可能發行的股份數目上限，合共不得超過本公司不時已發行股本的30%。

於二零一八年及二零一七年十二月三十一日，概無根據本公司購股權計劃授出任何購股權。

31 關連方交易

於本年度，本集團已訂立下列重大關連交易：

(i) 與關連方進行之交易

該等交易乃根據其各自的合約價格進行。

(ii) 主要管理層的報酬

Notes to the Consolidated Financial Statements

合併財務報表附註

31 Related party transactions (Continued)

(iii) Balances with a related party

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Prepayment to a non-controlling interest (note 19)	預付一名非控股股東權益的款項(附註19)	-	44,600
Amount due from a non-controlling interest (note 19) (note (a))	應收一名非控股股東權益的款項(附註19)(附註(a))	-	224
Amount due to a non-controlling interest (note b)	應付一名非控股股東權益的款項(附註b)	-	(41)

Notes:

(a) The balance is unsecured, interest-free and repayable on demand.

(b) The balance are unsecured, interest-free and shall be settled in accordance with the respective credit terms.

附註：

(a) 該結餘乃為無抵押、免息及須應要求償還。

(b) 該等結餘乃無抵押、免息，並須根據各自的信貸條款償還。

32 Statement of financial position of the Company

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
ASSETS	資產		
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司的投資	159,121	159,121
Current assets	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	528,887	514,100
Prepayments	預付款	392	376
Cash and cash equivalents	現金及現金等價物	547	443
		529,826	514,919
Total assets	資產總值	688,947	674,040
EQUITY	權益		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	532,656	532,656
Reserves (note)	儲備(附註)	156,291	141,384
Total equity	權益總額	688,947	674,040

31 關連方交易(續)

(iii) 與關連方的結餘

32 本公司的財務狀況表

Notes to the Consolidated Financial Statements

合併財務報表附註

32 Statement of financial position of the Company (Continued)

32 本公司的財務狀況表(續)

Note: Movement of the reserves of the Company

附註：本公司儲備變動

		Share premium	Special reserve	Capital reserve	Accumulated losses	Total
		股份溢價	特別儲備	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
At 1 January 2017	於二零一七年一月一日	137,424	108,651	16,730	(45,478)	217,327
Loss for the year	本年度虧損	-	-	-	(36,603)	(36,603)
2016 final dividend	二零一六年末期股息	(39,340)	-	-	-	(39,340)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	98,084	108,651	16,730	(82,081)	141,384
Profit for the year	本年度利潤	-	-	-	73,622	73,622
2017 final dividend	二零一七年末期股息	(58,715)	-	-	-	(58,715)
At 31 December 2018	於二零一八年十二月三十一日	39,369	108,651	16,730	(8,459)	156,291

Notes to the Consolidated Financial Statements

合併財務報表附註

33 Benefits and interests of directors

(A) Directors' emoluments

The remuneration of every director is set out below:

		Fees	Salary	Employer's contribution to retirement benefit scheme	Total
		袍金	薪金	僱主向 退休福利計劃 作出的供款	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
2018	二零一八年				
<i>Executive directors:</i>	<i>執行董事:</i>				
Mr. Tian Qixiang	田其祥先生	-	480	-	480
Mr. Gao Shijun	高世軍先生	-	450	78	528
Mr. Liu Xianggang	劉象剛先生	-	410	78	488
Mr. Yu Yingquan	于英泉先生	-	410	-	410
<i>Independent non-executive directors:</i>	<i>獨立非執行董事:</i>				
Professor Hua Qiang	花強教授	50	-	-	50
Mr. Sun Mingdao	孫明導先生	50	-	-	50
Mr. Yue Kwai Wa, Ken	余季華先生	93	-	-	93
Total	合計	193	1,750	156	2,099
2017	二零一七年				
<i>Executive directors:</i>	<i>執行董事:</i>				
Mr. Tian Qixiang	田其祥先生	-	480	-	480
Mr. Gao Shijun	高世軍先生	-	450	73	523
Mr. Liu Xianggang	劉象剛先生	-	410	73	483
Mr. Yu Yingquan	于英泉先生	-	410	-	410
<i>Independent non-executive directors:</i>	<i>獨立非執行董事:</i>				
Professor Hua Qiang	花強教授	50	-	-	50
Mr. Sun Mingdao	孫明導先生	50	-	-	50
Mr. Yue Kwai Wa, Ken	余季華先生	95	-	-	95
Total	合計	195	1,750	146	2,091

During the year ended 31 December 2018 and 2017, no emoluments have been paid by the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

截至二零一八年及二零一七年十二月三十一日止年度，本集團概無支付酬金，作為吸引加入或加入本集團時的獎勵或作為失去職位的補償。

Notes to the Consolidated Financial Statements

合併財務報表附註

33 Benefits and interests of directors (Continued)

(B) Directors' retirement benefits

For the year ended 31 December 2018 and 2017, the retirement benefits paid to Mr. Gao Shijun and Mr. Liu Xianggang are related to their services as a director of the Company and its subsidiaries.

34 Individuals with highest emoluments

Of the five individuals with the highest emoluments in the Group, four (2017: four) were directors of the Company whose emoluments are reflected in the analysis in note 33. The emoluments of the remaining one (2017: one) individual was as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Salaries	薪金	880	821
Contribution to a pension scheme	向退休金計劃供款	15	16
		895	837

The emoluments for the individual was within the range of HK\$1,000,000 to HK\$1,500,000.

During the year ended 31 December 2018 and 2017, no emoluments have been paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

35 Comparative figures

Certain comparative figures in the consolidated statement of cash flows have been reclassified to confirm to the current year's presentation. The reclassification had no financial effect and included the grouping of interest received and payment of finance expenses in cash flows from operating activities.

33 董事的福利及權益 (續)

(B) 董事的退休福利

截至二零一八年及二零一七年十二月三十一日止年度，向高世軍先生及劉象剛先生支付的退休福利乃與彼等擔任公司及其附屬公司董事相關。

34 最高薪人士

本集團五名最高薪人士中，四名（二零一七年：四名）為本公司的董事，彼等的酬金於附註33的分析呈列。餘下一名（二零一七年：一名）最高薪人士的酬金如下：

該人士的酬金介乎1,000,000港元至1,500,000港元之間。

於截至二零一八年及二零一七年十二月三十一日止年度，本集團概無向五名最高薪人士支付酬金，作為吸引加入或加入本集團時的獎勵或作為失去職位的補償。

35 比較數字

合併現金流量表中若干比較數字為符合本年度的呈列方式，已重新分類。重新分類概無財務影響，並已包括已收利息的分組及支付經營活動的現金流量中的融資費用。

Five-Year Financial Summary

五年財務概要

		2018 二零一八年	2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年
Operating results (RMB'000)	經營業績 (人民幣千元)					
Revenue	收入	5,073,489	4,694,541	4,397,844	4,360,110	4,169,785
Gross profit	毛利	443,164	619,543	497,095	354,332	363,579
Operating profits	經營利潤	271,232	496,453	292,656	120,274	67,969
Profit for the year	本年度利潤	238,035	394,061	219,219	101,913	66,345
Profit attributable to shareholders	股東應佔利潤	230,897	388,167	213,682	98,877	62,725
Assets and Liabilities (RMB'000)	資產及負債 (人民幣千元)					
Total assets	總資產	4,212,055	3,538,106	2,904,392	2,822,720	2,845,196
Total liabilities	總負債	1,285,712	791,083	602,090	739,637	831,359
Non-controlling interests	非控股股東權益	138,658	131,520	35,626	30,089	27,053
Shareholder's equity	股東權益	2,787,685	2,615,503	2,266,676	2,052,994	1,986,784
Per share data	每股數據					
Net assets per share (RMB)	每股淨資產(人民幣)	0.49	0.46	0.38	0.35	0.34
Earnings per share (RMB cents)	每股盈利(人民幣分)	3.85	6.47	3.56	1.65	1.05
Dividends per share (HK cents)	每股股息(港仙)	1.20	1.20	0.75	-	0.69
Dividend payout ratio	派息比率	27.3%	15.0%	18.8%	-	51.4%
Share price as at the year ended (HK\$)	年末股價(港元)	0.169	0.305	0.170	0.151	0.172

Note:

The above summary does not form part of the audited consolidated financial statements.

附註：

上述概要不構成經審核合併財務報表之一部分。

Key Performance Indicators

主要表現指標

The following key performance indicators (“KPI”) does not form part of the audited consolidated financial statements. The workplace and environmental data are not independently audited or verified.

以下主要表現指標並非經審核合併財務報表的一部份。財務及工作地點數據並未經獨立審核或核實。

The table set out below shows the major KPI in different aspects of the Group:

下表載示本集團於不同方面的主要表現指標：

KPI	主要表現指標	Units 單位	2018	2017
			二零一八年	二零一七年
Financial				
財務				
Debtors turnover	應收賬款週轉	days 天數	22	23
Creditors turnover	應付賬款週轉	days 天數	11	14
Inventories turnover	存貨週轉	days 天數	25	20
Current ratio	流動比率	times 倍	2.2	3.8
Quick ratio	速動比率	times 倍	1.7	3.4
Gearing ratio ^a	槓桿比率 ^a	%	0.1	0.1
Total shareholder return (“TSR”) ^b	總股東回報率 ^b	%	-40.7	+83.8
Workplace				
工作地點				
Employee	僱員	number 人數	2,220	2,133
Staff turnover ratio ^c	員工流失率 ^c	%	6.5	7.1
Fatalities ^d	死亡事故 ^d	number 宗數	1	0
Fatality rate ^e	死亡事故率 ^e	rate 比率	0.24	N/A不適用
Lost time injury (“LTI”) ^f	損失工時工傷 (「損失工時工傷」) ^f	number 宗數	2	1
LTI rate ^e	損失工時工傷率 ^e	rate 比率	0.48	0.2
Training hours ^g	培訓時數 ^g	hours/month 時數/月		
– General	– 一般		13.7	6.9
– Middle-level	– 中級		17.0	10.9
– Senior	– 高級		20.9	11.8

Notes:

- a Gearing ratio is calculated as the borrowings to total assets.
- b TSR combines share price appreciation and dividends paid to show to total return to shareholders.
- c Staff turnover represents the employees (permanent and temporary) leaving the Group voluntarily.
- d Fatality is the death of an employee as a result of an occupational injury incident in the course of employment.
- e The rates are the number of incidents within a financial year relative to the total number of hours worked in the same financial year. The rates are normalised to 1,000,000 worked hours.
- f LTI is an occupational injury sustained by an employee for which the employee misses one or more scheduled workdays after the day of injury.
- g The average number of training hours per employee is calculated as the total internal training hours to different employee categories.

註：

- a 槓桿比率乃按借款除以資產總值計算。
- b 總股東回報率包括股價升幅及已付股息，以反映為股東帶來的總回報。
- c 員工流失率為自願離職的僱員（長期及臨時）。
- d 死亡事故為一名僱員於受僱期間因工傷導致死亡。
- e 有關比率為於財政年度內事故數目相對於同一財政年度內工時總數之比率。有關比率以每百萬工時為標準呈報。
- f 損失工時工傷為僱員因工傷而在受傷當日後損失一天或以上預定工作日的情况。
- g 每名僱員的平均培訓時數乃按內部總培訓時數除以不同僱員層級計算。

Key Performance Indicators

主要表現指標

KPI	主要表現指標	Units 單位	2018	2017
			二零一八年	二零一七年
Environmental	環境			
Fresh water used	所用食水	m ³ 立方米	1,205,195	1,030,396
Fresh water consumption intensity ^h	食水消耗強度 ^h	index 指數	138	121
Electricity used	所用電力	GWh 吉瓦時	404	438
Electricity consumption intensity ^h	電力消耗強度 ^h	index 指數	87	97
Steam used	所用蒸汽	tonne 噸	1,510,949	1,693,586
Steam consumption intensity ^h	蒸汽消耗強度 ^h	index 指數	87	100
Fuel used	所用燃料	litre 公升		
– Diesel	– 柴油		248,482	248,626
– Unleaded petrol	– 無鉛汽油		94,881	102,809
Greenhouse gas (“GHG”) emissions ⁱ	溫室氣體排放 ⁱ	tonne of CO ₂ e 噸等值二氧化碳		
– Scope 1 ^j	– 範圍1 ^j		897	843
– Scope 2 ^k	– 範圍2 ^k		569,895	774,287
– Total GHG emission ^l	– 溫室氣體總排放 ^l		570,792	775,130
GHG emission intensity ^m	溫室氣體排放強度指數 ^m	index 指數	70	98
Water discharged	水排放量	m ³ 立方米		
– Waste water to recycled water	– 廢水轉化為循環再用水		1,750,555	1,925,892
– Waste water to sewage network	– 排放至污水網絡的廢水		1,670,782	1,201,142
Non-hazardous waste ⁿ produced	產生的非危險廢物 ⁿ	tonne 噸	45,306	47,239
Packaging material used	所用包裝物料	tonne 噸	4,811	4,579

h Fresh water, electricity and steam consumption intensity indices are calculated as the intensity of fresh water, electricity and steam consumed per tonne of physical product produced in the financial year relative to the intensity in the 2016 base year (set to 100).

i The methodology used for the determination of emissions for the financial year 2016 is based on various documents, such as 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the 2015 Baseline Emission Factors for Regional Power Grids in China issued by the Department of Climate Change and IPCC Fifth Assessment Report.

j Scope 1 emissions represent the emissions from combustion of fuels at stationary sources to generate electricity, steam, or heat which are owned or controlled by the Group and transportation emissions from owned or operated vehicles.

k Scope 2 emissions are emissions from consumption of purchased electricity, steam and heat.

l Total GHG emissions are direct emissions, plus emissions from the net change of purchasing and selling of electricity and steam.

m GHG emission intensity index is calculated as the GHG emissions from physical products produced in the financial year relative to the intensity in the base year (set to 100). The base year is reset from 2014 to 2016.

n Non-hazardous wastes mainly represent sludge, saccharified residue, inactivated bacteria residue and fertiliser.

h 食水、電力及蒸汽消耗強度指數按財政年度所生產實質產品每噸所消耗的食水、電力及蒸汽強度，相對二零一六基準年的強度（設定為100）計算。

i 釐定二零一六年財政年度排放量所使用的方法乃以多份文件為根據，如二零零六年IPCC國家溫室氣體清單指南、國家氣候應對變化司發出《二零一五年中國區域電網基準線排放因子》及IPCC第五次評估報告。

j 範圍1排放指由本集團擁有或控制的固定污染源燃料燃燒發電、生產蒸汽或熱力時的排放，以及擁有或操作車輛的交通運輸排放。

k 範圍2排放為耗用所購買電力、蒸汽及熱力的排放。

l 溫室氣體排放總量為直接排放，另加來自購買及出售電力及蒸汽淨變動所產生的排放。

m 溫室氣體排放強度指數按財政年度所生產實質產品所排放的溫室氣體，相對基準年的強度（設定為100）計算。基準年由二零一四年重設為二零一六年。

n 非危險廢物主要為污泥、糖化殘渣、滅活細菌殘留物及肥料。

Corporate Information

公司資料

Executive Directors

Mr. Tian Qixiang (*Chairman*)
Mr. Gao Shijun (*Chief Executive Officer*)
Mr. Liu Xianggang
Mr. Yu Yingquan

Independent Non-executive Directors

Professor Hua Qiang
Mr. Sun Mingdao
Mr. Yue Kwai Wa, Ken

Company Secretary

Mr. Leung Siu Hong, FCCA, FCPA, FCIS, FCS

Authorised Representatives

Mr. Leung Siu Hong
Mr. Yu Yingquan

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高世軍先生 (行政總裁)
劉象剛先生
于英泉先生

獨立非執行董事

花強教授
孫明導先生
余季華先生

公司秘書

梁兆康先生 · FCCA · FCPA · FCIS · FCS

授權代表

梁兆康先生
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Chiu & Partners

As to Cayman Islands Law:
Conyers Dill & Pearman

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China Construction Bank
Industrial and Commercial Bank of China
Industrial Bank Company Limited

Cayman Islands Share Registrar and Transfer Office

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Hong Kong Branch Share Registrar and Transfer Office

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主要往來銀行

中國銀行
中國建設銀行
中國工商銀行
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