



頤海國際控股有限公司

YIHAI INTERNATIONAL HOLDING LTD.

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



年度報告 **2016**
Annual Report

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Definitions

釋義

| | | | | |
|----------------------------|--|----------|---|--|
| “AGM” | the annual general meeting of the Company to be held in Beijing on Wednesday, 31 May 2017 at 10 a.m. or any adjournment thereof | 「股東週年大會」 | 指 | 將於2017年5月31日(星期三)上午十時正於北京舉行的本公司股東週年大會或其任何續會 |
| “Articles of Association” | the articles of association of the Company, as amended from time to time | 「組織章程細則」 | 指 | 本公司的組織章程細則(經不時修訂) |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules | 「聯繫人」 | 指 | 具有上市規則所賦予的涵義 |
| “Audit Committee” | the audit committee of the Board | 「審計委員會」 | 指 | 董事會轄下的審計委員會 |
| “Board” | the board of Directors of the Company | 「董事會」 | 指 | 本公司董事會 |
| “China” or “PRC” | the People’s Republic of China and, except where the context requires, references in this annual report to the PRC or China exclude Hong Kong, Macau and Taiwan | 「中國」 | 指 | 中華人民共和國，且除非文義另有所指，否則本年報對中國的提述不包括香港、澳門及台灣 |
| “Company” | YIHAI INTERNATIONAL HOLDING LTD. (頤海國際控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 18 October 2013 | 「本公司」 | 指 | 頤海國際控股有限公司，一家於2013年10月18日在開曼群島註冊成立的獲豁免有限公司 |
| “Companies Ordinance” | the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time | 「公司條例」 | 指 | 香港法例第622章《公司條例》，經不時修訂、補充或以其他方式修改 |
| “Controlling Shareholders” | has the meaning ascribed thereto under the Listing Rules, and unless the context otherwise requires, refers to Mr. Zhang Yong, the non-executive Director, Ms. Shu Ping, the spouse of Mr. Zhang Yong and ZYSP YIHAI Ltd | 「控股股東」 | 指 | 具有上市規則所賦予的涵義，且除非文義另有所指，否則指張勇先生(非執行董事)、舒萍女士(張勇先生的配偶)及ZYSP YIHAI Ltd |

Definitions 釋義

| | | | | |
|------------------------------------|---|------------|-----|---|
| “Corporate Governance Code” | Corporate Governance Code as set out in Appendix 14 to the Listing Rules | 「企業管治守則」 | 指 | 上市規則附錄十四所載《企業管治守則》 |
| “Director(s)” | director(s) of the Company | 「董事」 | 指 | 本公司董事 |
| “Financial Statements” | the consolidated financial statements of the Group for the year ended 31 December 2016 audited by PricewaterhouseCoopers | 「財務報表」 | 指 | 經羅兵咸永道會計師事務所審核，本集團截至2016年12月31日止年度的綜合財務報表 |
| “Group” | the Company and its subsidiaries | 「本集團」 | 指 | 本公司及其附屬公司 |
| “Haidilao Group” | Sichuan Haidilao Group and Singapore Haidilao Group, the principal business of which is to operate hot pot restaurant chain in the PRC and oversea countries | 「海底撈集團」 | 指 | 四川海底撈集團及新加坡海底撈集團，主要業務為在中國及海外國家經營連鎖火鍋餐廳 |
| “HK\$” or “HK dollars” and “cents” | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong | 「港元」及「港仙」 | 分別指 | 香港法定貨幣港元及港仙 |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC | 「香港」 | 指 | 中國香港特別行政區 |
| “Latest Practicable Date” | 19 April 2017, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining the information contained herein | 「最後實際可行日期」 | 指 | 2017年4月19日，即本年報付印前確定其中所載若干資料的最後實際可行日期 |
| “Listing Date” | 13 July 2016, the date on which the Shares were listed on the main board of the Stock Exchange | 「上市日期」 | 指 | 2016年7月13日，股份於聯交所主板上市日期 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited | 「上市規則」 | 指 | 香港聯合交易所有限公司證券上市規則 |
| “Macau” | the Macau Special Administrative Region of the PRC | 「澳門」 | 指 | 中國澳門特別行政區 |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules | 「標準守則」 | 指 | 上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》 |
| “Nomination Committee” | the nomination committee of the Board | 「提名委員會」 | 指 | 董事會轄下的提名委員會 |

Definitions

釋義

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|-------------------------------|---|-------------|---|---|
| “Non-competition Undertaking” | the non-competition undertaking entered into between the Company and the Controlling Shareholders on 25 June 2016 | 「不競爭承諾」 | 指 | 本公司與控股股東於2016年6月25日訂立的不競爭承諾 |
| “Prospectus” | the prospectus being issued by the Company on 30 June 2016 | 「招股章程」 | 指 | 本公司於2016年6月30日刊發的招股章程 |
| “Remuneration Committee” | the remuneration committee of the Board | 「薪酬委員會」 | 指 | 董事會轄下的薪酬委員會 |
| “Renminbi” or “RMB” | Renminbi yuan, the lawful currency of the PRC | 「人民幣」 | 指 | 中國法定貨幣人民幣元 |
| “RSU” | the restricted share units granted to RSU participants pursuant to the RSU Scheme | 「受限制股份單位」 | 指 | 根據受限制股份單位計劃向受限制股份單位參與者授出的受限制股份單位 |
| “RSU Scheme” | the RSU scheme approved and adopted by the Company on 24 February 2016 for the grant of RSUs to RSU participants, a summary of the principal terms of which is set forth in the section headed “Appendix IV — Statutory and General Information — D. RSU Scheme” of the Prospectus | 「受限制股份單位計劃」 | 指 | 本公司就向受限制股份單位參與者授出受限制股份單位而於2016年2月24日批准及採納的受限制股份單位計劃，其主要條款概要載於招股章程「附錄四—法定及一般資料—D. 受限制股份單位計劃」一節 |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time | 「證券及期貨條例」 | 指 | 香港法例第571章《證券及期貨條例》，經不時修訂、補充或以其他方式修改 |
| “Share(s)” | ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each | 「股份」 | 指 | 本公司股本中每股面值0.00001美元的普通股 |
| “Shareholder(s)” | shareholder(s) of the Company | 「股東」 | 指 | 本公司股東 |
| “Sichuan Haidilao” | Sichuan Haidilao Catering Corporation Ltd.* (四川海底撈餐飲股份有限公司), a joint stock limited liability company established in the PRC on 25 June 2009, or its predecessor, Sichuan Jianyang Haidilao Catering Co., Ltd.* (四川省簡陽市海底撈餐飲有限責任公司), which was established in the PRC on 16 April 2001. Sichuan Haidilao is directly held as to 33.5% by Mr. Zhang Yong and Ms. Shu Ping (the Controlling Shareholders), 50% by Jingyuan | 「四川海底撈」 | 指 | 四川海底撈餐飲股份有限公司，為於2009年6月25日在中國成立的股份制有限責任公司，或其前身四川省簡陽市海底撈餐飲有限責任公司(於2001年4月16日在中國成立)。四川海底撈由 |

Definitions 釋義

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|--------------------------------|---|------------------|---|---|
| | Investment (which in turn is held as to 68% by Mr. Zhang Yong and Ms. Shu Ping), 8% by Mr. Shi Yonghong (the non-executive Director) and 0.1% by Mr. Gou Yiqun (the non-executive Director) | | | 張勇先生及舒萍女士(控股股東)直接持有33.5%權益，靜遠投資(由張勇先生及舒萍女士持有68%)持有50%，由施永宏先生(非執行董事)持有8%及由苟軼群先生(非執行董事)持有0.1% |
| “Sichuan Haidilao Group” | Sichuan Haidilao and its subsidiaries | 「四川海底撈集團」 | 指 | 四川海底撈及其附屬公司 |
| “Singapore Haidilao” | HAI DI LAO HOLDINGS PTE. LTD., a limited liability company incorporated in Singapore on 1 March 2013 | 「新加坡海底撈」 | 指 | HAI DI LAO HOLDINGS PTE. LTD.(於2013年3月1日在新加坡註冊成立的有限責任公司) |
| “Singapore Haidilao Group” | Singapore Haidilao and its subsidiaries | 「新加坡海底撈集團」 | 指 | 新加坡海底撈及其附屬公司 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited | 「聯交所」 | 指 | 香港聯合交易所有限公司 |
| “subsidiary” or “subsidiaries” | has the meaning ascribed thereto under the Listing Rules | 「附屬公司」 | 指 | 具有上市規則所賦予的涵義 |
| “Yihai (China)” | Yihai (China) Food Co., Limited (頤海(中國)食品有限公司), a company with limited liability incorporated in Hong Kong on 6 December 2013 and an indirectly wholly owned subsidiary of the Company | 「頤海(中國)」 | 指 | 頤海(中國)食品有限公司，一家於2013年12月6日在香港註冊成立的有限公司，為本公司的間接全資附屬公司 |
| “Yihai Shanghai” | Yihai (Shanghai) Food Co., Ltd. (頤海(上海)食品有限公司), a foreign investment enterprise incorporated in the PRC on 1 December 2014 and an indirectly wholly owned subsidiary of the Company | 「頤海上海」 | 指 | 頤海(上海)食品有限公司，一家於2014年12月1日在中國註冊成立的外資企業，為本公司的間接全資附屬公司 |
| “ZYSP YIHAI Ltd” | a business company with limited liability incorporated in the British Virgin Islands on 10 October 2013, one of the Controlling Shareholders | 「ZYSP YIHAI Ltd」 | 指 | 一家於2013年10月10日在英屬處女群島註冊成立的商業有限公司，為控股股東之一 |
| % | percentage | 「%」 | 指 | 百分比 |

Corporate Information 公司資料

BOARD OF DIRECTORS

Executive Directors

Ms. Dang Chunxiang
Mr. Sun Shengfeng

Non-executive Directors

Mr. Gou Yiqun (*Chairman*)
Mr. Zhang Yong
Mr. Shi Yonghong
Mr. Pan Di

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Yau Ka Chi (*Chairman*)
Mr. Shi Yonghong
Ms. Ye Shujun

REMUNERATION COMMITTEE

Ms. Ye Shujun (*Chairman*)
Mr. Gou Yiqun
Mr. Qian Mingxing

董事會

執行董事

黨春香女士
孫勝峰先生

非執行董事

苟軼群先生(*主席*)
張勇先生
施永宏先生
潘迪先生

獨立非執行董事

邱家賜先生
錢明星先生
葉蜀君女士

審計委員會

邱家賜先生(*主席*)
施永宏先生
葉蜀君女士

薪酬委員會

葉蜀君女士(*主席*)
苟軼群先生
錢明星先生

NOMINATION COMMITTEE

Mr. Gou Yiqun (*Chairman*)
Mr. Qian Mingxing
Ms. Ye Shujun

JOINT COMPANY SECRETARIES

Mr. Sun Shengfeng
Mr. Wong Yat Tung

AUTHORIZED REPRESENTATIVES

Mr. Sun Shengfeng
Mr. Gou Yiqun

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISER

Davis Polk & Wardwell

COMPLIANCE ADVISER

Somerley Capital Limited

REGISTERED OFFICE

P. O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman
KY1 - 1205 Cayman Islands

CORPORATE HEADQUARTERS

No. 13
Liu Jia Yao Nan Li
Nan San Huan Zhong Road
Feng Tai District
Beijing, PRC

提名委員會

苟軼群先生(主席)
錢明星先生
葉蜀君女士

聯席公司秘書

孫勝峰先生
黃日東先生

授權代表

孫勝峰先生
苟軼群先生

核數師

羅兵咸永道會計師事務所

法律顧問

Davis Polk & Wardwell

合規顧問

新百利融資有限公司

註冊辦事處

P. O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman
KY1 - 1205 Cayman Islands

公司總部

中國
北京市
豐台區南三環中路
劉家窪南里
13號院

Corporate Information

公司資料

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wan Chai, Hong Kong

HONG KONG SHARE REGISTRAR

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

INVESTOR RELATIONS

T: 010-57423508
E: tzzgx@yihchina.com

WEBSITE

www.yihchina.com

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1579

香港主要營業地點

香港灣仔
皇后大道東28號
金鐘匯中心18樓

香港證券登記處

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

投資者關係

電話：010-57423508
電郵：tzzgx@yihchina.com

網站

www.yihchina.com

股份代號

香港聯合交易所有限公司：1579

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 簡明綜合全面收入表
(RMB' 000) (人民幣千元)

| | | Twelve months ended 31 December 截止12月31日止12個月 | | | |
|--------------------------|-------------|--|---------------|---------------|---------------|
| | | 2016 2016年 | 2015 2015年 | 2014 2014年 | 2013 2013年 |
| Revenue | 收入 | 1,088,014 | 847,339 | 498,231 | 315,863 |
| Gross Profit | 毛利 | 416,942 | 294,233 | 119,478 | 69,416 |
| Profit before income tax | 除所得稅前溢利 | 255,089 | 166,920 | 57,156 | 29,519 |
| Profit for the period | 期內溢利 | 186,720 | 124,547 | 42,510 | 22,064 |
| Profit attributable to: | 以下人士應佔年內溢利： | | | | |
| – Owners of the Company | – 本公司擁有人 | 186,720 | 124,547 | 42,510 | 22,064 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 簡明綜合財務狀況表
(RMB' 000) (人民幣千元)

| | | As at 31 December 截止12月31日 | | | |
|--|------------|-------------------------------|---------------|---------------|---------------|
| | | 2016 2016年 | 2015 2015年 | 2014 2014年 | 2013 2013年 |
| Non-current assets | 非流動資產總額 | 165,874 | 136,089 | 153,384 | 134,523 |
| Current assets | 流動資產總額 | 1,257,792 | 453,275 | 132,253 | 90,218 |
| Total Asset | 資產總額 | 1,423,666 | 589,364 | 285,637 | 224,741 |
| Equity attributable to owners of the company | 本公司擁有人應佔權益 | 1,266,205 | 141,924 | 45,738 | 37,686 |
| Total Equity | 權益總額 | 1,266,205 | 141,924 | 45,738 | 37,686 |
| Non-current liabilities | 非流動負債總額 | — | 186,667 | — | — |
| Current liabilities | 流動負債總額 | 157,461 | 260,773 | 239,899 | 187,055 |
| Total liabilities | 負債總額 | 157,461 | 447,440 | 239,899 | 187,055 |
| Total equity and liabilities | 權益及負債總額 | 1,423,666 | 589,364 | 285,637 | 224,741 |

Chairman's Statement 董事長報告書

GOU YIQUN 苟軼群

Chairman
董事長



To our Shareholders:

On behalf of the Board and the management of the Company, I am pleased to present the Annual Report of the Group for the year ended 31 December 2016.

2016 is the first year of the Thirteenth Five-year Plan period, in which the national economy maintained steady development, and the boost of consumption to the economy has taken further effect. Specifically, catering consumption grew at a relatively high rate of 10.8% over last year. In this year, the condiment industry of China also grew steadily. The demand was continuously released in the condiment market, in particular in the compound condiment market, and the upgrade of products has accelerated further. With the continued increase in the

各位尊敬的股東：

本人謹代表本公司董事會及管理層，欣然提交本集團截止2016年12月31日的年度報告。

二零一六年是「十三五」開局之年，中國國民經濟保持平穩發展態勢，消費對經濟的拉動效應進一步顯現，其中餐飲消費增速較快，同比增長達10.8%。本年度，中國調味品行業亦增長平穩，調味品市場尤其是複合調味料市場需求不斷釋放，產品升級速度進一步加快。隨著居民收入水平持續提升以及消費觀念的

income level of residents and the upgrade in consumption concepts, the consumers' demands are evolving towards diversification, individualization and health; quality consumption and fashionable consumption have become new hot spots of consumption. As a leading and rapidly growing compound condiment producer in China, the Group will keep a good and steady growth in its results in this year by continuously introducing creative measures and catering to consumers' needs in order to closely adopt to changes in market demand.

BUSINESS REVIEW

In 2016, the Group optimized and expanded channels of sales to third parties, and improved and expanded the product structure. In relation to the establishment of channels, as of 31 December 2016, the sales of the Group covered 360 cities in China, including all tier-1 cities, 32 tier-2 cities and 324 tier-3, tier-4 and lower-tier cities. As at the end of 2016, the number of distributors of the Group reached 782, representing an increase of 130.7% as compared to the end of 2015. In terms of product expansion, as of 31 December 2016, the Group introduced a total of 41 flavoring products, 9 dipping sauce products and 15 Chinese-style compound condiment products, representing an addition of 11 hot pot flavoring products and 11 Chinese-style compound condiment products as compared to that as at the end of 2015. In 2016, the Group successively launched products including the improved vegetable oil hot pot soup flavoring, improved spicy stir-fry pot condiment products, handmade beef tallow hot pot soup flavoring, pickles and fish stew condiment, premium boiled fish condiment, pickled chili sour fish soup condiment, spicy red swamp crawfish condiment and Chongqing-style noodles condiment. We not only closely follow the changes in the market of existing products to meet the demands of consumers by continuously adjusting and optimizing formulas, but also introduced various types of new products to meet the diversified consumption demands of consumers and their pursuit of the philosophy of healthy and nutritious consumption. The Group is the exclusive supplier of hot pot soup flavoring products to the Haidilao Group in China, and has constantly maintained good cooperation with the Haidilao Group.

升級，消費需求向多元化、個性化和健康化方向發展，品質消費、時尚消費成為新的消費熱點。作為中國領先且高速發展的複合調味料生產商，集團將繼續緊隨市場需求變化，通過不斷推陳出新的舉措，繼續迎合消費者需求，使得公司業績在本年度保持良好穩定增長。

業務回顧

在2016年，本集團優化並拓展了與第三方的銷售渠道，完善並壯大了產品結構。渠道建設方面，截止2016年12月31日，本集團在中國的銷售覆蓋城市達到360個，其中包括所有一線城市、32個二線城市，324個三四線及以下城市；截止2016年底，本集團的經銷商數量達到了782家，相較2015年底同比增加了130.7%。產品擴展方面，截止2016年12月31日，本集團共推出了41款底料產品，9款蘸料產品及15款中式複合調味料產品，較2015年底分別增加了11款火鍋底料及11款中式複合調味料。在2016年，本集團陸續推出的改良版清油火鍋底料、改良版麻辣香鍋、手作牛油火鍋底料、上湯酸菜魚調味品、精品水煮魚調味品、泡椒酸湯魚調味品、麻辣小龍蝦調味品、重慶小面調味品等產品，不僅在現有的產品上緊隨市場變化，不斷通過調整並優化配方以滿足廣大消費者的需求，更通過持續推出眾多新品類產品，最大程度地滿足了消費者多元化的消費需求與追求健康營養的消費理念。與此同時，作為海底撈集團在中國火鍋底料的獨家供應商，本集團一直與其持續保持積極良好的合作。

Chairman's Statement

董事長報告書

In 2016, the Group provided strong support to the development and optimization of e-commerce channels. With the further deepening and expansion of e-commerce channels, as of 31 December 2016, the Group established five flagship stores on such e-commerce platforms as Tmall and Suning E-commerce. As of 31 December 2016, sales revenue from e-commerce channels in 2016 was RMB29.0 million, representing a year-on-year increase of 422.9%.

In 2016, the Group continued to enhance its efforts to provide management and supports in relation to diversified product portfolios to third-party catering companies. As of 31 December 2016, the number of the Group's third-party catering company customers had increased to 44 from 17 as of 31 December 2015.

In 2016, the Group continued to expand its sales network in overseas markets. As of 31 December 2016, the Group exported products of eight categories to 14 countries and regions.

In 2016, our Zhengzhou factory and Chengdu factory both ran in a normal, efficient and orderly manner, which not only provides solid technological support to the production of products newly upgraded or newly developed, but also provides stable product reserves to meet the market demand during peak seasons. The total investment amount in the Group's Bazhou Project is expected to be RMB300 million. Phase I and Phase II are expected to complete construction and enter into operation at the end of 2018 and in 2020, respectively. The completion and operation of Phase I are later than expected, mainly because of the slight delay in its commencement as a result of complying with the circular of Langfang Municipal Government regarding the Ten Strict Measures on Preventing Air Pollution in Langfang.

The Group has been attaching great importance to team building, as well as the employment, training and development of employees. As at 28 December 2016, in accordance with the Company's RSU Scheme, we granted and agreed to grant RSUs to some of the Group's staff and/or senior officers and business partners, in recognition of and as a reward for the contribution of the eligible persons to the Group. This will also attract high-caliber talents and incentivize them to stay with the Group and contribute further to the Group's future development.

在2016年，本集團大力支持電商業務的發展及擴張。隨著電商渠道的進一步深入拓展，截止2016年12月31日，本集團在天貓、蘇寧易購等電商平台擁有5家旗艦店；截止2016年12月31日電商渠道於2016年的銷售收入為人民幣29.0百萬元，同比增長422.9%。

在2016年，本集團繼續加強向第三方餐飲公司提供多元化產品組合的管理及支持。本集團的第三方餐飲服務客戶數目由截止2015年12月31日的17名增加至截止2016年12月31日的44名。

在2016年，本集團持續積極拓展海外市場的銷售網絡。截至2016年12月31日，本集團共在14個國家及地區銷售8個品項的產品。

在2016年，本集團位於鄭州及成都的兩個工廠均正常高效有序的運作，不僅為新升級或新開發產品的生產提供了夯實的技術支持，更為旺季緊俏的市場需求提供了穩定的產品儲備。本集團的霸州項目總投資預計人民幣3億元，預計一期工程將於2018年底竣工及2019年初投產，二期工程在2020年竣工並使用。霸州項目一期工程的竣工及投產時間略晚於預期，主要因為遵照廊坊市政府關於《廊坊市大氣污染防治十條嚴控措施》的通知，一期工程的開工時間略有延誤而致。

本集團一向非常注重團隊建設，重視僱員的招聘、培訓與發展。於2016年12月28日，根據本公司的受限制股份單位計劃，我們向數名身為本集團員工及／或高級職員以及本公司業務夥伴的承授人批准及授出受限制股份單位，以此認可及獎勵合資格人士對本集團的貢獻，並吸引優質人才以及激勵該等人士留任本集團並對本集團的未來發展作出進一步貢獻。

FINANCIAL REVIEW

In 2016, the structural adjustment of the catering service industry came to an end, and the catering consumption market recovered, which drove the further development of the condiment consumption market. In 2016, the Group recorded a revenue of RMB1,088.0 million, representing a year-on-year increase of 28.4%; and a net profit of RMB186.7 million, representing a year-on-year increase of 49.9%. The Group's gross profit increased from RMB294.2 million in 2015 to RMB416.9 million in 2016, and the gross profit margin increased from 34.7% in 2015 to 38.3% in 2016.

OUTLOOK FOR 2017

In the past year, we achieved remarkable results in terms of channel optimization, marketing, product research and development, team building, control of food safety and sales performance. Looking into 2017, the Group will continue to focus on brand positioning, devote itself to the production and the research and development of mid/high-end products, improve the penetration rate of the core products in the market and further consolidate the Group's leadership in the mid/high-end hot pot condiment market.

In terms of product positioning, the Group will firmly capitalize on the market influence of the Haidilao brand, and upgrade and optimize the presentation of its products when appropriate. The Group will enhance the consumers' awareness of the brand, attention to the products and recognition of and preference for the product contents. In terms of sales channel, the Group will continue to enhance the construction of its own sales force and strengthen its cooperation with distributors, to continuously expand and penetrate into third and fourth-tier cities and lower-tier cities. The Group will fully leverage on and manage the increasingly established e-commerce channels, and to develop more high-quality third-party catering customers. Meanwhile, the Group will actively explore the broader overseas market, expand the penetration

財務回顧

在2016年，餐飲服務行業的結構調整告一段落，餐飲消費市場復蘇，隨之拉動調味料消費市場的進一步發展。在2016年，集團銷售收入為人民幣1,088.0百萬元，同比增長28.4%，淨利潤為人民幣186.7百萬元，同比增長49.9%。本集團的毛利潤亦由2015年的人民幣294.2百萬元增長至2016年的人民幣416.9百萬元，毛利率則由2015年的34.7%提升至2016年的38.3%。

2017年展望

在過去的一年，本集團無論在渠道優化、市場營銷、產品研發、團隊建設、食品安全把控，還是在銷售業績上，都取得了非常亮麗的成績；展望2017年，本公司將繼續緊抓品牌定位，致力於生產及研發中高端產品，提高核心產品的市場滲透率，進一步鞏固集團在中高端火鍋調味料行業的市場領導者地位。

於產品定位方面，本集團將牢牢把握「海底撈」品牌的市場影響力，適時對產品的展現形式進行升級及優化，加強消費者對品牌的認知、對產品的關注，及對產品內容的認同及喜愛。於銷售渠道方面，集團將繼續加強自有銷售隊伍的建設，同時加強與經銷商的合作力度，不斷拓展及深入三四線及以下城市；充分利用並管控日漸成熟的電商渠道，開發更多優質的第三方餐飲客戶，同時積極開拓更廣闊的海外市場，提高產品覆蓋率，提振終端銷售力。於產品研發方

Chairman's Statement

董事長報告書

of its products and strengthen the sales capacity of terminals. In terms of product research and development, the Group will continue to focus on the mid/high-end market, produce, research and develop new high-quality products, upgrade the formulas of existing products, expand and optimize product portfolios and actively tap the compound condiment segment, so as to improve the overall competitiveness of the Company's products. In terms of team building, the Group will implement internal talent promotion mechanism, while at the same time introduce outstanding external talents. This will provide due talent reserves for the Group's long-term steady development. In the new year, all our colleagues in the Group will make further progress despite various difficulties, to provide more satisfactory product experiences to consumers and more valuable investment return to investors.

Chairman

Gou Yiqun

Hong Kong, 28 March 2017

面，集團將繼續專注中高端市場，生產及研發高品質的新產品，升級既有產品配方，擴大並優化產品組合，積極進軍複合調味料細分市場，提升集團產品整體競爭力。於團隊建設方面，集團將貫徹內部培養的人才晉級機制，同時輔以外部優秀人才的引進工作，為集團的長期穩定發展做好人才儲備工作。本集團全體同仁將在新的一年砥礪前進，為消費者提供更滿意的產品體驗，為投資者提供更有價值的投資回報。

董事長

苟軼群

香港，二零一七年三月二十八日

2016 PERFORMANCE REVIEW

In 2016, China recorded a GDP growth of 6.7%, a 26-year low. Against a backdrop of a slowdown in the economic growth in China, the catering industry and the consumer goods retail industry kept growing rapidly. In 2016, the market size of China's catering industry increased by 10.8% year-on-year to RMB3.6 trillion, while the total retail sales of consumer goods topped RMB33.0 trillion, a year-on-year increase of 10.4%. Benefiting from the notable growth in catering industry and the consumer goods retail industry, as well as the ongoing upgrade of consumption as a result of the increased urbanization in China, the condiment industry, especially the compound condiment industry, achieved relatively rapid growth in 2016. The market size of the PRC compound condiment is expected to reach RMB148.8 billion by 2020, representing a CAGR of 14.7% over 2015-2020 and 22.1% of the overall condiment market of China.

We are a leading and rapidly growing compound condiment producer in China. In 2016, against a backdrop of economic downturn in China, we still achieved a high growth in our business. For the year ended 31 December 2016, the Group recorded a revenue of RMB1,088.0 million, representing a year-on-year increase of 28.4%. For the year ended 31 December 2016, the net profit reached RMB186.7 million, representing a year-on-year increase of 49.9%.

With the smooth commencement and the positive preliminary effects of the nationwide channel development and channel adjustment strategy of the Group, the number of the Group's distributors has further increased in 2016, and the Group's control over sales promotion in sales terminal and product display was further strengthened. In 2016, the Group continued to deepen the distributor network penetration in North China, and expand and deepen the distributor network penetration in South China and East China. As of 31 December 2016, the distributors of the Group covered 360 cities in China, an increase of 117% over 2015. As of 31 December 2016, the number of distributors of the Group was 782, representing an increase of 130.7% as compared with to end of 2015.

2016年業績回顧

2016年，中國國內生產總值增速為6.7%，創下26年來新低。儘管中國經濟增速整體放緩，中國的餐飲行業及消費品零售行業卻保持高速增長。2016年中國餐飲行業的市場規模為人民幣3.6萬億元，同比增長10.8%；社會消費品零售總額突破人民幣33.0萬億元，同比增長10.4%。受惠於餐飲及消費品零售行業的快速增長及中國城鎮化程度提高帶來的消費持續升級，調味品行業，尤其是複合調味品行業，在2016年實現較快的增長。預期中國複合調味料於2020年的市場，規模達人民幣1,488億元，自2015年起計算的年均複合增長率為14.7%，佔中國調味料總市場規模的22.1%。

我們是中國領先且高速發展的複合調味料生產商。2016年，在中國經濟發展速度放緩的大背景下，我們的業務依然實現了較高的增長。截至2016年12月31日止年度，本集團的收入達到人民幣1,088.0百萬元，同比增長28.4%。截至2016年12月31日止年度，淨利潤達到人民幣186.7百萬元，同比增長49.9%。

2016年，本集團在全國範圍的渠道拓展及策略調整工作開展順利且初現成效，本集團的經銷商規模進一步增加，對終端售點促銷活動、產品陳列等方面掌控力度進一步增強。本集團在2016年繼續加大華北區經銷商的下沉力度、拓展及下沉華南和華東區域經銷商，截至2016年12月31日，本集團在中國的銷售覆蓋城市達到360個，較2015年底增長117%。截至2016年12月31日，本集團的經銷商數目達到782家，相較2015年底增加了130.7%。

Management Discussion and Analysis

管理層討論與分析

In 2016, the Group enhanced its research and development efforts. Based on the investigation and research of the taste and demand of consumers, the Group upgraded and improved some of its existing products, and also actively expanded its product portfolio. The Group successively launched the improved products including vegetable oil hot pot soup flavoring, improved spicy stir-fry pot condiment products, handmade beef tallow hot pot soup flavoring, pickles and fish stew condiment, premium boiled fish condiment, pickled chili sour fish soup condiment, spicy red swamp crawfish condiment and Chongqing-style noodles condiment. As of 31 December 2016, the Group introduced a total of 41 flavoring products, 9 dipping sauce products and 15 Chinese-style compound condiments, representing an addition of 11 hot pot soup flavoring products and 11 Chinese-style compound condiments as compared to that as at the end of 2015.

BUSINESS REVIEW

We are a leading and rapidly growing compound condiment producer in China. In 2016, against a backdrop of economic downturn in China, we still achieved a high growth in our business. For the year ended 31 December 2016, the Group recorded a revenue of RMB1,088.0 million, representing a year-on-year increase of 28.4%. For the year ended 31 December 2016, the net profit reached RMB186.7 million, representing a year-on-year increase of 49.9%.

Sales Channels

In China, the Group is the exclusive supplier of hot pot soup flavoring products to Haidilao Group, supplying customized hot pot soup flavoring products to Haidilao Group, and supplying retail products and customized condiments to Shuhai Supply Chain and Youdingyou (related parties of the Company). The Group is also a provider of cooking condiment to the family customers in China, suppliers of catering services and food companies.

In terms of the sales to related parties (referring to the Haidilao Group and associated companies) in 2016, the Haidilao Group achieved stable growth in the same store sales and rapid expansion in the number of restaurants, benefiting from the growth in the PRC catering industry and the hot pot catering consumption market. The Group's revenue from sales to related parties amounted to RMB605.7 million, representing an increase of 30.2% as compared to 2015.

2016年，本集團加大研發力度，深耕於對消費者口味及需求的調查及研究，一方面對部分現有產品做了升級改良，另一方面積極擴充壯大了產品品類組合。其中包括陸續推出的改良版清油火鍋底料、改良版麻辣香鍋調味料、手作牛油火鍋底料、上湯酸菜魚調味品、精品水煮魚調味品、泡椒酸湯魚調味品、麻辣小龍蝦調味品、重慶小面調味品等產品。截至2016年12月31日，本集團共推出了41款底料產品，9款蘸料產品及15款中式複合調味料產品。較2015年底分別增加了11款火鍋底料及11款中式複合調味料。

業務回顧

我們是中國領先且高速發展的複合調味料生產商。2016年，在中國經濟發展速度放緩的大背景下，我們的業務依然實現了較高的增長。截至2016年12月31日止年度，本集團的收入達到人民幣1,088.0百萬元，同比增長28.4%。截至2016年12月31日止年度，淨利潤達到人民幣186.7百萬元，同比增長49.9%。

銷售渠道

本集團不僅是海底撈集團在中國的火鍋底料產品獨家供貨商，向海底撈集團提供定制化的火鍋底料產品，向本集團的關聯公司蜀海供應鏈及優鼎優銷售零售及定制調味品；亦是中國家庭烹飪客戶、餐飲服務供應商以及食品行業公司的烹飪調味料解決方案供應商。

2016年，在關聯方銷售方面（指向海底撈集團及關聯公司），得益於中國餐飲行業及火鍋餐飲消費市場的增長，海底撈集團不僅同店收入增速穩定，更在門店數量擴張上取得了迅速拓展，本集團向關聯方的銷售收入為人民幣605.7百萬元，較2015年增長30.2%。

In terms of sales to third parties, the focus of operation of the Group in 2016 was exploring sales channels, expanding sales channels to lower tier cities, and improving product structures. The Group divided its retail business into three geographic regions, namely North China, South China and East China, to better adapt to the distinct regional characteristics of the condiment industry. In North China, the Group nurtured existing sales channels in first and second-tier cities while developing sales channels in third and fourth-tier cities, and expanded its marketing networks to lower tier cities. In South China and East China, the Group strengthened development of distributors, and refined and expanded the channel construction. As of 31 December 2016, the distributors of the Group covered 360 cities in China, an increase of 117% over 2015; the number of distributors of the Group was 782, representing an increase of 443 or 130.7% as compared with the end of 2015.

Affected by the overall PRC economy and the seasonality of the Group's products, together with the restructuring of distributor channels by the Group in the first half of 2016, the Group recorded a slowdown in the growth of retail to third parties during that period. Into the second half of 2016, however, the Group booked remarkable recovery in the growth of sales to third parties, following the completion of the Group's restructuring of distributor channels and the peak season of the hot pot catering market. In the year ended 31 December 2016, the Group's sales revenue from sales to the third parties amounted to RMB482.3 million, representing a year on-year increase of 26.2%.

In 2016, the Group provided strong support to the development and optimization of e-commerce channels. On one hand, the Group online marketing efforts were increased, such as expanding and strengthening the multiple consumption scenarios which can make consumers sticky, and expanding and improving product portfolios. On the other hand, the management and standardization of e-commerce channels were strengthened, including optimizing purchase channels and managing online pricing system. In the year ended 31 December 2016, the Group established five flagship stores on such e-commerce platforms as Tmall and Suning E-commerce. Sales revenue of the Group from e-commerce channels in 2016 was RMB29.0 million, representing a year-on-year increase of 422.9%.

2016年，在第三方銷售方面，本集團經營重點為開拓銷售渠道、實現渠道下沉、完善產品結構。本集團將零售業務劃分為華北、華南及華東三大片區，以更好的適應調味品區域化明顯的行業特徵。在華北區，本集團精耕一二線城市已有銷售渠道的同時，開發三四線城市，通過渠道下沉拓展營銷網絡；在華南及華東區，本集團大力開發經銷商，細化及拓寬渠道的建設。截至2016年12月31日，本集團在中國的銷售網絡覆蓋城市數量達360個，較2015年增長117%；本集團的經銷商數目為782家，相較2015年底增加443家，增幅達130.7%。

受中國整體經濟環境及本集團產品銷售的季節性因素影響，以及2016年上半年本集團進行了經銷商渠道結構調整，本集團的第三方零售業務在2016年上半年增長速度有所減緩；但進入2016年下半年，隨著本集團的經銷商渠道結構調整完成，以及火鍋餐飲消費市場進入旺季，本集團的第三方產品銷售增長速度顯著回升。截至2016年12月31日止年度，本集團向第三方銷售的銷售收入為人民幣482.3百萬元，同比增長26.2%。

2016年，本集團大力支持電商渠道的發展及優化。一方面，加大了線上營銷推廣活動的力度，包括拓展並加強可帶動消費者黏性的多重消費情景、擴充並完善產品組合等；另一方面，進一步加強了電商渠道的管理及規範，包括進貨渠道的梳理、網絡體系價盤的管理等。截至2016年12月31日止年度，本集團在天貓、蘇寧易購等電商平台擁有5家旗艦店。本集團2016年電商渠道的銷售收入為人民幣29.0百萬元，同比增長422.9%。

Management Discussion and Analysis

管理層討論與分析

In 2016, the Group continued to enhance its efforts to provide management and support in relation to diversified product portfolios to third-party catering companies (including but not limited to hot pot restaurants, baked fish restaurants, South Korean restaurants and Chinese-style catering factories, etc). While maintaining a close and friendly cooperation with existing customers, the Group actively explored third-party catering company customers and developed catering standardized products and customized products for such customers. The number of the Group's third-party catering company customers had increased from 17 in 2015 to 44 in 2016. Sales revenue from sales to third-party catering companies for 2016 amounted to RMB5.8 million, representing a year-on-year increase of 277.3%.

In 2016, the Group further expanded its sales network in overseas markets by capturing the opportunities arising from the global business growth of the Haidilao Group. As of 31 December 2016, the Group exported products of eight categories to 14 countries and regions, including Hong Kong, Macau, Burma and Malaysia which were new export destinations in 2016. For the year ended 31 December 2016, revenue from the Group's exports was RMB20.8 million, up by 252.5% over 2015.

Products

With urbanization in China becoming common, the consumption level and the product structure continued to improve, and the consumers' awareness of the importance of food safety has strengthened over time. It is a general trend to select quality products with high brand recognition and with guaranteed food quality and safety. As the largest producer of mid/high-end hot pot soup flavoring condiment in China, the Group took the lead in capturing the industry trend, further strengthened the product research and development and structure upgrade, and continued to supply condiment products which better meet the needs of consumers.

In 2016, the Group successively launched such products as improved vegetable oil hot pot soup flavoring, improved spicy stir-fry pot condiments, handmade beef tallow hot pot soup flavoring, pickles and fish stew condiment, premium boiled fish condiment, pickled chili sour fish soup condiment, spicy red swamp crawfish condiment and Chongqing-style noodles condiment. Through in-restaurant marketing activities held at retail channels, such as tasting events and roadshows, as well as other marketing events such as Chinese New Year promotion events and "Hot Pot Festival" events which catered to the market demand, the Group reached over 10 million consumers and effectively boosted its terminal sales. The Group also communicated with consumers and promoted our promotion materials by using new social media (such as Wechat). As of 31 December 2016, the official Wechat account of the Group had around 700,000 fans.

2016年，本集團繼續加強向第三方餐飲公司(包括但不限於火鍋餐廳、烤魚餐廳、韓國餐廳以及中式餐飲工廠等)提供多元化產品組合的管理及支持。在保持與現存客戶友好緊密合作的同時，本集團積極開拓第三方餐飲服務供貨商新客戶，並為該類客戶開發並提供餐飲標準化產品及定制產品。本集團的第三方餐飲服務客戶數目由2015年的17名增加至2016年的44名，2016年自其產生的銷售收入為人民幣5.8百萬元，同比增長277.3%。

2016年，本集團抓住由海底撈集團的全球業務增長所帶來的契機，進一步拓展海外市場的銷售網絡。截至2016年12月31日，本集團共在14個國家及地區銷售8個品項的產品，其中2016年新增加的銷售區域包括香港、澳門、緬甸及馬來西亞。截至2016年12月31日止年度，本集團的出口產品產生的收入為人民幣20.8百萬元，較2015年增長252.5%。

產品

隨著中國城鎮化的普及，居民消費水平不斷提升，產品結構升級得以持續，消費者對食品安全重要性的認識亦日趨加深。選擇較高品牌知名度、及對食品質量安全有保證的優質產品，成為未來發展的大趨勢。作為中國最大的中高端火鍋底料調味料生產商，本集團先行抓住行業趨勢，進一步加強產品研發及結構升級，持續推出更加滿足消費者需求的調味料產品。

2016年，本集團陸續推出改良版清油火鍋底料、改良版麻辣香鍋調味料、手作牛油火鍋底料、上湯酸菜魚調味品、精品水煮魚調味品、泡椒酸湯魚調味品、麻辣小龍蝦調味品、重慶小面調味品等產品。通過在零售渠道舉辦的試吃、路演等店內助銷活動，以及春節推廣、火鍋節等迎合市場需求的促銷活動，本集團觸達超過1,000萬消費者，有效拉動了終端銷售。本集團亦利用新社交媒體(例如微信)與消費者溝通，並宣傳我們的推廣信息，截至2016年12月31日，本集團的官方微信賬號有約700,000名粉絲。

Management Discussion and Analysis 管理層討論與分析

The table below sets forth information on the revenue, sales volume and average selling price of the Group, by product type and distribution channels for the periods indicated:

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

Twelve months ended 31 December

截至12月31日止12個月

| | | 2016 2016年 | | | 2015 2015年 | | |
|---|-------------------|------------------|---------------|--------------------|---------------|--------------|--------------|
| | | Revenue | Sales Volume | ASP ⁽¹⁾ | Revenue | Sales Volume | ASP |
| | | 收入 | 銷量 | 每公斤 平均售價 | 收入 | 銷量 | 每公斤 平均售價 |
| | | (RMB'000) | (Tons) | (RMB per kg) | (RMB'000) | (Tons) | (RMB per kg) |
| | | (人民幣千元) | (噸) | (人民幣元) | (人民幣千元) | (噸) | (人民幣元) |
| Hot pot soup flavoring | 火鍋底料 | | | | | | |
| Third parties | 第三方 | 288,745 | 9,323 | 31.0 | 251,909 | 8,235 | 30.6 |
| Related parties | 關聯方 | 583,778 | 21,573 | 27.1 | 446,743 | 16,566 | 27.0 |
| Sub Total | 小計 | 872,523 | 30,896 | 28.2 | 698,652 | 24,801 | 28.2 |
| Hot pot dipping sauce | 火鍋蘸料 | | | | | | |
| Third parties | 第三方 | 73,856 | 4,290 | 17.2 | 41,157 | 2,259 | 18.2 |
| Related parties | 關聯方 | 104 | 6 | 18.8 | 53 | 3 | 17.7 |
| Sub Total | 小計 | 73,960 | 4,296 | 17.2 | 41,210 | 2,262 | 18.2 |
| Chinese-style compound condiment | 中式複合調味品 | | | | | | |
| Third parties | 第三方 | 116,351 | 4,962 | 23.4 | 87,720 | 3,338 | 26.3 |
| Related parties | 關聯方 | 18,194 | 706 | 25.8 | 7,511 | 383 | 19.6 |
| Sub Total | 小計 | 134,545 | 5,668 | 23.7 | 95,231 | 3,721 | 25.6 |
| Others ⁽²⁾ | 其他 ⁽²⁾ | 6,986 | 577 | 12.1 | 12,246 | 1,264 | 9.7 |
| Total | 總計 | 1,088,014 | 41,437 | 26.3 | 847,339 | 32,048 | 26.4 |

Note:

- (1) ASP refers to Average Selling Price.
- (2) Mainly including sales of certain raw materials to related parties in the first half of the year (such as chili, Chinese prickly ash and spice), and sales of certain products to third parties in the whole year (such as wide sweet potato vermicelli and two-flavor hot pot).

附註：

- (1) ASP指平均售價。
- (2) 主要包括上半年向關聯方銷售的若干原材料，如辣椒、花椒及香辛料等；和全年向第三方銷售的若干產品，如寬苕粉及鴛鴦鍋等。

Management Discussion and Analysis

管理層討論與分析

The table below sets forth the revenue of the Group by product type in absolute amount and as percentages of the total revenue of the Group for the periods indicated:

下表載列所示期間本集團按產品類別劃分的收入的絕對值及佔本集團收入的百分比：

| | | Twelve months ended 31 December 截至12月31日止12個月 | | | |
|---|------------|--|-------------------------------|-------------------|-------------------------------|
| | | 2016 2016年 | | 2015 2015年 | |
| | | RMB' 000 人民幣千元 | % of revenue 佔收入 百分比 | RMB' 000 人民幣千元 | % of revenue 佔收入 百分比 |
| Revenue from hot pot soup flavoring | 火鍋底料收入 | 872,523 | 80.2% | 698,652 | 82.5% |
| Revenue from hot pot dipping sauce | 火鍋蘸料收入 | 73,960 | 6.8% | 41,210 | 4.9% |
| Revenue from Chinese-style compound condiment | 中式複合調味品收入 | 134,545 | 12.4% | 95,231 | 11.2% |
| Other revenues | 其它收入 | 6,986 | 0.6% | 12,246 | 1.4% |
| Total revenue | 總收入 | 1,088,014 | 100.0% | 847,339 | 100.0% |

In 2016, sales of all the three major products of the Group, namely hot pot soup flavoring, hot pot dipping sauce and Chinese-style compound condiment, increased as compared with 2015. The Group further increased its efforts in new product research and development, and continued to optimize its product structure. In 2016, the Group introduced 11 new hot pot soup flavoring products and 11 new Chinese-style compound condiment products. As of 31 December 2016, the Group had a total of 41 flavoring products, 9 dipping sauce products and 15 Chinese-style compound condiment products.

For information on the Company's compliance with relevant laws and regulations, see the section headed "Directors' Report – Compliance with Relevant Laws and Regulations" on Page 73 of this Annual Report.

2016年，本集團的三類主要產品：火鍋底料、火鍋蘸料及中式複合調味料較2015年均實現增長。本集團進一步加大了新產品研發投入並繼續優化產品結構。2016年，本集團共新增了11款火鍋底料產品及11款中式複合調味料產品。截至2016年12月31日，本集團共擁有41款底料產品，9款蘸料產品及15款中式複合調味料產品。

有關公司遵守相關法律及法規的合規情況，請參閱本年報第73頁中「董事會報告－遵守相關法律法規」一節。

FINANCIAL REVIEW

Revenue

In the year ended 31 December 2016, the revenue of the Group increased by 28.4% from RMB847.3 million in the year ended 31 December 2015 to RMB1,088.0 million, mainly attributable to the increase in sales of our hot pot soup flavoring, hot pot dipping sauce and Chinese style compound condiment products.

Revenue by Product

| | |
|---|------------------|
| Hot pot soup flavoring revenue | 火鍋底料收入 |
| Revenue from third parties | 來自第三方收入 |
| Revenue from related parties | 來自關聯方收入 |
| Total revenue from hot pot soup flavoring products | 火鍋底料產品總收入 |

The Group's revenue from hot pot soup flavoring products increased by 24.9% from RMB698.7 million in 2015 to RMB872.5 million in 2016, accounting for 80.2% of the revenue for the year ended 31 December 2016, of which, revenue from sales of hot pot soup flavoring products sold to related parties increased by 30.7%, while revenue from sales of hot pot soup flavoring products sold to third parties increased by 14.6%. Revenue from sales of hot pot soup flavoring products sold to related parties increased due to steady growth in the same store revenue of Haidilao and the increased number of Haidilao stores. In 2016, the Group's restructuring of distributor channel has mostly completed the Group's. With the Group's distribution network deepened and expanded, the Group's revenue from sales of hot pot soup flavoring products sold to third parties increased as compared with 2015.

財務回顧

收入

於截至2016年12月31日止年度，本集團收入為人民幣1,088.0百萬元，較截至2015年12月31日止年度的人民幣847.3百萬元，增加28.4%。主要反映了我們的火鍋底料、火鍋蘸料及中式複合調味品的銷售額增加。

按產品劃分的收入

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

| | | 2016 2016年 | | 2015 2015年 | |
|---|------------------|---|---------------------------------------|---|---------------------------------------|
| | | % of hot pot soup flavoring revenue 估火鍋底料 收入百分比 | | % of hot pot soup flavoring revenue 估火鍋底料 收入百分比 | |
| | | Revenue 收入 (RMB'000) (人民幣千元) | Revenue 收入 (RMB'000) (人民幣千元) | Revenue 收入 (RMB'000) (人民幣千元) | Revenue 收入 (RMB'000) (人民幣千元) |
| Hot pot soup flavoring revenue | 火鍋底料收入 | 288,745 | 33.1% | 251,909 | 36.1% |
| Revenue from third parties | 來自第三方收入 | 583,778 | 66.9% | 446,743 | 63.9% |
| Revenue from related parties | 來自關聯方收入 | | | | |
| Total revenue from hot pot soup flavoring products | 火鍋底料產品總收入 | 872,523 | 100.0% | 698,652 | 100.0% |

本集團火鍋底料產品所得收入由2015年的人民幣698.7百萬元增長24.9%至2016年的人民幣872.5百萬元，佔截至2016年12月31日止年度收入的80.2%。其中，向關聯方銷售火鍋底料產品收入增長30.7%，向第三方銷售火鍋底料產品收入增長14.6%。向關聯方銷售火鍋底料產品收入增長主要得益於海底撈同店業績穩定增長以及海底撈門店數量增長。2016年，本集團對經銷商渠道結構調整基本完成，隨著本集團經銷網絡的深耕和拓展，本集團向第三方銷售火鍋底料產品收入較2015年實現增長。

Management Discussion and Analysis

管理層討論與分析

Twelve months ended 31 December

截至12月31日止12個月

| | | 2016 2016年 | | 2015 2015年 | |
|--|------------------|---|----------------|---|----------------|
| | | % of hot pot dipping sauce revenue | | % of hot pot dipping sauce revenue | |
| | | Revenue 收入 (RMB' 000) (人民幣千元) | 佔火鍋蘸料 收入百分比 | Revenue 收入 (RMB' 000) (人民幣千元) | 佔火鍋蘸料 收入百分比 |
| Hot pot dipping sauce revenue | 火鍋蘸料收入 | | | | |
| Revenue from related parties | 來自第三方收入 | 73,856 | 99.9% | 41,157 | 99.9% |
| Revenue from third parties | 來自關聯方收入 | 104 | 0.1% | 53 | 0.1% |
| Total revenue from hot pot dipping sauce products | 火鍋蘸料產品總收入 | 73,960 | 100.0% | 41,210 | 100.0% |

The Group's revenue from hot pot dipping sauce products increased by 79.5% from RMB41.2 million in 2015 to RMB74.0 million in 2016, accounting for 6.8% of the revenue for the year ended 31 December 2016, of which, revenue from sales of hot pot dipping sauce products sold to related parties increased by 96.2%, while revenue from sales of hot pot dipping sauce products sold to third parties increased by 79.4%. Revenue from sales of hot pot dipping sauce products of the Group is primarily derived from sales to third parties, the growth of which was mainly attributable to the market recognition of the dipping sauce products on which the Group has focused its marketing efforts. This had driven the sales of hot pot dipping sauce products in 2016.

本集團火鍋蘸料產品所得收入由2015年的人民幣41.2百萬元增長79.5%至2016年的人民幣74.0百萬元，佔截至2016年12月31日止年度收入的6.8%。其中，向關聯方銷售火鍋蘸料產品收入增長96.2%，向第三方銷售火鍋蘸料產品收入增長79.4%。本集團火鍋蘸料產品的銷售收入主要來自第三方銷售，其增長主要得益於本集團重點營銷推廣的幾款蘸料取得了市場的認可，推動了2016年火鍋蘸料產品的銷售。

Management Discussion and Analysis 管理層討論與分析

| | | Twelve months ended 31 December 截至12月31日止12個月 | | | |
|---|------------|--|---------------------------------|--|--------------------------------|
| | | 2016 2016年 | | 2015 2015年 | |
| | | % of Chinese- style compound condiment products | | % of Chinese- style compound condiment products | |
| | | Revenue 收入 (RMB'000) (人民幣千元) | revenue 佔中式複合 調味收入 百分比 | Revenue 收入 (RMB'000) (人民幣千元) | revenue 佔中式複合 調味入 百分比 |
| Chinese-style compound condiment products | 中式複合調味品收入 | | | | |
| Revenue from third parties | 來自第三方收入 | 116,351 | 86.5% | 87,720 | 92.1% |
| Revenue from related parties | 來自關聯方收入 | 18,194 | 13.5% | 7,511 | 7.9% |
| Total revenue from Chinese-style compound condiment products | 中式複合調味品總收入 | 134,545 | 100.0% | 95,231 | 100.0% |

The Group's revenue from Chinese-style compound condiment products increased by 41.3% from RMB95.2 million in 2015 to RMB134.5 million in 2016, accounting for 12.4% of the revenue for the year ended 31 December 2016, of which revenue from sales of Chinese-style compound condiment products to related parties increased by 142.2%, while revenue from sales of Chinese-style compound condiment products to third parties increased by 32.6%. In respect of sales to related parties, the Group carried out cooperation with certain catering customers in the Shuhai Supply Chain to develop new drivers of revenue growth. The Group introduced two new fish condiment products (sour fish soup condiment and premium boiled fish condiment) in 2016 to complement with the sales of existing pickles and fish stew condiment. The Group has also continuously upgraded and improved its Chinese-style compound condiment products such as the spicy stir-fry pot condiment in accordance with the market taste and demand, which has driven the increase in revenue from sales of Chinese-style compound condiment products to third parties.

本集團中式複合調味品所得收入由2015年的人民幣95.2百萬元增長41.3%至2016年的人民幣134.5百萬元，佔截至2016年12月31日止年度收入的12.4%。其中，向關聯方銷售中式複合調味品收入增長142.2%，向第三方銷售中式複合調味品收入增長32.6%。在關聯方銷售方面，本集團和蜀海供應鏈的部分餐飲客戶展開合作，開發新的收入增長點。而本集團在2016年推出的兩款魚調料新品(酸湯魚調味品和精品水煮魚調味品)和已有產品上湯酸菜魚調味品進行配套銷售，以及根據市場口味及需求不斷升級改良的麻辣香鍋調味料等主打中式複合調味料產品，帶動了向第三方銷售中式複合調味品收入的上升。

Management Discussion and Analysis

管理層討論與分析

Revenue by Distribution Network

按經銷網絡劃分的收入

| | | Twelve months ended 31 December 截至12月31日止12個月 | | | |
|--|--------------------|--|--|---------------------------------------|--|
| | | 2016 2016年 | | 2015 2015年 | |
| | | Revenue 收入 (RMB'000) (人民幣千元) | % of total % of total revenue 佔總收入 百分比 | Revenue 收入 (RMB'000) (人民幣千元) | % of total % of total revenue 佔總收入 百分比 |
| Related-party customers | 關聯方客戶 | | | | |
| Haidilao Group and its affiliates | 海底撈集團及其聯屬公司 | 605,728 | 55.7% | 465,103 | 54.9% |
| Third-party customers | 第三方客戶 | | | | |
| Distributors | 經銷商 | 442,358 | 40.7% | 370,420 | 43.7% |
| E-commerce | 電商 | 28,986 | 2.7% | 5,543 | 0.7% |
| Others | 其他 | 10,942 | 0.9% | 6,273 | 0.7% |
| Third-party catering companies | 第三方餐飲企業 | 5,836 | 0.5% | 1,547 | 0.2% |
| One-off sales events | 一次性銷售活動 | 5,106 | 0.4% | 4,726 | 0.5% |
| Total revenue | 總收入 | 1,088,014 | 100.0% | 847,339 | 100.0% |

Benefiting from the growth in consumption of hot pot catering, Haidilao grew steadily in both the same store sales revenue and the number of restaurants. The Group's Sales revenue from sales to related parties, which mainly represents sales to the Haidilao Group and its associated companies, amounted to RMB605.7 million in 2016, representing an increase of 30.2% as compared to 2015.

Affected by the overall PRC economy and the seasonality of the Group's products, together with the restructuring of distributor channels by the Group in the first half of 2016, the Group recorded a slowdown in the growth of retail to third parties during that period. Into the second half of 2016, however, the Group booked remarkable recovery in the growth of sales to third parties, following the completion of the Group's restructuring of distributor channels and the peak season of the hot pot catering market. In the year ended 31 December 2016, the Group's sales revenue from sales to the third parties amounted to RMB482.3 million, representing a year-on-year increase of 26.2%.

得益於中國火鍋餐飲消費的增長，海底撈在同店營收以及門店數量擴張方面都得以穩步增長，本集團2016年向關聯方（主要指向海底撈集團及關聯公司銷售）銷售的銷售收入為人民幣605.7百萬元，同比增長30.2%。

受中國整體經濟環境及本集團產品銷售的季節性因素影響，以及2016年上半年本集團進行了經銷商渠道結構調整的影響，本集團的第三方零售業務在2016年上半年增長速度有所減緩；但2016年下半年，隨著本集團的經銷商渠道結構調整完成，以及火鍋餐飲消費市場進入旺季，本集團的第三方產品銷售增長速度顯著回升。截至2016年12月31日止年度，本集團向第三方銷售的銷售收入為人民幣482.3百萬元，同比增長26.2%。

In 2016, sales revenue of the Group from e-commerce channels in 2016 was RMB29.0 million, representing a year-on-year increase of 422.9%. This was mainly attributable to the Group's increased online marketing efforts, including expansion and strengthening of the multiple consumption scenarios which can make consumers sticky, and expansion and improvement of product portfolios etc.

In 2016, sales revenue of the Group from sales to third-party catering companies amounted to RMB5.8 million, representing a year-on-year increase of 277.3%. The growth in revenue from sales to third-party catering service providers mainly came from the provision of standardized and customized catering products to new customers that the Group actively developed among third-party catering service providers. The number of the Group's third-party catering company customers had increased from 17 in 2015 to 44 in 2016.

As compared to 2015, revenue from the Group's exports increased by 252.5% to RMB20.8 million in 2016. In 2016, the Group further expanded its overseas sales network by capturing the opportunities arising from the global business growth of the Haidilao Group. As of 31 December 2016, the Group exported products of 8 categories to 14 countries and regions, resulting in a year-on-year increase in overseas sales.

2016年，本集團電商渠道的銷售收入為人民幣29.0百萬元，同比增長422.9%。主要得益於本集團加大了線上營銷推廣活動的力度，包括拓展並加強可帶動消費者黏性的多重消費情景、擴充並完善產品組合等。

本集團2016年向第三方餐飲服務供貨商銷售的銷售收入為人民幣5.8百萬元，同比增長277.3%。第三方餐飲服務供貨銷售收入增長主要來自本集團積極開拓的第三方餐飲服務供貨商新客戶，並為該類客戶開發並提供餐飲標準化產品及定制產品。本集團的第三方餐飲服務客戶數目由2015年的17名增加至2016年的44名。

本集團的出口產品產生的收入由2015年增長252.5%至2016年的人民幣20.8百萬元。2016年，本集團抓住由海底撈集團的全球業務增長所帶來的契機，進一步拓展了海外市場銷售網絡。截至2016年12月31日，本集團共在14個國家及地區銷售8個品項的產品，海外市場的銷量較2015年有所提升。

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Revenue by Geographic Region

The table below presents the revenue of the Group by geographic region for the periods indicated:

| | | Twelve months ended 31 December 截至12月31日止12個月 | | | |
|----------------------------|-------------------|---|---------------|---|---------------|
| | | 2016 2016年 (RMB'000) % of revenue (人民幣千元) 佔收入百分比 | | 2015 2015年 (RMB'000) % of revenue (人民幣千元) 佔收入百分比 | |
| North China ⁽³⁾ | 華北 ⁽³⁾ | 593,427 | 54.6% | 494,433 | 58.4% |
| South China ⁽⁴⁾ | 華南 ⁽⁴⁾ | 473,799 | 43.5% | 347,008 | 41.0% |
| Overseas markets | 海外市場 | 20,788 | 1.9% | 5,898 | 0.6% |
| Total | 合共 | 1,088,014 | 100.0% | 847,339 | 100.0% |

Note:

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

Cost of Sales

The Group's cost of sales, including raw materials, employee benefit expenses, depreciation and amortization and utilities increased by 21.3% from RMB553.1 million in 2015 to RMB671.1 million in 2016. Such increase in 2016 was mainly because of the increase in sales of hot pot soup flavoring, hot pot dipping sauce and Chinese-style compound condiment products, which led to an increase in the corresponding raw material costs.

按地域劃分的收入

下表列示了本集團於所示期間以地域劃分的收入：

附註：

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

銷售成本

本集團的銷售成本(包括原材料、僱員福利開支、折舊及攤銷及公用事業)由2015年的人民幣553.1百萬元增長21.3%至2016年的人民幣671.1百萬元。2016年銷售成本上升的主要原因是火鍋底料、火鍋蘸料及中式複合調味品的銷售量增加，使得與之相對應的原材料成本隨銷售額的增加而同步增加。

Gross Profit and Gross Profit Margin

毛利及毛利率

| | | Twelve months ended 31 December 截至 12 月 31 日止 12 個月 | | | |
|--|----------------|--|---------------|----------------|---------------|
| | | 2016 2016 年 | | 2015 2015 年 | |
| | | Gross | | Gross | |
| | | Gross profit | profit margin | Gross profit | profit margin |
| | | 毛利 | 毛利率 | 毛利 | 毛利率 |
| | | RMB' 000 | % | RMB' 000 | % |
| | | 人民幣千元 | % | 人民幣千元 | % |
| Hot pot soup flavoring products | 火鍋底料產品 | 328,037 | 37.6% | 238,170 | 34.1% |
| Third parties | 第三方 | 161,832 | 56.0% | 129,995 | 51.6% |
| Related parties | 關聯方 | 166,205 | 28.5% | 108,175 | 24.2% |
| Hot pot dipping sauce products | 火鍋蘸料產品 | 25,381 | 34.3% | 13,316 | 32.3% |
| Third parties | 第三方 | 25,338 | 34.3% | 13,305 | 32.3% |
| Related parties | 關聯方 | 43 | 41.4% | 11 | 20.8% |
| Chinese-style compound condiment products | 中式複合調味品 | 63,078 | 46.9% | 41,163 | 43.2% |
| Third parties | 第三方 | 56,282 | 48.4% | 39,163 | 44.6% |
| Related parties | 關聯方 | 6,796 | 37.4% | 2,000 | 26.6% |
| Others | 其它 | 446 | 6.4% | 1,584 | 12.9% |
| Total | 總計 | 416,942 | 38.3% | 294,233 | 34.7% |

The Group's gross profit increased by 41.7% from RMB294.2 million in 2015 to RMB416.9 million in 2016, and the gross profit margin increased from 34.7% 2015 to 38.3% for the corresponding period of 2016. The increase in gross profit margin was primarily due to the Group's improvement in production process, selection and control of raw materials and their costs, and the increase in the price of products sold to certain related parties in August 2015.

本集團的毛利潤由截至 2015 年的人民幣 294.2 百萬元增長 41.7% 至 2016 年的人民幣 416.9 百萬元，而毛利率由 2015 年的 34.7% 提高至 2016 年同期的 38.3%。毛利率的提高主要由於本集團在 2016 年對生產工藝進行改良、原材料及其成本進行擇優及把控；以及本集團在 2015 年 8 月對部分關聯方產品調高價格兩方面原因導致。

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Distribution Expenses

The Group's distribution expenses increased by 36.2% from RMB93.9 million in 2015 to RMB127.9 million in 2016, at a growth rate largely consistent with that of revenue. The Group's distribution expenses as a percentage of the Group's revenue increased from 11.1% in 2015 to 11.8% in 2016. The slight increase in distribution expenses was mainly due to the increase in distribution expenses as a result of the optimization and restructuring of distributor channels carried out by the Company in the first half of 2016. To meet the demand for business expansion, the number of marketing staff expanded as compared with the corresponding period of 2015, leading to a year-on-year increase in related salaries and benefit expenses.

Administrative Expenses

The Group's administrative expenses increased by 40.5% from RMB38.3 million in 2015 to RMB53.8 million in 2016. The Group's administrative expenses as a percentage of the Group's revenue increased from 4.5% in 2015 to 4.9% in 2016, mainly due to the year-on-year increase in the number of administrative staff as a result of business expansion, leading to increase in related salaries and benefit expenses as compared to the corresponding period in 2015. Besides, expenses related to the listing also contributed to the aforesaid year-on-year increase in administrative expenses.

經銷開支

本集團的經銷開支由截至2015年的人民幣93.9百萬元增加36.2%至2016年的人民幣127.9百萬元，大致與收入的增加相符。本集團經銷開支佔本集團收入的百分比由截至2015年的11.1%增加至2016年的11.8%。經銷開支略有增加的主要原因是2016年上半年進行的經銷商渠道優化及調整使得隨之而產生的經銷配送費增加；同時，由於業務擴張需求，2016年的營銷類員工數較2015年同期有所增長，導致相關工資及福利費用同比上升。

行政開支

本集團的行政開支由截至2015年的人民幣38.3百萬元增加40.5%至2016年的人民幣53.8百萬元。本集團行政開支佔本集團收入的百分比由截至2015年的4.5%增加至2016年的4.9%，主要是由於業務擴張需求，行政類員工人數較之2015年同期有所增長，導致相關工資及福利費用同比上升；同時，上市事宜形成的上市費用也是導致2016年行政開支較2015年同比增加的原因之一。

Other Incomes and Gains

The Group's other incomes and gains-net increased by 514.3% from RMB3.5 million in 2015 to RMB21.5 million for the corresponding period of 2016, mainly due to financial subsidy, government grants and advisory service revenue received by the Group.

Fair Value Loss of Redeemable Convertible Preferred Shares

For the twelve months ended 31 December 2016, the Group's fair value loss of redeemable convertible preferred shares was RMB35.3 million. The Company did not record such loss for the corresponding period of 2015. The loss is mainly due to the fact that the redeemable convertible preferred shares the Company issued in 2015 are initially and subsequently measured at fair value and the fair value of such redeemable convertible preferred shares as of 13 July 2016 had changed from that as of 31 December 2015. The fair value loss is a one-off item.

Finance Income - net

The Group's finance income-net increased from RMB1.4 million in 2015 to RMB33.7 million in 2016, mainly due to the Hong Kong dollars received by the Group from the initial public offering of the Company in 2016 and the exchange gain in 2016 arising from the devaluation of RMB.

Profit before Tax

As a result of the foregoing, the Group's profit before tax increased by 52.8% from RMB166.9 million in 2015 to RMB255.1 million in 2016.

其他收入及收益

本集團的其他收入及收益由截至2015年的人民幣3.5百萬元增加514.3%至2016年同期的人民幣21.5百萬元，主要是由於本集團收到的財政補貼、政府獎勵資金及諮詢服務收入所致。

可贖回可換股優先股的公平值虧損

本集團截止2016年12月31日止12個月的可贖回可換股優先股的公平值虧損為人民幣35.3百萬元，本公司於2015年同期並無此項虧損，主要是由於本公司2015年發行的可贖回可換股優先股初始及後續乃按公平值計量，其2016年7月13日較2015年12月31日的公平值有所變動所致。此公平值虧損為一次性事項。

融資收入－淨額

本集團的融資收入淨額由2015年的人人民幣1.4百萬元增加至2016年的人人民幣33.7百萬元，主要是由於本集團在2016年收到本公司首次公開發行募得資金的港幣，在2016年由於人民幣貶值產生匯兌損益所致。

除稅前利潤

由於上文所述內容，本集團的除所得稅前利潤由截至2015年的人人民幣166.9百萬元增加52.8%至2016年的人人民幣255.1百萬元。

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Income Tax Expense

The Group's income tax expense increased by 61.4% from RMB42.4 million in 2015 to RMB68.4 million in 2016. The effective tax rate increased from 25.4% in 2015 to 26.8% in 2016, mainly due to the fact that the fair value loss of redeemable convertible preferred shares could not be deducted before tax in 2016.

Profit for Reporting Period attributable to Owners of the Company

As a result of the foregoing, profit attributable to owners of the Company increased from RMB124.5 million in 2015 to RMB186.7 million in 2016. Basic earnings per share increased from RMB0.222 in 2015 to RMB0.234 in 2016 and net profit margin increased from 14.7% in 2015 to 17.2% in 2016.

Capital Liquidity and Financial Resources

As of 31 December 2016, the Group's business was mainly funded by the cash generated from its operation. The Group intended to apply internal resources, net proceeds derived from organic and sustainable development and from the global offering for the purpose of funding its expansion and business operation.

Cash and Cash Equivalents

As at 31 December 2016, the Group's cash and cash equivalents primarily denominated in RMB and Hong Kong dollars and, to a lesser extent, in US dollars. The Group's cash and cash equivalents increased by 334.5% from RMB235.2 million in 2015 to RMB1,022.0 million, mainly due to the amount raised during the initial public offering in 2016.

所得稅開支

本集團的所得稅開支由2015年的人民幣42.4百萬元增加61.4%至2016年的人民幣68.4百萬元。有效稅率由截至2015年的25.4%增加至2016年的26.8%，主要是由於2016年可贖回可換股優先股的公允價值虧損不能在稅前扣除所致。

本公司持有人應佔報告期內利潤

由於上文所述內容，本公司持有人應佔利潤由截至2015年的人民幣124.5百萬元增加至2016年的人民幣186.7百萬元。每股基本盈利由截至2015年的人民幣0.222元增加至截至2016年的人民幣0.234元，而淨利率由截至2015年的14.7%增加2016年的17.2%。

資金流動性及財政資源

截至2016年12月31日，本集團主要通過經營所得現金為營運提供資金。本集團擬動用內部資源、通過自然且可持續發展以及全球發售所得款淨額為其擴展及業務營運提供資金。

現金及現金等價物

於2016年12月31日，本集團的現金及現金等價物主要是由人民幣，港元和少量美元組成，現金及現金等價物約為人民幣1,022.0百萬元；2015年同期，本集團的現金及現金等價物為人民幣235.2百萬元，2016年較2015年增幅達334.5%的主要原因是2016年上市過程中所募集資金產生。

Asset-liability Ratio

As at 31 December 2016, the Group's asset-liability ratio⁽⁵⁾ was 11.1%, notably down from 75.9% in the corresponding period of 2015, mainly due to reasons below. In terms of liabilities, 1) the Company's redeemable convertible preferred shares were converted into ordinary shares after the listing; 2) repayment of other payables to related parties, which is used in the construction of Zhengzhou production facilities. Thus, as of 31 December 2016, other payables due to related parties decreased markedly as compared to the corresponding period of 2015. In terms of assets, the asset scale expanded due to the proceeds raised from the Company's listing in 2016.

Note (5): Asset-liability ratio is calculated by dividing total liabilities by total assets at the end of each financial period.

Inventories

Our inventories primarily consist of raw materials, work-in-progress and finished goods. As at 31 December 2016, our inventories expanded from RMB102.8 million in 2015 to RMB130.5 million, mainly due to the Group's year-on-year increase in the amount of inventories as of 31 December 2016 to meet the growing sales. The turnover days of inventories slightly increased from 61.4 days in 2015 to 63.4 days in 2016, remaining largely flat in these two years.

Trade Receivables

Trade receivables represent amounts due from customers in respect of sales of goods in the ordinary course of business. As at 31 December 2016, our trade receivables increased from RMB63.8 million in 2015 to approximately RMB67.1 million, mainly due to the Group's year-on-year increase in sales to related parties and certain third parties (such as JD.com and customized catering products) as of 31 December 2016. Turnover days of trade receivables rose from 16.1 days in 2015 to 22.0 days in 2016, mainly due to the balance of trade receivables as at the end of 2014 fell below normal value; and upon completion of the Reorganization, the Group ceased to make offset in respect of the trade receivables for the amounts due from Haidilao Group in 2015.

資產負債比率

於2016年12月31日，本集團的資產負債比率⁽⁵⁾為11.1%；2015年同期資產負債率為75.9%，資產負債比率大幅下降的主要原因：在負債方面，1)本公司的可贖回可轉換優先股在上市後已轉換成普通股，2)向關聯方償還了因鄭州工廠建設的應付款項，截至2016年12月31日應付關聯方的其他應付款項較2015年同期顯著減少而致；而在資產方面，由於2016年本公司上市募集資金，而擴大了資產規模。

附註(5)：資產負債比率按財政期末的總負債除以總資產計算。

存貨

存貨主要包括原材料、在製品與製成品。於2016年12月31日存貨約為人民幣130.5百萬元，2015年同期存貨為人民幣102.8百萬元，存貨增加主要是由於為了迎合日益上升的銷售的需求，本集團在2016年12月31日的存貨備貨金額較2015年同期有所上升導致。存貨周轉天數從2015年的61.4天略上升到2016年的63.4天，2015年與2016年基本持平。

貿易應收賬款

貿易應收賬款為日常業務過程中就銷售的商品而應收客戶的款項。於2016年12月31日貿易應收賬款約為人民幣67.1百萬元，2015年同期應收賬款為人民幣63.8百萬元，上升的原因主要是截止2016年12月31日較2015年同期，本集團與關聯方及部分第三方(如京東及餐飲定制)銷售量增加而致。貿易應收賬款周轉天數從2015年的16.1天上升到2016年的22.0天，上升的主要原因是本集團在2014年末的貿易應收款低於正常值所致；以及完成重組後，本集團在2015年不再就海底撈集團的貿易應收賬款作出抵銷。

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Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. As at 31 December 2016, our trade payables increased from RMB43.3 million in 2015 to approximately RMB71.3 million, mainly due to increase in raw material procurements as a result of the Group's production expansion to meet the sales growth. Turnover days of trade payables slightly increased from 26.5 days in 2015 to 31.2 days in 2016.

Contingent Liabilities

As at 31 December 2016, the Group did not have any contingent liabilities.

Charge of Assets

As at 31 December 2016, the Group did not charge any fixed assets as securities for borrowings.

Borrowings

As at 31 December 2016, the Group did not have any bank borrowings.

Debt-to-equity Ratio

As at 31 December 2016, the Group's debt-to-equity⁽⁵⁾ was zero.

Note (5): Debt-to-equity ratio is calculated by dividing total debt by total equity. Total debt is defined as including interest-bearing liabilities which are not incurred during the routine process of business.

貿易應付賬款

貿易應付賬款為日常業務過程中向供應商購買商品或服務而應支付的款項。於2016年12月31日貿易應付賬款約為人民幣71.3百萬元，2015年同期應付賬款為人民幣43.3百萬元，應付賬款上升的原因主要是本集團因應產品銷量增長而增加產量令原材料採購增加。貿易應付賬款周轉天數從2015年的26.5天略上升到2016年的31.2天。

或然負債

於2016年12月31日，本集團並無任何或然負債。

資產押記

於2016年12月31日，本集團並無抵押任何固定資產作為借款擔保。

借貸

於2016年12月31日，本集團並無任何銀行借款。

資本負債比率

於2016年12月31日，本集團的資本負債比率⁽⁵⁾為零。

附註(5)：資本負債比率按總債務除以總權益計算。總債務界定為包括並非於日常業務過程中產生的計息負債。

Foreign Exchange Risk and Hedging

The Group mainly operates in the PRC with most of the transaction denominated and settled in RMB. However, the Group has certain cash denominated in HKD and USD, which is exposed to foreign currency exchange risks. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

Employees and Remuneration Policy

As at 31 December 2016, the Group had a total of 1,135 employees, comprising of 630, 390 and 115 staffs in production, marketing and administration and management functions respectively.

The Group usually employs temporary contract workers during peak seasons to assist with production. As at 31 December 2016, we had 288 temporary contract workers.

For the twelve months ended 31 December 2016, the Group's incurred total staff costs (including salaries, wages, allowance, benefits and equity incentive plan costs) of RMB122.3 million.

匯率波動風險及相關對沖

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

僱員及薪酬政策

於2016年12月31日，本集團員工總人數為1,135人，其中包括了生產體系員工630人，營銷體系員工390人，行政和管理相關職能體系員工115人。

本集團通常在旺季聘請多名臨時合約員工來協助生產，截止2016年12月31日，我們擁有288名臨時合約員工。

截至2016年12月31日止12個月，本集團的總員工成本為人民幣122.3百萬元，包括薪金、工資、津貼、福利以及股票激勵計劃成本。

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In February 2016, we adopted the RSU Scheme that permits the granting of RSUs to (i) the Directors, officers, senior management and certain employees of the Company; and (ii) any person who, in the sole opinion of the Board, has contributed or will contribute to any member of the Company. As at 28 December 2016, 9,140,000 RSUs were granted or agreed to be granted by the Company to 81 of the Group's employees and/or senior officers and the Company's business partners (not related parties of the Company, except for two directors Ms. Dang Chunxiang and Mr. Sun Shengfeng) under the RSU Scheme, equivalent to 9,140,000 shares. As at 31 December 2016, underlying shares involved accounted for approximately 0.87% of the Company's outstanding shares. As measured by the closing price on the date of grant was HKD3.18, the value of 9,140,000 RSUs was HKD29,065,200. The grantees of such RSUs shall pay US\$0.0082 (approximately HKD0.06) for the grant of each RSU under the RSU scheme. For details, see Note 2.20 to the condensed consolidated financial statements.

Major Acquisitions and Disposals

As of 31 December 2016, the Group had no acquisitions or disposals in relation to its affiliated companies, associated companies and joint ventures.

於2016年2月，本公司採納受限制股份單位計劃，計劃准予向(i)本公司的董事、高級職員、高級管理層成員及若干僱員；及(ii)董事會全權酌情認為曾為或將為本公司任何成員公司作出貢獻的任何人士授出受限制股份單位。於2016年12月28日，根據本公司的受限制股份單位計劃向合共81名身為本集團員工及／或高級職員以及本公司業務夥伴(彼等並非本公司關連人士，除黨春香女士及孫勝峰先生兩名董事)的承授人批准及授出9,140,000份受限制股份單位，相當於合共9,140,000股股份。於2016年12月31日，所涉及的相關股份佔本公司已發行股份約0.87%。經計及於授出日期的每股收市價3.18港元，9,140,000份受限制股份單位的價值為29,065,200港元。受限制股份單位的承授人須就根據受限制股份單位計劃授出的每一個受限制股份單位支付0.0082美元(約0.06港元)。有關詳情請參考簡明綜合年度財務資料附註2.20。

重大收購及出售事項

截至2016年12月31日，本集團暫無附屬公司、聯營公司及合營企業的重大收購及出售情況。

FUTURE PROSPECT

Industry Outlook

2016 is the first year of the Thirteenth Five-year Plan period, in which the national economy maintained steady development, and the boost of consumption to the economy has taken further effect. Specifically, catering consumption grew at a relatively high rate of 10.8% over last year. Quality consumption, green consumption and fashionable consumption were key words of consumption this year. In 2016, the condiment industry of China also grew steadily. With the market demand being continuously released and the further acceleration of product upgrades, the economics of scale achieved by a leading enterprise continues to be demonstrated.

Meanwhile, Chinese consumers' awareness of the importance of food safety has deepened over time. More and more consumers intend to select high-quality products with high brand recognition, and are willing to purchase high-quality products at higher prices, to ensure food quality and safety. With the penetration of e-commerce into many aspects of the people's daily lives, the competition in online channels has intensified, and the sales channels of condiment industry faces integration of online and offline channels. As the largest producer of mid/high-end hot pot soup flavoring condiment in China, the Group will capture the growth dividend resulting from the upgrade of consumption in China and opportunities in the consolidation of the condiment industry, continue to improve the Group's market share and position through organic growth and external development, and continue to provide quality products which can meet the consumers' demand for food safety and taste.

未來前景

行業展望

2016年是「十三五」開局之年，國民經濟保持平穩發展態勢，消費對經濟的拉動效應進一步顯現，其中餐飲消費增速較快，比上年增長10.8%，品質消費、綠色消費、時尚消費等成為此年消費關鍵詞。在2016年，中國調味品行業亦增長平穩。市場需求不斷釋放，產品升級速度進一步加快，龍頭企業規模效益持續顯現。

與此同時，中國消費者對食品安全重要性的認識日趨加深，越來越多的消費者傾向於選擇品牌知名度較高的優質產品，並願意購買價格更高的優質產品以確保食品質量及安全。隨著電子商務逐漸滲透至人們生活的方方面面，線上渠道的競爭日益激烈，調味品行業的銷售渠道面臨線上及線下渠道整合。作為中國最大的中高端火鍋底料調味料生產商，本集團將抓住中國消費升級所帶來的調味品行業增長紅利及行業整合機遇，進一步通過內生增長和外延發展不斷提高本集團的市場佔有率和地位，並持續推出能夠滿足消費者食品安全及口味需求的優質產品。

Management Discussion and Analysis

管理層討論與分析

Business Outlook

In 2017, the Group will continue to enhance its research and development efforts, extend the penetration of its products, improve the sales capacity of its terminals, and enhance its market share and position.

In terms of product positioning, the Group will firmly capitalize on the market influence of the Haidilao brand, and upgrade and optimize the presentation of its products when appropriate. The Company will enhance the consumers' awareness of the brand, attention to its products and recognition of and preference for the product contents.

In terms of research and development of products, the Group will focus on products attracting great attention in the market, and will gradually introduce new products catering to the market demand in various aspects such as packaging, taste and product diversification, by continuously optimizing and upgrading existing products while actively developing new products.

In terms of channel development, the Group will continue its reform of sales channels by nurturing its existing sales channels in first and second-tier cities, and developing sales channels in third and fourth-tier cities. The Group will continue to improve the sales capacity of terminals by expanding sales channels to lower tier cities.

In terms of marketing, the Group will focus on key products and enhance the effectiveness of channels and terminals, intensely explore and develop the marketing efforts in different scenarios and in different regions, and pay attention to consumer feedback to improve and upgrade products from the aspect of packaging or taste etc.

In terms of team building, the Group will consistently ensure internal promotion channels and foster entrepreneurship, actively maximize the passion and creativity of its staff, and attach importance to employment, training and development of its staff.

In terms of food safety, the Group will continue to devote itself to ensuring food quality by closely following the evolving consumer expectations and food safety criteria.

業務展望

本集團2017年將繼續加大產品研發，擴大產品覆蓋率，提振終端銷售能力，繼續擴大市場份額及地位。

產品定位方面，本集團將牢牢把握「海底撈」品牌的市場影響力，適時對產品的展現形式進行升級及優化，通過市場宣傳及推廣，加強消費者對品牌的認知、對產品的關注，及對產品內容的認同及喜愛；

產品研發方面，本集團將繼續秉承優化升級現有產品、積極拓展開發新產品類型的思路，聚焦市場關注度高的產品，在包裝、口感、產品多樣化等方面，陸續推出迎合市場的新產品；

渠道開拓方面，本集團將延續渠道改革精髓，精耕一二線城市，開拓三四線城市，通過繼續加強渠道下沉拓展銷售網絡，提升終端銷售能力；

市場營銷方面，本集團將聚焦重點產品，加強渠道和終端的生動化；深掘營銷場景，拓展不同地域不同場景的營銷活動；關注消費者反饋，在包裝或者口味等層面與時俱進改良升級；

團隊建設方面，本集團將一如既往的確保內部晉升渠道及培養企業家精神，積極激發員工最大的熱情及創造力，重視僱員的招聘、培訓與發展；

食品安全方面，本集團將繼續致力於食品質量，緊跟不斷演變的消費者預期及食品安全標準。

Material Investments and Prospect

The total investment amount of the Group's Bazhou Project is expected to be RMB300 million. Phase I is expected to complete construction at the end of 2018 and enter into operation at the beginning of 2019. Phase II is expected to complete construction and enter into operation in 2020. The completion and operation of Phase I are later than expected, mainly because of the slight delay in its commencement as a result of complying with the circular of the Langfang Municipal Government regarding the Ten Strict Measures on Preventing Air Pollution in Langfang. The Bazhou Project can effectively increase the Group's existing production capacity, ease the pressure from sharp increase in the demand for production capacity during peak seasons, and reduce its reliance on contract manufacturers. It can also optimize the Group's product portfolio by effectively expanding the production lines for new products. Furthermore, it can maximise the upgrade to the Group's storage facilities. The Bazhou Project can help the Group better control and manage logistics costs due to its central geographic location in North China.

Future Plans for Material Investments

As of 31 December 2016, the Group did not have any material investments, acquisitions or disposals. In addition, other than the expansion plans as disclosed in sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have any specific plans for material investments or acquisition of material capital assets or the actual operation of other businesses. However, the Group will continue to extensively identify potential strategic investment opportunities, continuously seek to acquire potential high-quality synergetic target businesses that can complement its product research and development, product portfolio, channel expansion or cost control.

重大投資的情況與前景

本集團的霸州項目總投資預計人民幣3億元，預計一期工程將於2018年底竣工、2019年初投產，二期工程在2020年竣工並使用。霸州項目一期工程的竣工及投產時間略晚於預期，主要因為遵照廊坊市政府關於《廊坊市大氣污染防治十條嚴控措施》的通知，一期工程的開工時間略有延誤而致。霸州項目不僅能夠充分增加本集團現有產能，舒緩旺季對產能急劇增加的需求，大力減少對合約生產商的依賴；還能夠有效的擴充新產品的生產線，從而優化本集團的產品組合；更能夠最大化的升級本集團的倉儲設備。霸州項目位於華北中心地區，有助於本集團更好地把控和管理物流成本。

未來重大投資計劃

截至2016年12月31日，本集團並無進行任何重大投資、收購或出售。此外，除招股章程「業務」及「未來計劃及所得款項用途」章節所披露的擴張計劃外，本集團尚未進行重大投資或收購重大資本資產或其他業務的具體操作。然而，本集團將繼續廣泛尋找潛在的策略性投資機會，持續尋求可為集團在產品研發、產品組合、渠道擴張抑或成本控制等方面，帶來協同效應的的潛在優質標的企業。

Profiles of Directors and Senior Management

董事及高級管理層簡介

EXECUTIVE DIRECTORS

Ms. Dang Chunxiang (黨春香), aged 44, was appointed as an executive Director, the chief executive officer and general manager of the Company on 7 March 2016. She has been a Director since December 2015 and is primarily responsible for the overall management of the Company, implementation of the decisions of the Board; managing the Company's operations including production, procurement and human resources; and overseeing the financial goals of the Company. Ms. Dang has been the general manager of Yihai Shanghai since December 2015. Prior to this, Ms. Dang worked as a sales manager of Kebao Boloni Home Furnishing Co. Ltd.* (科寶博洛尼家居有限公司) from August 1998 to April 2002. From May 2002 to September 2008, she joined Beijing Yuanzhou Decoration Co., Ltd.* (北京元洲裝飾有限公司) as a manager of the kitchen cabinet department and was later promoted to director of the home furnishing management department. Ms. Dang was the vice general manager of Huawei Leren (Beijing) Trading Co., Ltd.* (華威樂仁(北京)貿易有限公司), a company engaging in construction materials trading from January 2009 to November 2010. Ms. Dang then joined Sichuan Haidilao and served as the head of the operations department from January 2011 to December 2014. Ms. Dang served as the head of the operations department and a standing deputy general manager of Yihai Shanghai from December 2014 to January 2015 and from January 2015 to December 2015, respectively. Ms. Dang completed her graduate study in business administration at Renmin University of China (中國人民大學) in May 2010.

Mr. Sun Shengfeng (孫勝峰), aged 37, was appointed as an executive Director and the chief financial officer of the Company on 7 March 2016. He is primarily responsible for overseeing matters relating to the financial, investment and risk management of the Company, including budgeting, disclosure and reporting. Mr. Sun has also served as the chief financial officer of Yihai Shanghai since August 2015. Mr. Sun served as the head of finance in Xi'an Yinqiao Biotechnology Co., Ltd.* (西安銀橋生物科技有限公司) from September 2003 to August 2007. He joined Sichuan Haidilao in September 2007 and has held various positions successively: he worked as assistant to the chief financial officer from September 2007 to November 2011, the chief accountant from November 2011 to December 2012, deputy head of the finance management department from December 2012 to August 2013, and deputy head of the asset management department from August 2013 to August 2015. Mr. Sun passed the self-taught higher education examination for undergraduate study in business administration with Xi'an University of Technology (西安理工大學) and obtained a graduation certificate in June 2009. He completed his graduate study in business administration at Tsinghua University in September 2010. He was accredited as an accountant by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in May 2005.

執行董事

黨春香女士，44歲，於2016年3月7日獲委任為本公司執行董事、首席執行官兼總經理。彼自2015年12月起為本公司董事，主要負責本公司的整體管理、執行董事會的決定；管理本公司生產、採購和人力資源等方面的業務；及監督本公司的財務目標。黨女士自2015年12月起擔任頤海上海的總經理。在此之前，黨女士於1998年8月至2002年4月擔任科寶博洛尼家居有限公司的銷售經理。於2002年5月至2008年9月，彼加入北京元洲裝飾有限公司擔任櫥櫃部門經理，其後獲擢升為家居管理部門總監。於2009年1月至2010年11月，黨女士為華威樂仁(北京)貿易有限公司(一家從事建材貿易的公司)的副總經理。黨女士其後加入四川海底撈，並於2011年1月至2014年12月擔任營運管理部門部長。於2014年12月至2015年1月及2015年1月至2015年12月，黨女士分別擔任頤海上海的營運管理部門部長及常務副總經理。黨女士於2010年5月在中國人民大學完成工商管理專業研究生課程。

孫勝峰先生，37歲，於2016年3月7日獲委任為本公司執行董事兼財務總監。彼主要負責監督與本公司的財務、投資及風險管理相關事宜，包括財務預算、信息披露及報告。孫先生亦自2015年8月起擔任頤海上海的財務總監。於2003年9月至2007年8月，孫先生擔任西安銀橋生物科技有限公司的財務主管。彼於2007年9月加入四川海底撈並先後擔任多個職務，包括於2007年9月至2011年11月擔任財務總監助理，於2011年11月至2012年12月擔任總會計師，於2012年12月至2013年8月擔任財務管理部門的副部長，及於2013年8月至2015年8月擔任資產管理部門副部長。孫先生通過西安理工大學工商企業管理本科高等教育自學考試並於2009年6月取得畢業證書。彼於2010年9月在清華大學完成工商管理專業研究生課程。彼於2005年5月獲中華人民共和國財政部認可為會計師。

Profiles of Directors and Senior Management 董事及高級管理層簡介

NON-EXECUTIVE DIRECTORS

Mr. Gou Yiqun (苟軼群), aged 44, was appointed as the chairman and a non-executive Director of the Company on 7 March 2016. Mr. Gou has over 16 years of food industry and management experience within the Haidilao Group. He has been a Director since October 2013. He is primarily responsible for formulating the Company's corporate and business strategies and participating in the decision making for the Company's strategic marketing projects and other major decisions. Mr. Gou has also served as the chairman of Yihai (China) since December 2013. Prior to this, Mr. Gou worked as a teacher at Xi'an University of Finance and Economics (西安財經學院) from July 1994 to January 2000. Mr. Gou joined Haidilao Group in January 2000 and has held various positions successively after joining Haidilao Group. Mr. Gou was the financial officer of Sichuan Haidilao from December 2001 to June 2009, and has held the position of director of Sichuan Haidilao since July 2009. Between July 2009 and December 2014, Mr. Gou was also Sichuan Haidilao's chief financial officer and vice general manager. Mr. Gou also serves as a director and member of senior management of associates of the Company's Controlling Shareholders. Mr. Gou completed his study in commodity business at Shaanxi Commerce College* (陝西商業專科學校) in July 1993. He received an executive master of business administration degree from Renmin University of China (中國人民大學) in June 2010.

Mr. Zhang Yong (張勇), aged 46, was appointed as a non-executive Director on 7 March 2016. Mr. Zhang is one of the founders of the Haidilao Group and has over 20 years of food industry and management experience within the Haidilao Group. He has been a Director since December 2015 and is primarily responsible for participating in making major decisions for the Company. Mr. Zhang served as the general manager of Sichuan Haidilao from April 1994 to March 2001. Between April 2001 and June 2009, Mr. Zhang served as both the executive director and the general manager of Sichuan Haidilao. Since July 2009, Mr. Zhang has served as the director and chairman of Sichuan Haidilao. Mr. Zhang also serves as a director and member of senior management of associates of the Company's Controlling Shareholders. Mr. Zhang completed the executive master of business administration program and completed the finance master of business administration program from Cheung Kong Graduate School of Business (長江商學院) in October 2011 and August 2012, respectively.

非執行董事

苟軼群先生，44歲，於2016年3月7日獲委任為本公司董事長兼非執行董事。苟先生於海底撈集團積累逾16年食品行業及管理經驗。彼自2013年10月起擔任本公司董事。彼主要負責制定本公司的企業及業務策略以及參與作出本公司的策略行銷計劃決策及其他重要決策。苟先生亦自2013年12月起擔任頤海(中國)的董事長。在此之前，苟先生於1994年7月至2000年1月在西安財經學院擔任教師。苟先生於2000年1月加入海底撈集團，並於加入海底撈集團後相繼擔任多個職務。苟先生於2001年12月至2009年6月擔任四川海底撈的財務負責人，並自2009年7月起擔任四川海底撈的董事。於2009年7月至2014年12月，苟先生亦為四川海底撈的財務總監兼副總經理。苟先生亦於本公司控股股東聯繫人擔任董事及高級管理層成員。苟先生於1993年7月在陝西商業專科學校完成商品經營學習。於2010年6月取得中國人民大學高級管理人員工商管理碩士學位。

張勇先生，46歲，於2016年3月7日獲委任為本公司非執行董事。張先生為海底撈集團的創辦人之一並於海底撈集團積累逾20年食品行業及管理經驗。自2015年12月起擔任本公司董事，主要負責參與作出本公司的重要決策。張先生於1994年4月至2001年3月擔任四川海底撈的總經理。2001年4月至2009年6月，張先生擔任四川海底撈的執行董事兼總經理。自2009年7月起，張先生擔任四川海底撈的董事兼董事長。張先生亦於本公司控股股東聯繫人擔任董事及高級管理層成員。張先生分別於2011年10月及2012年8月分別完成長江商學院高級管理人員工商管理碩士課程及長江商學院金融工商管理碩士課程。

Profiles of Directors and Senior Management

董事及高級管理層簡介

Mr. Shi Yonghong (施永宏), aged 47, was appointed as a non-executive Director on 7 March 2016. Mr. Shi is one of the founders of the Haidilao Group and has over 20 years of food industry and management experience within the Haidilao Group. He has been a Director since December 2015 and is primarily responsible for participating in making major decisions for the Company. Mr. Shi has held various positions at Sichuan Haidilao since April 1994. Mr. Shi was the vice general manager at Sichuan Haidilao between April 1994 and March 2001, before assuming the role of supervisor at Sichuan Haidilao between April 2001 and June 2009. Since July 2009, Mr. Shi has been a director at Sichuan Haidilao. Mr. Shi also serves as a director of associates of the Company's Controlling Shareholders. Mr. Shi completed his study in mechanics at Sichuan Kongfen Group Technical School* (四川空分技工學校) in June 1988.

Mr. Pan Di (潘迪), aged 35, was appointed as a non-executive Director on 7 March 2016. Mr. Pan has been a Director since December 2015 and is primarily responsible for participating in making major decisions for the Company. Since January 2010, Mr. Pan has served at Greenwoods Private Equity Funds (景林股權投資基金) as a director. He was an attorney with the securities department of King & Wood Mallesons in Shanghai from January 2007 to December 2009. Mr. Pan has been a director of Ernest Borel Holdings Limited (stock code: 1856), a company listed on the Stock Exchange, since December 2013, and a non-executive director since June 2014. Since September 2015, Mr. Pan has been a director at Handu Yishe Electronics and Commerce Group Holdings Company Limited (韓都衣合電子商務集團股份有限公司) (stock code: 838711), and since March 2016, he has been a director at Hangzhou Taofen8 Internet Technology Company Limited (杭州淘粉網路技術股份有限公司) (stock code: 834805), both being enterprises listed on the National Equities Exchange And Quotations Co., Ltd. Mr. Pan also serves as a director of an associate of the Company's Controlling Shareholders. Mr. Pan obtained a bachelor's degree in law from Fudan University in July 2004. He passed the National Judicial Exam in the PRC in February 2008.

施永宏先生，47歲，於2016年3月7日獲委任為本公司非執行董事。施先生為海底撈集團的創辦人之一並於海底撈集團積累逾20年食品行業及管理經驗。彼自2015年12月起擔任本公司的董事，主要負責參與作出本公司的重要決策。施先生自1994年4月起於四川海底撈擔任多個職位。施先生於1994年4月至2001年3月擔任四川海底撈的副總經理，之後於2001年4月至2009年6月擔任四川海底撈的監事。施先生自2009年7月起為四川海底撈的董事。施先生亦於本公司控股股東聯繫人擔任董事。施先生於1988年6月於四川空分技工學校完成機械課程。

潘迪先生，35歲，於2016年3月7日獲委任為非執行董事。潘先生自2015年12月起擔任本公司董事，並主要負責參與作出本公司的重要決策。潘先生自2010年1月起於景林股權投資基金擔任董事。彼於2007年1月至2009年12月為上海金杜律師事務所證券部門的律師。潘先生自2013年12月起擔任聯交所上市公司依波路控股有限公司(股份代號：1856)的董事，並自二零一四年起擔任非執行董事。潘先生自2015年9月起擔任新三板掛牌企業韓都衣舍電子商務集團股份有限公司(股份代號：838711)董事，並自2016年3月起擔任新三板掛牌企業杭州淘粉吧網絡技術股份有限公司(股份代號：834805)董事。潘先生亦於本公司控股股東聯繫人擔任董事。潘先生於2004年7月取得復旦大學法律學士學位。彼於2008年2月通過中國國家司法考試。

Profiles of Directors and Senior Management 董事及高級管理層簡介

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau Ka Chi (邱家賜先生), aged 59, was appointed as an independent non-executive director of the Company on 20 June 2016. Mr. Yau has over 30 years of professional accounting experience including 20 years in serving China enterprises. He had worked for Ernst & Young for over 20 years in its Hong Kong, Toronto and Beijing offices with primary focus in providing professional services in accounting and audit, initial public offering, and corporate restructuring before retiring in September 2015. During his professional career with Ernst & Young, Mr. Yau was appointed as the Professional Practice Director of Greater China from July 2007 to June 2009, the Assurance Leader for China North Region from July 2010 to June 2014, the Oil & Gas Industry Leader of Greater China from May 2012 to June 2015 and the Assurance Leader of the Energy & Resources Markets Segment of Greater China from July 2013 to June 2015. Mr. Yau is an independent non-executive director of China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司) (Stock code: 2319) since October 2016 and China Power International Development Limited (中國電力國際發展有限公司) (Stock code: 2380) since December 2016, both companies listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. Yau holds a professional diploma in company secretaryship and administration from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and is a member of the American Institute of Certified Public Accountants, the Illinois Certified Public Accountants Society and the Hong Kong Institute of Certified Public Accountants. Mr. Yau also holds a certified public accountant license issued by the Illinois Department of Financial and Professional Regulation, the United States.

獨立非執行董事

邱家賜先生，59歲，於二零一六年六月二十日獲委任為本公司獨立非執行董事。邱先生擁有逾三十年的專業會計服務經驗，包括二十年服務中國企業經驗。彼於二零一五年九月自安永會計師事務所退休前，先後於其香港、多倫多及北京辦公室任職，主要從事會計與審計、首次公開發售及公司重組專業服務。於安永會計師事務所任職期間，邱先生於二零零七年七月至二零零九年六月期間任大中華區專業標準技術部主管合夥人，於二零一零年七月至二零一四年六月期間任中國華北區審計服務主管合夥人，於二零一二年五月至二零一五年六月期間任大中華區石油及天然氣業務主管合夥人，及於二零一三年七月至二零一五年六月期間任大中華區能源和資源業審計主管合夥人。邱先生自二零一六年十月起任中國蒙牛乳業有限公司(股份代號：2319)的獨立非執行董事及自二零一六年十二月起任中國電力國際發展有限公司(股份代號：2380)的獨立非執行董事，兩家公司均在香港聯合交易所有限公司的主板上市。

邱先生持有香港理工學院(現稱為香港理工大學)公司秘書及行政管理專業文憑，並為美國註冊會計師協會、伊利諾伊州註冊會計師協會及香港會計師公會的會員。邱先生亦持有美國伊利諾伊州財政及專業監管部頒發的執業會計師執照。

Profiles of Directors and Senior Management

董事及高級管理層簡介

Mr. Qian Mingxing (錢明星), aged 54, was appointed as an independent non-executive Director on 20 June 2016. He is primarily responsible for participating in making major decisions for the Company and advising on issues relating to corporate governance, nomination of Directors and remuneration of Directors and senior management. Mr. Qian has been a professor at Peking University Law School (北京大學法學院) since August 1999. He worked as a teaching assistant and a lecturer of the law department at Peking University from August 1986 to August 1988 and August 1988 to August 1993, respectively. From August 1993 to August 1999, Mr. Qian was an associate professor at Peking University Law School. Mr. Qian obtained a bachelor's degree in law and a master's degree in law from Peking University in July 1983 and July 1986, respectively. In June 2001, Mr. Qian obtained a doctoral degree of laws from Peking University.

Ms. Ye Shujun (葉蜀君), aged 55, was appointed as an independent non-executive Director on 20 June 2016. She is primarily responsible for participating in making major decisions for the Company and advising on issues relating to corporate governance, remuneration of Directors and senior management, nomination of Directors and audit. Ms. Ye has been an independent director of Beijing Sanfo Outdoors Products Co., Ltd. (北京三夫戶外用品股份有限公司) (stock code: 002780) since June 2011, an independent director of Beijing New Universal Science and Technology Co., Ltd (北京萬向新元科技股份有限公司) (stock code: 300472) since June 2011, and an independent director of Anhui Guozhen Environment Protection Technology Joint Stock Co., Limited (安徽國禎環保節能科技股份有限公司) (stock code: 300388) since August 2016, all three being companies listed on the Shenzhen Stock Exchange (深圳證券交易所). Ms. Ye also served as lecturer, associate professor and professor successively at the economic management college of Beijing Jiaotong University (北京交通大學) since December 1994. Ms. Ye completed a program in international accounting and international tax at Xiamen University in January 1990. Ms. Ye then obtained a master's degree in economics from Tsinghua University in July 1994. She obtained a doctoral degree in management from Beijing Jiaotong University in July 2007.

錢明星先生，54歲，於2016年6月20日獲委任為本公司獨立非執行董事。彼主要負責參與作出本公司的重要決策以及就公司管治、提名董事以及董事及高級管理層薪酬有關事宜提供意見。錢先生自1999年8月起一直在北京大學法學院擔任教授。錢先生於1986年8月至1988年8月期間及1988年8月至1993年8月期間分別在北京大學法律系擔任助教及講師。於1993年8月至1999年8月，錢先生擔任北京大學法學院副教授。錢先生分別於1983年7月及1986年7月取得北京大學的法律學士學位及法律碩士學位。錢先生於2001年6月取得北京大學法律博士學位。

葉蜀君女士，55歲，於2016年6月20日獲委任為本公司獨立非執行董事。彼主要負責參與作出本公司的重要決策以及就公司管治、董事及高級管理層薪酬、提名董事及審計有關事宜提供意見。葉女士自2011年6月起一直出任北京三夫戶外用品股份有限公司(股票代碼：002780)的獨立董事、自2011年6月起一直出任北京萬向新元科技股份有限公司(股份代號：300472)的獨立董事，自2016年8月起出任安徽國禎環保節能科技股份有限公司(股份代碼：300388)的獨立董事，三家公司均為深圳證券交易所上市公司。葉女士亦自1994年12月起任教於北京交通大學經濟管理學院，先後任職講師、副教授及教授。葉女士於1990年1月在廈門大學完成國際會計與國際稅收班課程。葉女士其後於1994年7月取得清華大學經濟學碩士學位。彼於2007年7月取得北京交通大學管理工程學博士學位。

Profiles of Directors and Senior Management 董事及高級管理層簡介

SENIOR MANAGEMENT

Ms. Dang Chunxiang (黨春香), an executive Director, the chief executive officer and general manager of the Company. See “—Board of Directors—Executive Directors” in this section for her biographical details.

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

Mr. Du Zhuang (杜壯), aged 42, was appointed as the vice general manager of the Company on 7 March 2016. He is primarily responsible for supervising the sales and marketing department and participating in making decisions for the Company’s strategic marketing projects. Mr. Du has over 14 years of sales and marketing experience in the fast moving consumer goods sector. He has been a marketing director of Yihai Shanghai since January 2015. He worked as the head of the chain store department of Tianjin Dingjin Food Co., Ltd. (天津頂津食品有限公司) from June 2001 to October 2008. Mr. Du joined Sichuan Haidilao in October 2008 and held various positions successively including marketing manager from October 2008 to August 2009, sales manager from August 2009 to August 2010 and senior sales manager from September 2010 to June 2011. From June 2011 to November 2014, Mr. Du served as a deputy head of the operation department of Shuhai (Beijing) Investment Co., Ltd.* (蜀海(北京)投資有限公司), a wholly owned subsidiary of Sichuan Haidilao. Mr. Du completed his study for undergraduate program in husbandry at Beijing College of Agriculture (北京農學院) in July 1996.

Mr. Xu Hai (徐海), aged 43, was appointed as the sales director of the Company on 7 March 2016. He is mainly responsible for developing sales strategies and plans, managing the sales teams and controlling the sales budget and expenses. Mr. Xu has over 8 years of sales and management experience in the fast moving consumer goods sector. He has been a sales director of Yihai Shanghai since January 2015. Mr. Xu then served as sales director of Beijing Pepsi-Cola Beverage Co., Ltd. (北京百事可樂飲料有限公司) from October 2007 to March 2009. Mr. Xu then served as a national sales director of China of Tianjin Otsuka Beverage Co., Ltd. (天津大塚飲料有限公司) from April 2011 to June 2013. From June 2013 to December 2014, Mr. Xu served as a sales director of Shuhai (Beijing) Investment Co., Ltd.* (蜀海(北京)投資有限公司), a wholly owned subsidiary of Sichuan Haidilao. Mr. Xu obtained a master’s degree in business management from Northeastern University (東北大學) in July 2009.

高級管理層

黨春香女士，本公司執行董事、首席執行官兼總經理。有關其履歷詳情，請參閱本節「—董事會—執行董事」。

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

杜壯先生，42歲，於2016年3月7日獲委任為本公司副總經理。彼主要負責監督銷售和市場營銷部門並參與本公司戰略市場營銷項目的決策。杜先生於快速消費品分部擁有逾14年銷售及營銷經驗。彼自2015年1月起擔任頤海上海的市場營銷總監。彼於2001年6月至2008年10月擔任天津頂津食品有限公司連鎖科科長。杜先生於2008年10月加入四川海底撈並先後擔任多個職務，包括於2008年10月至2009年8月擔任市場營銷經理、於2009年8月至2010年8月擔任銷售經理及於2010年9月至2011年6月擔任高級銷售經理。於2011年6月至2014年11月，杜先生擔任蜀海(北京)投資有限公司(四川海底撈的全資附屬公司)營運管理部副部長。杜先生於1996年7月於北京農學院完成畜牧業本科課程。

徐海先生，43歲，於2016年3月7日獲委任為本公司銷售總監，主要負責制定銷售策略及方案、管理銷售團隊以及控制銷售預算及開支。徐先生於快速消費品分部擁有逾8年銷售及管理經驗。彼自2015年1月起擔任頤海上海的銷售總監。徐先生其後於2007年10月至2009年3月擔任北京百事可樂飲料有限公司銷售總監。徐先生其後於2011年4月至2013年6月擔任天津大塚飲料有限公司的全國銷售總監。徐先生於2013年6月至2014年12月，擔任蜀海(北京)投資有限公司(四川海底撈的全資附屬公司)的銷售總監。徐先生於2009年7月取得東北大學工商管理碩士學位。

Corporate Governance Report 企業管治報告

The Board of the Company presents this corporate governance report in the Group's annual report for the year ended 31 December 2016.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

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

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

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

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

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

The Company regularly reviews its compliance with corporate governance codes and the Company was in compliance with the code provisions of the Corporate Governance Code during the year ended 31 December 2016.

本公司董事會提呈本集團截至2016年12月31日止年度的年報內所載的本企業管治報告。

本公司的企業管治常規

本集團致力達致高水準的企業管治，務求保障股東權益及提高企業價值及問責性。

本公司已應用上市規則附錄十四所載企業管治守則的原則及企業管治報告。

企業管治守則訂明的良好企業管治原則及兩個層面的企業管治常規如下：

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

本公司的企業管治常規乃以企業管治守則所載原則及守則條文為依據。

本公司定期審閱遵守企業管治守則的情況且本公司於截至2016年12月31日止年度內已遵守企業管治守則的守則條文。

A. THE BOARD

1. Responsibilities

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

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

2. Delegation of Management Function

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

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

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

A. 董事會

1. 責任

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

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

2. 管理層職能授權

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

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

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

3. Board Composition

The Board of the Company comprises the following Directors:

| | |
|-------------------------------------|---|
| Executive Directors | Ms. Dang Chunxiang Mr. Sun Shengfeng |
| Non-executive Directors | Mr. Gou Yiqun (Chairman) Mr. Zhang Yong Mr. Shi Yonghong Mr. Pan Di |
| Independent non-executive Directors | Mr. Yau Ka Chi Mr. Qian Mingxing Ms. Ye Shujun |

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

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

During the period from the Listing Date to 31 December 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise.

3. 董事會組成

本公司董事會由以下董事組成：

| | |
|-------------|--|
| 執行董事 | 黨春香女士 孫勝峰先生 |
| 非執行董事 | 苟軼群先生 (主席) 張勇先生 施永宏先生 潘迪先生 |
| 獨立 非執行董事 | 邱家賜先生 錢明星先生 葉蜀君女士 |

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

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

於上市日期至2016年12月31日止期間內，董事會一直遵守上市規則有關規定，委任至少三名獨立非執行董事，佔董事會成員人數至少三分之一，以及其中至少一名獨立非執行董事須擁有適當專業資格或會計或相關財務管理專長。

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

4. Appointment, Re-election and Removal of Directors

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

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company pursuant to which each of them has agreed to act as an executive Director or a non-executive Director (as the case may be) for an initial term of three years from 7 March 2016 (subject to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice in writing. Each of the independent non-executive Directors has signed a letter of appointment with the Company and has been appointed for a term of three years from 20 June 2016. The appointment may be terminated by either party giving to the other not less than one month's prior notice in writing.

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

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

4. 董事的委任、重選及免職

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

執行董事及非執行董事各自與本公司訂立服務合約，據此，彼等分別同意擔任執行董事或非執行董事（視乎情況而定），任期自2016年3月7日起初步為期三年（可根據組織章程細則於需要時重選），直至根據服務合約的條款及條件終止或由其中一方向另一方發出不少於一個月的事先書面通知予以終止。各獨立非執行董事已與本公司簽立委任函並已獲委任，任期自2016年6月20日起為期三年。委任可由其中一方向另一方發出不少於一個月的事先書面通知予以終止。

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

5. Induction and Continuing Development for Directors

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

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

During the year ended 31 December 2016, each Director has attended training sessions arranged by the Company regarding the continuing obligations of listed companies and its directors, disclosure obligations of listed companies and update on the Listing Rules.

5. 董事的就任導引及持續發展

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

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

截至2016年12月31日止年度，每名董事均已參加由本公司安排的培訓課程，該等課程內容有關上市公司及上市公司董事的持續性義務、上市公司的披露義務及上市規則的修訂。

6. Attendance Record of Board Meetings

a. Number of Meetings and Directors' Attendance

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

The Board met two times during the period from the Listing Date to 31 December 2016 for reviewing and approving the unaudited interim results for the six months ended 30 June 2016, and for reviewing and approving the implementation plan of the Restricted Share Unit Scheme and so on.

6. 董事會會議出席記錄

a. 會議次數及董事出席率

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

於上市日期起至2016年12月31日止期間內，董事會已召開兩次會議，以審閱及批准截至2016年6月30日止六個月的未經審核中期業績、審議及批准受限制性股份單位計劃實施方案等等。

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The chairman of the Company held meeting with the non-executive Directors (including independent non-executive Directors) once during the year ended 31 December 2016 without the executive Directors present.

於截至2016年12月31日止年度內，本公司主席曾與非執行董事(包括獨立非執行董事)進行一次會議，而執行董事未有出席是次會議。

The attendance records of each Director at the Board meetings during the year ended 31 December 2016 are set out below:

於截至2016年12月31日止年度內，各董事出席董事會會議的記錄載列如下：

| Name of Director | 董事姓名 | Attendance/ Number of Board Meetings 出席次數/ 董事會會議次數 |
|--------------------|-------|--|
| Ms. Dang Chunxiang | 黨春香女士 | 2/2 |
| Mr. Sun Shengfeng | 孫勝峰先生 | 2/2 |
| Mr. Gou Yiqun | 苟軼群先生 | 2/2 |
| Mr. Zhang Yong | 張勇先生 | 2/2 |
| Mr. Shi Yonghong | 施永宏先生 | 2/2 |
| Mr. Pan Di | 潘迪先生 | 2/2 |
| Mr. Yau Ka Chi | 邱家賜先生 | 2/2 |
| Mr. Qian Mingxing | 錢明星先生 | 2/2 |
| Ms. Ye Shujun | 葉蜀君女士 | 2/2 |

The Company has not held any other general meetings during the period from the Listing Date to 31 December 2016.

於上市日期起至2016年12月31日止期間內，本公司並無舉行任何其他股東大會。

b. *Practices and Conduct of Meetings*

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

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

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

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

b. 會議常規及指引

年度會議時間表及每次會議的草擬議程會事先向董事提供。

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

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

於需要時，各董事亦可單獨及獨立地聯絡本公司高級管理層。

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

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

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

B. CHAIRMAN AND CHIEF EXECUTIVE

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

Mr. Gou Yiqun is the chairman of the Company and is responsible for formulating the Group's corporate and business strategies and participating in making decisions for the Group's strategic marketing projects and other major decisions.

Ms. Dang Chunxiang is the chief executive officer of the Company and is responsible for the overall management of the Group, implementation of the decisions of the Board; managing the Group's operations including production, procurement and human resources; and overseeing the financial goals of the Group.

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

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

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

B. 主席及行政總裁

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

苟軼群先生為本公司董事長，負責制定本集團的企業及業務策略以及參與作出本集團的策略行銷計劃決策及其他重要決策。

黨春香女士為本公司的首席執行官，負責本集團的整體管理、執行董事會的決定；管理本集團生產、採購和人力資源等方面的業務經營；及監督本集團的財務目標。

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

C. BOARD COMMITTEES

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

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

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

1. Audit Committee

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

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

C. 董事委員會

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

審計委員會、薪酬委員會及提名委員會的成員大多數為獨立非執行董事。

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

1. 審計委員會

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

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

The Audit Committee held two meetings during the year ended 31 December 2016 and its main work involved the following:

- reviewing the unaudited interim results and financial report for the six months ended 30 June 2016;
- reviewing the financial reporting and the compliance procedures;
- reviewing the policies and practices on corporate governance;
- reviewing the compliance with the Corporate Governance Code and the disclosure requirement in the corporate governance report as contained in Appendix 14 to the Listing Rules;

審計委員會每年進行至少兩次會議。審計委員會的主要職責包括(但不限於)在以下方面協助董事會：(i) 檢討及監控外聘核數師與本集團之間的關係，尤其是外聘核數師的獨立性、客觀性及有效性；(ii) 就本集團的財務報告過程、內部控制、合規及風險管理制度的有效性提供獨立意見；(iii) 監察審核過程以及履行董事會指派的其他職務與職責；(iv) 制訂及檢討本公司的企業管治政策及常規，以及法律和法規要求及上市規則要求的合規情況；(v) 審閱本公司財務資料，確保遵守會計標準及檢討因核數而出現的重大調整；及(vi) 制訂、檢討及監控適用於本公司僱員及董事的行為守則。

於截至2016年12月31日止年度內，審計委員會已舉行兩次會議，其主要工作涉及以下各項：

- 審閱截至2016年6月30日止六個月的未經審核中期業績及財務報告；
- 審閱財務申報及合規程序；
- 審閱企業管治政策及常規；
- 審閱遵守上市規則附錄十四所載企業管治守則及企業管治報告的披露規定；

- reviewing the code of conduct and the compliance manuals for employees and the Directors, the financial, operational and compliance monitoring;
- reviewing the risk management and internal control systems;
- reviewing the internal audit work of the risk management and internal audit department; and
- reviewing the work of the external auditor.

The Audit Committee considers that the annual financial results for the year ended 31 December 2016 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Audit Committee had met with the auditor of the Company in the absence of management of the Company once in relation to the provision of audit service to the Company for the year ended 31 December 2016.

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

| Name of Committee Member | 委員會成員姓名 |
|--------------------------|---------|
| Mr. Yau Ka Chi | 邱家賜先生 |
| Mr. Shi Yonghong | 施永宏先生 |
| Ms. Ye Shujun | 葉蜀君女士 |

The Company's annual results for the year ended 31 December 2016 have been reviewed by the Audit Committee on 25 March 2017.

- 審閱僱員及董事操守準則及合規手冊、財務、運作及合規監控；
- 審閱風險管理及內部控制系統；
- 審閱風控審計審計部的內部審計工作；及
- 審閱外聘核數師的工作。

審計委員會認為截至2016年12月31日止年度的年度財務業績符合有關會計標準、規則及規定，並已正式作出適當披露。

截至2016年12月31日止年度，審計委員會曾與本公司核數師進行一次會議，而本公司管理層未有出席是次會議。

審計委員會會議的出席記錄載列如下：

**Attendance/
Number of
Meeting(s)**
出席次數/
會議次數

2/2
2/2
2/2

本公司截至2016年12月31日止年度的年度業績已由審計委員會於2017年3月25日審閱。

2. Remuneration Committee

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

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

The Remuneration Committee held one meeting during the year ended 31 December 2016 to review the remuneration policy and structure of the Company, and consider and make recommendation to the Board on the remuneration packages of the Directors and the senior management of the Company.

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

| Name of Committee Member | 委員會成員姓名 | Attendance/ Number of Meeting(s) 出席次數/ 會議次數 |
|--------------------------|---------|---|
| Ms. Ye Shujun | 葉蜀君女士 | 1/1 |
| Mr. Gou Yiqun | 苟軼群先生 | 1/1 |
| Mr. Qian Mingxing | 錢明星先生 | 1/1 |

Details of the Directors' remuneration are set out in note 33 to the Financial Statements. In addition, the remuneration payable to the senior management of the Company (who are not the Directors) for the year ended 31 December 2016 are set out in the section headed "Corporate Governance Report-D. Remuneration of Senior Management" of page 60 of this annual report.

2. 薪酬委員會

本公司已按照企業管治守則第B.1段成立具職權範圍的薪酬委員會。薪酬委員會由三名董事組成，即獨立非執行董事葉蜀君女士及錢明星先生以及非執行董事苟軼群先生。葉蜀君女士擔任薪酬委員會的主席。

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

於截至2016年12月31日止年度內，薪酬委員會已舉行一次會議，以檢討本公司的薪酬政策及架構，以及考慮本公司董事及高級管理層的薪酬待遇並就此向董事會提出建議。

薪酬委員會會議的出席記錄載列如下：

董事酬金詳情載列於財務報表附註33。此外，應付本公司高級管理層(無兼任董事)於截至2016年12月31日止年度的薪酬載列於本年報第60頁中「企業管治報告—D. 高級管理層的薪酬」一節。

3. Nomination Committee

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

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

The Nomination Committee held one meeting during the year ended 31 December 2016 to review the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company, to review the training and continuous professional development of the Directors and senior management, and to assess the independence of the independent non-executive Directors.

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

| Name of Committee Member | 委員會成員姓名 |
|--------------------------|---------|
| Mr. Gou Yiqun | 苟軼群先生 |
| Ms. Ye Shujun | 葉蜀君女士 |
| Mr. Qian Mingxing | 錢明星先生 |

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

3. 提名委員會

本公司已按照企業管治守則第A.5段成立具職權範圍的提名委員會。提名委員會由三名董事組成，即非執行董事苟軼群先生以及獨立非執行董事葉蜀君女士及錢明星先生。苟軼群先生擔任提名委員會的主席。

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

於截至2016年12月31日止年度內，提名委員會已召開一次會議，以檢討董事會的架構、規模、組成及成員多元化(包括技能、知識、經驗、性別、年齡、文化及教育背景、種族、專業經驗及服務任期方面)，從而確保董事會成員在專業知識、技能及經驗各方面均衡，以配合本公司業務所需，審閱董事及高級管理人員的培訓及持續專業發展，並評核獨立非執行董事的獨立性。

提名委員會會議的出席記錄載列如下：

Attendance/
Number of
Meeting(s)
出席次數/
會議次數

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

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

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

Board Diversity Policy statement:

The Company 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 and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

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

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

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

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

In reviewing the structure, size, composition and diversity of the Board, the Nomination Committee has taken into account the measurable objectives as set out in the Board Diversity Policy. The Nomination Committee is of the view that the diversity level of the Board is appropriate in terms of knowledge, experience and skills of the directors. However, the Nomination Committee will continue to observe the Board Diversity Policy and consider potential candidates against the objective criteria set out in the Board Diversity Policy in order to achieve increasing diversity at the Board level.

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

於檢討董事會的架構、人數、組成及多元化時，提名委員會已考慮董事會成員多元化政策所載的可計量目標。提名委員會認為，董事會成員的多元化水平就董事的知識、經驗及技能而言乃屬合適。然而，提名委員會將繼續遵守董事會成員多元化政策及按董事會成員多元化政策所載的目標準則考慮潛在候選人，以令董事會成員日益多元化。

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D. REMUNERATION OF SENIOR MANAGEMENT

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

| (RMB) (人民幣) | 2016 2016年 (members of senior management of the Company) (本公司高級 管理層成員) | 2015 2015年 (members of senior management of the Company) (本公司高級 管理層成員) |
|----------------|---|---|
| 1-1,000,000 | 2 | 2 |

E. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the period from the Listing Date to 31 December 2016.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company since the Listing Date to 31 December 2016.

D. 高級管理層的薪酬

應付本公司高級管理層(無兼任董事)的薪酬按等級如下圖列示：

| 2016 2016年 (members of senior management of the Company) (本公司高級 管理層成員) | 2015 2015年 (members of senior management of the Company) (本公司高級 管理層成員) |
|---|---|
| 2 | 2 |

E. 證券交易的標準守則

本公司已採納標準守則。本公司已向所有董事作出具體查詢，而董事均已確認彼等已於上市日期至2016年12月31日止期間內一直遵守標準守則。

可能掌握本公司內幕消息的本公司僱員亦已遵守證券交易的標準守則。自上市日期至2016年12月31日，本公司並無注意到出現本公司僱員不遵守標準守則的事件。

F. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2016.

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

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

G. EXTERNAL AUDITOR AND AUDITOR REMUNERATION

Pursuant to the resolution of the 2016 Shareholders' general meeting, PricewaterhouseCoopers was engaged by the Company as the auditor of financial statements prepared under International Financial Reporting Standards.

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out under the section headed "Independent Auditor's Report" on page 121 in this annual report.

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

During the year ended 31 December 2016, the remuneration paid/payable to the external auditor of the Company for the provision of audit services for the year ended 31 December 2016 amounted to RMB3.9 million, of which RMB2.0 million represent audit fee paid/payable in relation to the audit for the Listing.

F. 董事進行財務申報的責任

董事確認彼等編製本公司截至2016年12月31日止年度財務報表的責任。

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

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

G. 外聘核數師及核數師酬金

根據2016年的股東大會決議案，本公司已委聘羅兵咸永道會計師事務所作為根據國際財務報告準則編製財務報表的核數師。

本公司外聘核數師就財務報表的申報責任作出的聲明載於本年報第121頁「獨立核數師報告」一節。

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

截至2016年12月31日止年度，本公司就截至2016年12月31日止年度獲提供的審核服務向本公司外聘核數師支付／應支付的酬金為人民幣3.9百萬元，其中人民幣2百萬元為支付／應支付的上市相關費用。

During the year ended 31 December 2016, the remuneration paid/payable to the external auditor of the Company in respect of non-audit services for the year ended 31 December 2016 amounted to RMB0.3 million. The nature of such non-audit services is to provide advisory services.

H. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities to maintain a set of sound and effective risk management and internal control systems within the Group. The relevant systems include a defined management structure with limited authority that is designed to help the Group identify and manage significant risks in achieving its business objectives, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The systems are designed to provide reasonable, but not absolute, assurances against material misstatement or loss, manage rather than eliminate risks of failure in the Group's operational systems so to achieve the Group's business objectives.

The Board periodically reviews (at least once a year) reports from the Group's management regarding financial, operational and compliance controls, as well as the establishment, review and assessment of the internal control and risk management functions of the Group. All significant risks are reported to the Board at least once a year.

On an ongoing basis, the risk management and internal audit department of the Group assists the Board and the Audit Committee in their review of the effectiveness of the Group's risk management and internal control systems. Risk management is an integral and core operating practice of the Group's business. On an ongoing basis, the respective operating units of the Group review and assess the status of potential risks which may impact the achievement of their business objectives and/or those of the Group. This review process includes assessments as to whether the existing internal control system remains adequate, whether potential risks are sufficiently addressed, and/or whether it is necessary to supplement or implement adjustments to the system.

於截至2016年12月31日止年度內，就截至2016年12月31日止年度的非審核服務向本公司外聘核數師支付／應支付的酬金為人民幣0.3百萬元。該等非審核服務的性質為諮詢服務。

H. 風險管理及內部控制

董事會全面負責維持本集團健全及有效之風險管理及內部監控系統，有關系統包括界定管理架構及其有限的許可權，旨在協助本集團識別及管理實現業務目標所面對之重大風險、保障資產免於未經授權挪用或處置、確保維護妥當之會計記錄以提供可靠之財務資料供內部使用或作發表之用，以及確保遵守相關法律及法規。上述監控系統旨在管理而非消除本集團營運系統失靈或未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失做出合理而非絕對的保證。

本集團董事會定期(至少每年一次)檢討本集團管理層關於集團的財務、運作及合規監控，以及內部監控及風險管理建立、審閱及評估的報告。所有重大的風險均會向董事會匯報至少每年一次。

本集團風控審計部協助董事會及審計委員會持續檢討本集團風險管理及內部監控系統的成效。集團已把風險管理融入業務的核心營運常規。集團的相關營運單位持續檢討及評估可能影響其實現該單位及／或集團經營目標的潛在風險狀況。該檢討過程包括評估現行內部監控系統是否仍然適當、潛在風險是否得到充分處理，及／或是否需要增補。

The risk management and internal audit department, which coordinates risk management activities and reviews significant aspects of risk management for the Group, reports to the Audit Committee at each regularly scheduled meeting on matters including, but not limited to, significant risks of the Group, appropriate mitigation and/or transfer of identified risks.

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

During the financial year ended 31 December 2016, the Board through the Audit Committee conducted an annual review on the risk management and internal control systems of the Group. The review covered the financial, operational and compliance controls and risk management functions of the Group. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the Group's financial position or results of operations, and considered the risk management and internal control systems to be generally adequate and effective, including with respect to the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

The Group has formulated an inside information policy and regularly reminds its Directors and employees to comply with all inside information policies. The Group established relevant notification mechanisms to handle and discuss internal whistleblowing regarding financial, operations, internal control and fraud, to ensure that every report receives sufficient attention. Significant internal control deficiencies or accusations will be reported to the Audit Committee.

Except as disclosed above, the Group is not aware of any other significant areas of concern.

風控審計部負責協調風險管理工作及就本集團的重大風險管理範疇進行檢討，並就此於每個定期安排的會議上向審計委員會匯報，包括但不限於本集團的重大風險以及已適當減低及／或轉移已識別的風險。

風控審計部採納以風險及控制為本的審核方法。風控審計部的全年工作計畫，涵蓋本集團營運、業務及服務單位各項主要工作及過程，並按照管理層的要求進行特別檢討，而審核工作的結果會交予審計委員會。風控審計部就本集團內部監控是否足夠及有效向董事會、審計委員會及本集團執行管理層提供獨立保證。

截至二零一六年十二月三十一日止的財政年度期間，董事會透過審計委員會已就集團風險管理及內部監控系統進行年度審閱。該審閱已涵蓋本集團財務、運作、合規監控及風險管理功能。審計委員會及董事會均無發現任何將對集團的財務狀況或經營業績造成重大影響而需多加關注的事項，亦認為風險管理及內部監控系統整體而言充足並具成效，包括具備充足資源、適當的員工資歷及經驗和員工培訓課程，並在會計、內部審計及財務匯報職能方面有足夠的預算。

本集團已制定內幕消息政策，並定期提醒董事及僱員妥善遵守所有有關內幕消息的政策。為確保各項舉報得到足夠的關注，本集團設立了通報機制以處理及討論關於財務、營運、內部監控和舞弊等方面的內部舉報，重大內部監控缺陷或舉報將匯報至審計委員會。

除上文披露外，本集團並不知悉任何其他重要關注事項。

I. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

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

In preparation for the listing of the Shares on the main board of the Stock Exchange, the Company has conditionally adopted the *Second Amended and Restated Memorandum and Articles of Association* by a Shareholders' resolution passed on 20 June 2016 which became effective on the Listing Date. The latest version of the Articles of Association was published on the website of the Company and the Stock Exchange on 13 July 2016. The significant change upon such adoption was that the authorized share capital of the Company was increased to US\$50,000 divided into 5,000,000,000 Shares of a nominal value of US\$0.00001 each. Please refer to the section headed "Statutory and General Information—A. Further Information About Our Company—3. Shareholders' Resolutions Passed on 20 June 2016" in the Prospectus for details. During the period from the Listing Date to 31 December 2016, the Company has not made any changes to its constitutional documents. An up-to-date version of the *Second Amended and Restated Memorandum and Articles of Association* is available on websites of the Company and the Stock Exchange.

I. 與股東及投資者的溝通

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

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

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

在籌備股份於聯交所主板上市時，本公司藉由2016年6月20日通過的股東決議案(已於上市日期生效)有條件採納了《經第二次修訂和重述的組織章程大綱和章程細則》。組織章程細則的最新版本已於2016年7月13日載於本公司及聯交所網站。該採納後的重大變化是本公司的法定股本增至50,000美元，分為5,000,000,000股每股面值0.00001美元的股份。有關詳情，請參閱招股章程「法定及一般資料—A.有關本公司的進一步資料—3.於2016年6月20日通過的股東決議案」一節。於上市日期至2016年12月31日期間，本公司並無對其憲章文件作出任何改動。最新版本的《經第二次修訂和重述的組織章程大綱和章程細則》登載於本公司及聯交所網站。

J. SHAREHOLDERS' RIGHTS

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

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

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

a. Convening an Extraordinary General Meeting by Shareholders

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

J. 股東權利

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

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

此外，投票表決結果將於相關股東大會後登載於本公司及聯交所網站上。

a. 股東召開股東特別大會

根據組織章程細則第12.3條，任何兩名或以上股東或為獲認可結算所(或其代名人)的任何一名股東(「請求人士」)於遞呈請求(遞呈本公司於香港的主要辦事處，或倘本公司不再設有該主要辦事處，則遞呈註冊辦事處，當中列明會議事項並由請求人士簽署)當日持有不少於本公司有權於本公司股東大會上投票的繳足股本十分之一，則於任何時候均有權提呈書面請求，要求董事會就該請求所指定的任何事務交易召開股東特別大會。

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

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

b. Putting Forward Proposals at General Meetings

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

c. Putting Forward Enquiries to the Board

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

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

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

b. 在股東大會上提呈議案

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

c. 向董事會作出查詢

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

Shareholders may send their enquiries, concerns or requests to the Company at 18/F, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong.

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

股東可向本公司發出其查詢、關注或請求，地址為香港灣仔皇后大道東28號金鐘匯中心18樓。

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

K. USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the main board of the Stock Exchange on 13 July 2016. The total gross proceeds from the Global Offering were approximately HK\$880.8 million (equivalent to approximately RMB759.3mil), whilst the share issuance costs relating to the Global Offering amounted to RMB39.1million. Thus, the Company raised net proceeds of approximately HK\$720.2million in aggregate from the Global Offering, which will be mainly used for the following purposes: (1) constructing Phase I of the Company's Bazhou Production Base located in Bazhou, Hebei Province; (2) potential strategic acquisition opportunities in the future; (3) promoting the Company's products and brand; (4) enhancing our research and development capabilities; and (5) working capital and general corporate purposes. Such net proceeds were calculated after the deduction of relevant underwriting commission, estimated expenses payable by the Company, transaction levy and trading fee.

The total investment amount of the Group's Bazhou Project is expected to be RMB300 million. Phase I is expected to complete construction at the end of 2018 and enter into operation at the beginning of 2019. Phase II is expected to complete construction and enter into operation in 2020. The completion and operation of Phase I are later than expected, mainly because of the slight delay in its commencement as a result of complying with the circular of the Langfang Municipal Government regarding the Ten Strict Measures on Preventing Air Pollution in Langfang. And at the same time, the Group will continue to extensively identify potential strategic investment opportunities, continuously seek to acquire potential highquality synergetic target businesses that can complement its product research and development, product portfolio, channel expansion or cost control.

As at 31 December 2016, the Company cumulatively used 1.71% of the proceeds from the global offering for the abovementioned purposes.

K. 全球發售所得款項用途

股份於2016年7月13日在聯交所主板上市。全球發售所得款項總額約為880.8百萬港元(相當於約人民幣759.3百萬元)，全球發售有關的股份發行成本為人民幣39.1百萬元。故本公司自全球發售所得款項淨額約為人民幣720.2百萬元，其主要用作以下目的：(1)建設本公司位於河北省霸州的霸州生產基地一期；(2)未來潛在的策略性收購機會；(3)推廣本公司的產品和品牌；(4)提高我們的研發實力；及(5)營運資金及一般企業用途。該等所得款項淨額的計算扣除相關的承銷佣金、本公司應付的估計開支、交易徵費及交易費。

本集團的霸州項目總投資預計人民幣3億元，預計一期工程將於2018年底竣工、2019年初投產，二期工程在2020年竣工並使用。霸州項目一期工程的竣工及投產時間略晚於預期，主要因為遵照廊坊市政府關於《廊坊市大氣污染防治十條嚴控措施》的通知，一期工程的開工時間略有延誤而致。同時，本集團將繼續廣泛尋找潛在的策略性投資機會，持續尋求可為集團在產品研發、產品組合、渠道擴張抑或成本控制等方面，帶來協同效應的的潛在優質標的企業。

截至2016年12月31日，本公司就上述目的累計使用全球發售所得款項的1.71%。

Corporate Governance Report 企業管治報告

L. JOINT COMPANY SECRETARIES

Mr. Wong Yat Tung (“**Mr. Wong**”) of SW Corporate Services Group Limited, external service provider, and Mr. Sun Shengfeng (“**Mr. Sun**”), the executive Director and chief financial officer of the Company, have been engaged by the Company as joint company secretaries effective on 12 March 2016. Mr. Sun has been engaged by the Company as one of the authorized representatives.

During the year ended 31 December 2016, Mr. Wong and Mr. Sun have undertaken over 15 hours of professional training to update their skill and knowledge.

M. PRIMARY CORPORATE CONTACT PERSON

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

N. GOING CONCERN

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

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

L. 聯席公司秘書

外部服務供應商信永方圓企業服務集團有限公司的黃日東先生(「黃先生」)及本公司執行董事兼財務總監孫勝峰先生(「孫先生」)已獲委任為本公司聯席公司秘書，此委任於2016年3月12日生效。孫先生獲本公司委任為授權代表之一。

於截至2016年12月31日止年度內，黃先生及孫先生已參加15小時以上的相關專業培訓，以提高技能及知識。

M 公司主要聯絡人

孫勝峰先生(執行董事兼財務總監)為聯席公司秘書黃先生的公司主要聯絡人。

N. 持續經營能力

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

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

The Board of the Company presents this directors' report in the Group's annual report for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

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

The principal activities of the Group are researching and developing, manufacturing, distributing and selling high-quality hot pot soup flavoring, hot pot dipping sauce and Chinese-style compound condiment products. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2016.

RESULTS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of comprehensive income on page 133 of this annual report.

FINAL DIVIDEND

The Board resolved to propose to the Shareholders in the forthcoming AGM on Wednesday, 31 May 2017 for the distribution of a final dividend of RMB3.5671 cents per share for the year ended 31 December 2016. The final dividend is expected to be paid on or about Monday, 19 June 2017 to the Shareholders whose names are listed in the register of members of the Company on Thursday, 8 June 2017, in an aggregate amount of RMB37.344 million. Subject to the consideration and approval of the Shareholders at the Annual General Meeting, the final dividend will be paid in Hong Kong dollars based on the average benchmark exchange rate of Renminbi against Hong Kong Dollars as announced by the People's Bank of China in the five working days prior to but excluding the date of the Board Meeting, that is HK\$4.0226 cents per Share.

本公司董事會提呈本集團截至2016年12月31日止年度的年報內所載的董事會報告。

主要業務

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

本集團的主要業務是研發、生產、經銷及銷售優質火鍋底料、火鍋蘸料及中式複合調味品。截至2016年12月31日止年度，本集團的主要業務性質並無重大變動。

業績

本集團截至2016年12月31日止年度的業績載於本年報第133頁的綜合全面收入表內。

末期股息

董事會決議於2017年5月31日(星期三)舉行的應屆股東週年大會上向本公司股東建議分派截至2016年12月31日止年度的末期股息每股人民幣3.5671分。末期股息預期於2017年6月19日(星期一)或前後派付予於2017年6月8日(星期四)名列本公司股東名冊的股東，金額合共為人民幣37.344百萬元。待股東於股東週年大會上考慮及批准後，末期股息將根據董事會會議日期前五個工作日(但不包括董事會會議日期)中國人民銀行公佈的人民幣兌換港元的匯率中間價以港元派付，即每股股份4.0226港仙。

Directors' Report

董事會報告

SHARE CAPITAL

The Company's global offering on the main board of the Stock Exchange was completed on 13 July 2016 with issuance of 260,000,000 Shares. China International Capital Corporation Hong Kong Securities Limited, on behalf of the International Underwriters (as defined in the Prospectus) partially exercised the over-allotment option on 5 August 2016 with issuance of 6,900,000 Shares and its completion took place on 12 August 2016.

Details of the issued shares of the Group during the year ended 31 December 2016 are set out in note 16 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Group during the year ended 31 December 2016 are set out in the consolidated statement of changes in equity on page 134 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company has distributable reserves of RMB2,087.9 million in total available for distribution.

FINANCIAL SUMMARY

The Group's financial summary the last four financial years is set out on page 9 of this annual report.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2016, the Group has recorded no bank loans and other borrowings.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2016 are set out in note 7 to the Financial Statements.

股本

本公司股份在聯交所主板的全球發售於2016年7月13日完成，發行260,000,000股股份。中國國際金融(香港)有限公司(代表國際包銷商(如招股章程所定義))於2016年8月5日行使部份超額配股權發行6,900,000股股份，其已於2016年8月12日完成。

有關本集團於截至2016年12月31日止年度的已發行股份詳情載於財務報表附註16。

儲備

有關本集團於截至2016年12月31日止年度的儲備變動詳情載於本年報第134頁綜合權益變動表內。

可分派儲備

截至2016年12月31日，本公司可供分派的可分派儲備合共為人民幣2,087.9百萬元。

財務概要

本集團於過去四個財政年度的財務概要載於本年報第9頁。

銀行貸款及其他借款

截止2016年12月31日，本集團並無銀行貸款及其他借款。

物業、廠房及設備

有關本集團於截至2016年12月31日止年度的物業、廠房及設備變動詳情載於財務報表附註7。

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the main board of the Stock Exchange on 13 July 2016. The total gross proceeds from the Global Offering were approximately HK\$880.8 million (equivalent to approximately RMB759.3mil), whilst the share issuance costs relating to the Global Offering amounted to RMB39.1million. Thus, the Company raised net proceeds of approximately HK\$720.2million in aggregate from the Global Offering, which will be mainly used for the following purposes: (1) constructing Phase I of the Company's Bazhou Production Base located in Bazhou, Hebei Province; (2) potential strategic acquisition opportunities in the future; (3) promoting the Company's products and brand; (4) enhancing our research and development capabilities; and (5) working capital and general corporate purposes. Such net proceeds are calculated after deduction of relevant underwriting commission, estimated expenses payable by the Company, transaction levy and trading fee.

For details, please refer to the section headed "Corporate Governance Report – Use of Proceeds from the Global Offering" on page 67 of this annual report.

足夠的公眾持股量

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

優先購買權

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

稅務寬免

董事並不知悉本公司股東基於持有本公司證券為理由而可獲任何稅務寬免。

全球發售所得款項

股份於2016年7月13日在聯交所主板上市。全球發售所得款項總額約為880.8百萬港元(相當於約人民幣759.3百萬元)，全球發售有關的股份發行成本為人民幣39.1百萬元。故本公司自全球發售所得款項淨額約為人民幣720.2百萬元，其主要用作以下目的：(1)建設本公司位於河北省霸州的霸州生產基地一期；(2)未來潛在的策略性收購機會；(3)推廣本公司的產品和品牌；(4)提高我們的研發實力；及(5)營運資金及一般企業用途。該等所得款項淨額的計算扣除相關的承銷佣金、本公司應付的估計開支、交易徵費及交易費。

詳情請參閱本年報第67頁中「企業管治報告－全球發售所得款項用途」一節。

BUSINESS REVIEW

a. Overview and performance of the Year

Business review and financial review are provided in the Management's Discussion and Analysis section on pages 15 to 37 of this annual report.

b. Environmental Policies and Performance

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

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

Additionally, we have adopted a set of emergency planning, response and control procedures as countermeasures for unexpected environmental pollution accidents to minimize our impact on the environment and the adverse effect on our business. We incurred RMB1.0 million (2015: RMB0.9 million) in environmental compliance costs for the year ended 31 December 2016. Such environmental compliance costs relate to expenditures in implementing environmental protection policies, and for the year ended 31 December 2016, the Group has not incurred any fines as a result of environmental pollution.

業務回顧

a. 年度回顧及表現

有關本集團業務回顧及財務回顧分析刊載於本年報第15頁至第37頁的管理層討論與分析章節。

b. 環境政策及表現

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

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

此外，我們採納一套緊急規劃、應變及控制程序，作為發生出乎意料環境污染意外時的抵禦措施，儘量減少對環境的衝擊及我們業務的不利影響。截至2016年12月31日止年度，我們錄得環境合規成本人民幣1.0百萬元(2015年：人民幣0.9百萬元)。環境合規成本為推行環境保護政策的支出，而截至2016年12月31日止年度本集團沒有因為環境污染而導致須繳付罰款。

c. Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance. The Group has also complied with other relevant laws and regulations that have a significant impact on the operations of the Group.

d. Key Relationships with Stakeholders

Relationship with Haidilao Group and its Affiliates

One group of the primary customers of the Company is Haidilao Group and its affiliates. We are the sole supplier of hot pot soup flavoring products to Haidilao Group in China. The hot pot soup flavoring products that we sell to Haidilao Group for use in its hot pot restaurants are customized products meeting Haidilao Group's specific requirements. In addition, our retail products are displayed and sold directly to consumers in Haidilao hot pot restaurants. In general, Haidilao Group makes purchase orders based on customer demands. We have the right to arrange production ahead of time and stock the finished products in anticipation of peak seasons. We do not allow Haidilao Group to return any delivered products except for defective ones or sell any expired products. We also sell retail and customized condiment products to Shuhai Supply Chain and Youdingyou, our affiliated companies.

c. 遵守相關法律法規

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

d. 與利益相關人士的主要關係

與海底撈集團及其聯屬公司的關係

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

Relationship with our distributors

The other group of the Company's primary customers is the distributors, who in turn resell our products to sub-distributors and retailers, including hypermarkets, supermarkets, grocery stores, neighborhood stores and butcher shops across China. As at 31 December 2016, we had more than 782 distributors and an extensive distribution network covering all of China's 31 provincial territories and 14 overseas countries and markets.

1. Management of Our Distributors

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

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

與經銷商的關係

本公司其他組別的主要客戶為經銷商，經銷商轉而將產品轉售予下級經銷商及零售商(包括遍佈全國的大型超市、超市、雜貨店、社區門店及肉食店)。截至2016年12月31日，我們已委聘逾782名經銷商，建立起覆蓋中國全部31個省級地區以及14個外國國家及市場的龐大經銷網絡。

1. 管理我們的經銷商

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

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

2. Distributors Performance and Inventory Management

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

2. 經銷商表現及存貨管理

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

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

Relationship with Third-party Catering Service Providers

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

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

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

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

與第三方餐飲服務供應商的關係

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

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

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

Relationship with Our Suppliers

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

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

Relationship with Our Employees

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

Relationship with Shareholders

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

與供應商的關係

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

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

與僱員的關係

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

與股東的關係

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

e. Principal Risk and Uncertainties

Risk of Heavy Reliance on Haidilao:

The Company sells and markets its products under the “Haidilao” (海底撈) brand. If the Company fails to maintain the exclusive rights to use the “Haidilao” (海底撈) brand in its condiment products during the term of the licensing arrangement, its business may be materially and adversely affected.

If the “Haidilao” (海底撈) brand is harmed, the Company’s business may be materially and adversely affected.

The Company derives significant revenue from Haidilao Group, and the Company will continue to conduct connected transactions with Haidilao Group in the foreseeable future. Any significant reduction in sales to or the loss of Haidilao Group could materially and adversely affect the Company’s business and results of operations.

Risk of Fluctuated Operations

Since a majority of the Company’s revenue is derived from hot pot condiment products and there are seasonal patterns for hot pot consumption, our business is subject to seasonal fluctuations. Historically, we have experienced higher sales of our hot pot condiment products during the winter months and lower sales during the summer months, resulting in our higher revenues in the second half of each year. Such seasonality may also vary across different regions in China. Due to the seasonality of our business, the results of any period of a year are not necessarily indicative of the results that may be achieved for the full year.

e. 主要風險及不確定性

高度依賴海底撈的風險：

本公司以「海底撈」品牌銷售及營銷其產品。倘本公司無法於許可安排期間內維持在其調味品中使用「海底撈」品牌的專有權利，則其業務可能會受到重大不利影響。

倘「海底撈」品牌受損，則本公司的業務可能會受到重大不利影響。

本公司自海底撈集團取得相當部分的收入，且於可見將來將繼續與海底撈集團進行關連交易。任何海底撈集團的銷售大幅下降或失去海底撈集團，均可能對本公司的業務及經營業績造成重大不利影響。

經營波動的風險

由於本公司的大部分收入來自火鍋調味品，而火鍋消費存在季節性，因此我們的業務會受到季節性波動影響。以往，我們的火鍋調味品在冬季的銷量較高，在夏季的銷量較低，導致我們每年下半年的收入較高。該季節性因素在中國的不同區域亦可能有所不同。由於我們業務的季節性，一年中任何期間的業績未必能預示全年可取得的業績。

Risk of Failure to Maintain Products Quality

The quality and safety of our products is critical to our success. Maintaining consistent product quality depends significantly on the effectiveness of our quality control systems, which in turn depends on a number of factors, including the design of our quality control systems and our ability to ensure that our employees adhere to and implement those quality control policies and guidelines. Our quality control system covers each phase of our operation including procurement, production, inventory and logistics processes. However, there can be no assurance that our quality control systems will prove to be effective. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our reputation, results of operations and financial conditions.

PROSPECTS

A description of the future development in the Company's business is provided in the Chairman's Statement and the Management's Discussion and Analysis section on pages 13 to 14 and pages 35 to 37 respectively of this annual report.

EVENTS AFTER THE END OF 31 DECEMBER 2016

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2016 and up to the date of this report.

未能保持產品質量的風險

我們產品的質量及安全對我們的成功至關重要。保持始終如一的產品質量主要取決於我們質量控制體系的有效性，而後者則取決於多項因素，包括我們質量控制體系的設計及我們確保僱員遵守及執行該等質量控制政策及指引的能力。我們的質量控制體系覆蓋我們經營的各個階段，包括採購、生產、存貨及物流流程。然而，無法保證我們的質量控制體系定會有效。我們質量控制體系的任何重大失效或惡化均可能對我們的聲譽、經營業績及財務狀況造成重大不利影響。

展望

有關本公司未來業務發展的描述分別載於本年報第13頁至第14頁的主席報告及第35頁至第37頁的管理層討論與分析。

截至2016年12月31日後事項

於二零一六年十二月三十一日後及直至本報告日期，董事概不知悉任何重大事項須予披露。

Directors' Report 董事會報告

DIRECTORS

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

Executive Directors

Ms. Dang Chunxiang (*Chief Executive Officer*)
Mr. Sun Shengfeng

Non-executive Directors

Mr. Gou Yiqun (*Chairman*)
Mr. Zhang Yong
Mr. Shi Yonghong
Mr. Pan Di

Independent Non-executive Directors

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

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

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 38 to 43 of this annual report.

董事

截至本年報日期的董事為：

執行董事

黨春香女士(首席執行官)
孫勝峰先生

非執行董事

苟軼群先生(主席)
張勇先生
施永宏先生
潘迪先生

獨立非執行董事

邱家賜先生
錢明星先生
葉蜀君女士

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

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

董事及高級管理層的履歷

董事及本集團高級管理層的履歷詳情載於本年報第38頁至第43頁。

CHANGES IN THE INFORMATION OF THE DIRECTORS SINCE THE DATE OF THE PROSPECTUS

One of the Directors, Mr. Yau Ka Chi became an independent non-executive director and chairman of the audit committee of China Mengniu Dairy Company Limited, a company listed on the main board of the Stock Exchange (stock code: 2319), effective on 1 October 2016. Mr. Yau also became an independent non-executive director, a member of the audit committee, the remuneration and nomination committee and the risk management committee of China Power International Development Limited (stock code: 2380), a company listed on the main board of the Stock Exchange, effective on 12 December 2016.

Another Director, Mr. Pan Di, became a director at Handu Yishe Electronics and Commerce Group Holdings Company Limited (韓都衣舍電子商務集團股份有限公司) (stock code: 838711) since September 2015, and since March 2016 became a director at Hangzhou Taofen8 Internet Technology Company Limited (杭州淘粉吧網絡技術股份有限公司) (stock code: 834805), both being enterprises listed on the National Equities Exchange And Quotations Co., Ltd.

Another Director, Ms. Ye Shujun, became an independent director of Anhui Guozhen Environment Protection Technology Joint Stock Co., Limited (安徽國禎環保節能科技股份有限公司) (stock code: 300388), a company listed on the Shenzhen Stock Exchange, since August 2016.

Save as disclosed above, since the Listing Date, there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

The executive Directors and non-executive Directors have each entered into a service contract with the Company pursuant to which they agree to act as an executive Director or a non-executive Director (as the case may be) for an initial term of three years from 7 March 2016 (subject to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice in writing.

The independent non-executive Directors has each signed a letter of appointment with the Company and has been appointed for a term of three years from 20 June 2016. The appointment may be terminated by either party giving to the other not less than one month's prior notice in writing.

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

自招股章程日期起的董事資料變動

董事之一邱家賜先生自2016年10月1日起成為聯交所主板上市公司中國蒙牛乳業有限公司(股份代號: 2319)的獨立非執行董事及審核委員會主席。邱先生亦自2016年12月12日起成為聯交所主板上市公司中國電力國際發展有限公司(股份代號: 2380)的獨立非執行董事、審核委員會、薪酬及提名委員會及風險管理委員會之成員。

另一名董事潘迪先生自2015年9月起擔任新三板掛牌企業韓都衣舍電子商務集團股份有限公司(股份代號: 838711)董事, 並自2016年3月起擔任新三板掛牌企業杭州淘粉吧網絡技術股份有限公司(股份代號: 834805)董事。

另一名董事葉蜀君女士自2016年8月起出任深圳證券交易所上市公司安徽國禎環保節能科技股份有限公司(股份代碼: 300388)的獨立董事。

除上文所披露者外, 自上市日期以來, 董事資料概無出現根據上市規則第13.51B條須予披露的任何變動。

董事服務合約

執行董事及非執行董事各自已與本公司訂立服務合約, 據此, 彼等同意擔任執行董事或非執行董事(視乎情況而定), 任期自2016年3月7日起初步為期三年(可根據組織章程細則於需要時重選), 直至根據服務合約的條款及條件終止或由其中一方向另一方發出不少於一個月的事先書面通知予以終止。

獨立非執行董事各自已與本公司簽立委任函並已獲委任, 任期自2016年6月20日起為期三年。委任可由其中一方向另一方發出不少於一個月的事先書面通知予以終止。

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

Directors' Report 董事會報告

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. Yau Ka Chi, Mr. Qian Mingxing and Ms. Ye Shujun, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that the independent non-executive Directors have been independent from the date of their appointments to 31 December 2016 and remain so as of the date of this annual report.

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

As at 31 December 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

獨立非執行董事的獨立性確認

本公司已接獲各名獨立非執行董事(即邱家賜先生、錢明星先生及葉蜀君女士)根據上市規則第3.13條就彼等各自之獨立性發出的確認書。本公司已妥為審閱該等董事各自的獨立性確認書。我們認為，獨立非執行董事自彼等獲委任日期起至2016年12月31日均為獨立人士，且截至本年報日期仍為獨立人士。

董事及最高行政人員於股份、相關股份及債權證中所擁有的權益及淡倉

於2016年12月31日，本公司董事及最高行政人員於本公司或我們任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中所擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所的權益及淡倉(包括根據證券及期貨條例的有關條文被當作或視作擁有的權益及淡倉)；或(b)根據證券及期貨條例第352條須登記於該條所指登記冊的權益及淡倉；或(c)根據標準守則須知會本公司及聯交所的權益及淡倉載列如下：

| Name of Director | Capacity/Nature of Interest | Number of Ordinary Shares | Approximate percentage of shareholding in the total issued share capital (%) 於已發行股本總額中的概約持股百分比 |
|---|---|---------------------------|---|
| 董事姓名 | 身份／權益性質 | 普通股數目 | |
| Mr. Gou Yiqun ⁽¹⁾ 苟軼群先生 ⁽¹⁾ | Interest of controlled corporation 受控制法團權益 | 25,974,000 (L) | 2.48% (L) |
| Mr. Zhang Yong ⁽²⁾ | Founder of a discretionary trust and interest of controlled corporation 全權信託的創立人及受控制法團權益 | 372,547,021 (L) | 35.59% (L) |
| 張勇先生 ⁽²⁾ | | | |
| Mr. Shi Yonghong ⁽³⁾ | Founder of a discretionary trust, interest of controlled corporation and interest of spouse 全權信託的創立人、受控制法團權益及配偶的權益 | 177,243,492 (L) | 16.93% (L) |
| 施永宏先生 ⁽³⁾ | | | |
| Ms. Dang Chunxiang ⁽⁴⁾ 黨春香女士 ⁽⁴⁾ | Beneficiary of a trust 信託的受益人 | 1,010,000 (L) | 0.10% (L) |
| Mr. Sun Shengfeng ⁽⁵⁾ 孫勝峰先生 ⁽⁵⁾ | Beneficiary of a trust 信託的受益人 | 500,000 (L) | 0.05% (L) |

(L) denotes a long position

(L) 代表好倉

Notes:

(1) Mr. Gou Yiqun directly holds 100% interest in GYQ YIHAI Ltd and is deemed to be interested in the Shares held by GYQ YIHAI Ltd for the purpose of the SFO.

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

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

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

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

(4) 1,010,000 RSUs were granted to Ms. Dang Chunxiang pursuant to the RSU Scheme on 28 December 2016.

(5) 500,000 RSUs were granted to Mr. Sun Shengfeng pursuant to the RSU Scheme on 28 December 2016.

附註：

(1) 苟軼群先生直接持有GYQ YIHAI Ltd的100%權益，及就證券及期貨條例而言被視為於GYQ YIHAI Ltd持有的股份中擁有權益。

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

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

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

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

(4) 於2016年12月28日，1,010,000份受限制股份單位已根據受限制股份單位計劃授予黨春香女士。

(5) 於2016年12月28日，500,000份受限制股份單位已根據受限制股份單位計劃授予孫勝峰先生。

Directors' Report

董事會報告

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

除上文所披露者外，截至2016年12月31日，本公司董事或最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中概無擁有或被視為擁有根據證券及期貨條例第XV部第7及8分部將須知會本公司及聯交所的任何權益或淡倉(包括彼等根據證券及期貨條例的有關條文被當作或被視為擁有的權益及淡倉)，或根據證券及期貨條例第352條將須記錄於本公司所存置的登記冊內的任何權益或淡倉，或根據標準守則將須知會本公司及聯交所的任何權益或淡倉。

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

As at 31 December 2016, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

主要股東於股份及相關股份中所擁有的權益及淡倉

截至2016年12月31日，除本公司董事或最高行政人員外，下列人士為擁有根據證券及期貨條例第XV部第2及第3分部的規定須知會本公司及聯交所的本公司股份或相關股份的權益或淡倉的人士，或根據證券及期貨條例第336條本公司須存置的登記冊所記錄的權益或淡倉的人士：

| Name of Shareholder 股東姓名 | Capacity/Nature of Interest 身份／權益性質 | Total number of shares 股份總數 | Approximate Percentage of Shareholding (%) 概約持股百分比(%) |
|---|--|-----------------------------------|---|
| Shu Ping ⁽¹⁾ 舒萍 ⁽¹⁾ | Founder of a discretionary trust and interest of controlled corporation 全權信託創立人及受控制法團權益 | 372,547,021 (L) | 35.59% (L) |
| UBS Trustees (B.V.I.) Limited ⁽¹⁾ | Trustee (other than a bare trustee) 受託人(非無條件受託人) | 372,547,021 (L) | 35.59% (L) |
| ZYSP YIHAI Ltd ⁽¹⁾ | Beneficial owner 實益擁有人 | 372,547,021 (L) | 35.59% (L) |
| Cititrust Private Trust (Cayman) Limited ⁽²⁾ | Trustee (other than a bare trustee) 受託人(非無條件受託人) | 177,243,492 (L) | 16.93% (L) |
| Li Haiyan ⁽²⁾ 李海燕女士 ⁽²⁾ | Founder of a discretionary trust, interest of controlled corporation and interest of spouse 全權信託創立人，受控制法團權益及配偶的權益 | 177,243,492 (L) | 16.93% (L) |
| Twice Happiness Limited ⁽²⁾ | Interest of controlled corporation 受控制法團權益 | 177,243,492 (L) | 16.93% (L) |
| LHY YIHAI Ltd ⁽²⁾ | Beneficial owner 實益擁有人 | 88,621,746 (L) | 8.47% (L) |
| SYH YIHAI Ltd ⁽²⁾ | Beneficial owner 實益擁有人 | 88,621,746 (L) | 8.47% (L) |
| JLJH YIHAI Ltd ⁽³⁾ | Beneficial owner and nominee for another person 實益擁有人及另一名人士的代名人 | 77,220,000 (L) | 7.38% (L) |
| Vistra Fiduciary (HK) Limited ⁽³⁾ | Trustee (other than a bare trustee) 受託人(非無條件受託人) | 77,220,000 (L) | 7.38% (L) |
| FMR LLC 富達國際投資 | Investment manager 投資經理 | 62,673,400 (L) | 5.99% (L) |

Directors' Report

董事會報告

(L) denotes a long position

Notes:

- (1) ZYSP Trust is a discretionary trust set up by Mr. Zhang Yong and Ms. Shu Ping as the settlors and protectors on 1 June 2016 for their own benefit. The entire share capital of ZYSP YIHAI Ltd is wholly owned by UBS Trustees (B.V.I.) Limited as the trustee of the ZYSP Trust. Mr. Zhang Yong and Ms. Shu Ping (as founders of the ZYSP Trust) and UBS Trustees (B.V.I.) Limited are taken to be interested in the Shares held by ZYSP YIHAI Ltd for the purpose of the SFO.
- (2) SL Trust is a discretionary trust set up by Mr. Shi Yonghong and Ms. Li Haiyan as the settlors and protectors on 2 June 2016 for their own benefit. The entire share capital of SYH YIHAI Ltd and LHY YIHAI Ltd is wholly owned by Twice Happiness Limited and ultimately owned by Cititrust Private Trust (Cayman) Limited as the trustee of the SL Trust. Mr. Shi Yonghong and Ms. Li Haiyan (as founders of the SL Trust), Twice Happiness Limited and Cititrust Private Trust (Cayman) Limited are taken to be interested in the Shares held by SYH YIHAI Ltd and LHY YIHAI Ltd for the purpose of the SFO. Mr. Shi Yonghong is the spouse of Ms. Li Haiyan and is deemed to be interested in the same number of the Shares in which Ms. Li Haiyan is interested for the purpose of the SFO. Ms. Li Haiyan is the spouse of Mr. Shi Yonghong and is deemed to be interested in the same number of the Shares in which Mr. Shi Yonghong is interested for the purpose of the SFO.
- (3) Vistra Fiduciary (HK) Limited is the trustee and JLJH YIHAI Ltd is the nominee to administer the RSU Scheme. JLJH YIHAI Ltd holds the Shares underlying the RSU granted by us for the benefit of eligible participants pursuant to the RSU Scheme.

Save as disclosed above, as at 31 December 2016, the Directors and the chief executives of the Company are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

(L)代表好倉

附註：

- (1) ZYSP 信託為張勇先生及舒萍女士以財產授予人及保護人的身份為其自身利益於2016年6月1日成立的全權信託。ZYSP YIHAI Ltd 的全部股本由UBS Trustees (B.V.I.) Limited 以 ZYSP 信託的受託人身份全資擁有。張勇先生及舒萍女士(作為 ZYSP 信託的創立人)及 UBS Trustees (B.V.I.) Limited 就證券期貨條例而言被當作於 ZYSP YIHAI Ltd 持有的股份擁有權益。
- (2) SL 信託為施永宏先生及李海燕女士以財產授予人及保護人的身份為其自身利益於2016年6月2日成立的全權信託。SYH YIHAI Ltd 及 LHY YIHAI Ltd 的全部股本由 Twice Happiness Limited 全資擁有及由 Cititrust Private Trust (Cayman) Limited 以 SL 信託的受託人身份最終擁有。施永宏先生及李海燕女士(作為 SL 信託的創立人)、Twice Happiness Limited 及 Cititrust Private Trust (Cayman) Limited 就證券及期貨條例而言被當作於 SYH YIHAI Ltd 及 LHY YIHAI Ltd 持有的股份擁有權益。施永宏先生為李海燕女士的配偶並就證券及期貨條例而言被視為於李海燕女士擁有權益的相同股份數目中擁有權益。李海燕女士為施永宏先生的配偶並就證券及期貨條例而言被視為於施永宏先生擁有權益的相同股份數目中擁有權益。
- (3) Vistra Fiduciary (HK) Limited 為受託人及 JLJH YIHAI Ltd 為管理受限制股份單位計劃的代名人。JLJH YIHAI Ltd 根據受限制股份單位計劃為合資格參與者的利益持有由我們授出涉及受限制股份單位的相關股份。

除上文所披露者外，截至2016年12月31日，本公司董事及最高行政人員並不知悉任何其他人士(除本公司董事或最高行政人員外)擁有根據證券及期貨條例第XV部第2及第3分部的規定須知會本公司及聯交所的股份及相關股份的權益或淡倉，或根據證券及期貨條例第XV部第336條本公司須存置的登記冊所記錄的權益或淡倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year ended 31 December 2016 and up to the date of this annual report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the section headed "Our History, Reorganization and Corporate Structure — Reorganization" in the Prospectus and save for their respective interests in the Group, none of the Directors and the Controlling Shareholders was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended 31 December 2016.

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

The independent non-executive Directors have reviewed the compliance with the Non-competition Undertaking during the year ended 31 December 2016 based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that our Controlling Shareholders have duly complied with the Non-competition Undertaking.

董事收購股份或債權證的權利

除上文「董事及最高行政人員於股份、相關股份及債權證中所擁有的權益及淡倉」一節所披露者外，於截至2016年12月31日止年度及至本年報日期期間，本公司或其任何附屬公司均非任何安排的其中一方以讓董事通過收購本公司或任何其他法人團體的股份或債權證的方式收取利益，亦概無董事或任何彼等的配偶或18歲以下的子女獲授任何權利以認購本公司或任何其他法人團體的股本或債務證券或已行使任何該等權利。

董事及控股股東於競爭性業務的權益

除招股章程中「歷史、重組及公司架構—重組」一節所披露者及彼等各自於本集團的權益外，截至2016年12月31日止年度，董事及控股股東概無在任何與本集團業務產生競爭或可能產生競爭之業務中擁有權益。

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

獨立非執行董事已根據控股股東所提供或其給予的資料及確認書，審閱於截至2016年12月31日止年度不競爭承諾的合規情況，並信納控股股東已妥為遵守不競爭承諾。

Directors' Report

董事會報告

CONVERTIBLE BONDS

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

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

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

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 31 to the Financial Statements, the following transactions constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that the related party transactions do not fall under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 14A of the Listing Rules and complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

1. Chengdu Lease Agreement

On 1 December 2015 and 5 January 2016, Sichuan Haidilao and Chengdu Yueyihai, our wholly owned subsidiary, entered into the Chengdu Lease Agreement, including the supplemental agreement, pursuant to which Chengdu Yueyihai agreed to lease from Sichuan Haidilao a parcel of land together with properties and fixtures thereon to be used for production and warehousing. Sichuan Haidilao is our connected person and therefore the transactions under the Chengdu Lease Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Chengdu Lease Agreement has an initial term of three years commencing from 1 January 2016 and is renewable for a further term of three years from time to time, subject to compliance with the Listing Rules and applicable laws and regulations. Please refer to the section headed “Connected Transaction” in the Prospectus for details.

可換股債券

截至本年報日期，本公司並無發行任何可換股債券。

附有涉及控股股東履行特定責任之契諾的貸款協議

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

關連及持續關連交易

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

1. 成都租賃協議

於2015年12月1日及2016年1月5日，四川海底撈與我們的全資附屬公司成都悅頤海訂立成都租賃協議（包括補充協議），據此，成都悅頤海同意從四川海底撈租用一幅土地連同其上的物業及裝置以作生產及倉庫使用。四川海底撈為我們的關連人士，因此根據上市規則第十四A章，成都租賃協議項下的交易構成持續關連交易。

成都租賃協議的初始年期為自2016年1月1日起計為期三年，並可不時另行續期三年，惟須符合上市規則及適用法律法規。有關詳情請參閱招股章程「關連交易」一節。

The annual caps for the rental payable under the Chengdu Lease Agreement for the years ended 31 December 2016, 2017 and 2018 are RMB4,000,000, RMB4,300,000 and RMB4,500,000, respectively. Please also refer to note 31(b) to the Financial Statements on pages 218 for details. The aggregate transaction amount incurred in accordance with the Chengdu Lease Agreement for the year ended 31 December 2016 was RMB2,917,000.

2. Haidilao Warehouse Storage Service Agreement

On 24 June 2016, Sichuan Haidilao and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Haidilao Warehouse Storage Service Agreement, pursuant to which Sichuan Haidilao Group agreed to provide warehousing facilities and related services, including warehouse storage, sorting process management, stock-taking, and other logistics services, to the Group in connection with storage of our products. Sichuan Haidilao is our connected person and therefore the transactions under the Haidilao Warehouse Storage Service Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Haidilao Warehouse Storage Service Agreement has an initial term of three years commencing from 1 January 2016 and is renewable for further term of three years from time to time, subject to compliance with the Listing Rules and applicable laws and regulations. Please refer to the section headed "Connected Transaction" in the Prospectus for details.

The annual caps for the rental payable under the Haidilao Warehouse Storage Service Agreement for the years ended 31 December 2016, 2017 and 2018 are RMB2,200,000, RMB2,800,000 and RMB3,600,000, respectively. Please also refer to note 31(b) to the Financial Statements on pages 218 for details. The aggregate transaction amount incurred in accordance with the Haidilao Warehouse Storage Service Agreement for the year ended 31 December 2016 was RMB1,160,000.

截至2016年、2017年及2018年12月31日止年度，根據成都租賃協議應付租金的年度上限分別為人民幣4,000,000元、人民幣4,300,000元及人民幣4,500,000元。有關詳情亦請參閱第218頁的財務報表附註31(b)。截至2016年12月31日止年度，根據成都租賃協議產生的總交易金額為人民幣2,917,000元。

2. 海底撈倉儲服務協議

於2016年6月24日，四川海底撈與我們的全資附屬公司頤海上海(各自為其本身及代表其附屬公司)訂立海底撈倉儲服務協議，據此，四川海底撈集團同意就我們產品的儲存向本集團提供倉儲設施及相關服務(包括倉儲、分類加工管理、盤點及其他物流服務)。四川海底撈為我們的關連人士，因此根據上市規則第十四A章，海底撈倉儲服務協議項下的交易構成持續關連交易。

海底撈倉儲服務協議的初始年期為自2016年1月1日起計為期三年，並可不時另行續期三年，惟須符合上市規則及適用法律法規。有關詳情請參閱招股章程「關連交易」一節。

截至2016年、2017年及2018年12月31日止年度，根據海底撈倉儲服務協議應付租金的年度上限分別為人民幣2,200,000元、人民幣2,800,000元及人民幣3,600,000元。有關詳情亦請參閱第218頁的財務報表附註31(b)。截至2016年12月31日止年度，根據海底撈倉儲服務協議產生的總交易金額為人民幣1,160,000元。

3. Shuhai Warehouse Storage Service Agreement

On 24 June 2016, Shuhai Supply Chain and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Shuhai Warehouse Storage Service Agreement, pursuant to which Shuhai Supply Chain Group agreed to provide warehousing facilities and related services, including warehouse storage, sorting process management, stock-taking, and other logistics services, to the Group in connection with storage of our products. Shuhai Supply Chain is our connected person and therefore the transactions under the Shuhai Warehouse Storage Service Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Shuhai Warehouse Storage Service Agreement has an initial term of three years commencing from 1 January 2016 and is renewable for further term of three years from time to time, subject to compliance with the Listing Rules and applicable laws and regulations. Please refer to the section headed "Connected Transaction" in the Prospectus for details.

The annual caps for the rental payable under the Shuhai Warehouse Storage Service Agreement for the years ended 31 December 2016, 2017 and 2018 are RMB3,000,000, RMB3,900,000 and RMB5,000,000, respectively. Please also refer to note 31(b) to the Financial Statements on pages 218 for details. The aggregate transaction amount incurred in accordance with the Shuhai Warehouse Storage Service Agreement for the year ended 31 December 2016 was RMB2,308,000.

4. Master Sales Agreement

On 24 June 2016, Sichuan Haidilao, Singapore Haidilao and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Master Sales Agreement, pursuant to which we agreed to supply to Haidilao Group both Haidilao Customized Products and Haidilao Retail Products. Sichuan Haidilao and Singapore Haidilao are our connected persons and therefore the transactions under the Master Sales Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

3. 蜀海倉儲服務協議

於2016年6月24日，蜀海供應鏈與我們的全資附屬公司頤海上海(各自為其本身及代表其附屬公司)訂立蜀海倉儲服務協議，據此蜀海供應鏈集團同意就儲存我們的產品向本集團提供倉庫設施及相關服務(包括倉儲、分類加工管理、盤點及其他物流服務)。蜀海供應鏈為我們的關連人士，因此根據上市規則第十四A章，蜀海倉儲服務協議項下的交易構成持續關連交易。

蜀海倉儲服務協議的初始年期為自2016年1月1日起計為期三年，並可不時另行續期三年，惟須符合上市規則及適用法律法規。有關詳情請參閱招股章程「關連交易」一節。

截至2016年、2017年及2018年12月31日止年度，根據蜀海倉儲服務協議應付租金的年度上限分別為人民幣3,000,000元、人民幣3,900,000元及人民幣5,000,000元。有關詳情亦請參閱第218頁的財務報表附註31(b)。截至2016年12月31日止年度，根據蜀海倉儲服務協議產生的總交易金額為人民幣2,308,000元。

4. 總銷售協議

於2016年6月24日，四川海底撈、新加坡海底撈及我們的全資附屬公司頤海上海(各自為其本身及代表其附屬公司)訂立總銷售協議，據此，我們同意向海底撈集團供應海底撈定製產品及海底撈零售產品。四川海底撈及新加坡海底撈為我們的關連人士，因此根據上市規則第十四A章，總銷售協議項下的交易構成持續關連交易。

The Master Sales Agreement has an initial term of three years commencing from 1 January 2016 and is renewable for further term of three years from time to time, subject to compliance with the Listing Rules and applicable laws and regulations. Please refer to the section headed “Connected Transaction” in the Prospectus for details.

The annual caps for the rental payable under the Master Sales Agreement for the years ended 31 December 2016, 2017 and 2018 are RMB598,000,000, RMB764,000,000 and RMB980,000,000, respectively. Please also refer to note 31(a) to the Financial Statements on pages 218 for details. The aggregate transaction amount incurred in accordance with the Master Sales Agreement for the year ended 31 December 2016 was RMB597,546,000.

5. Shuhai Sales Agreement

On 24 June 2016, Shuhai Supply Chain and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Shuhai Sales Agreement, pursuant to which we agreed to sell hot pot soup flavoring products, hot pot dipping sauce products and other compound condiment products to Shuhai Supply Chain Group for sales and distribution to its customers who are catering service providers. Shuhai Supply Chain is our connected person and therefore the transactions under the Shuhai Sales Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Shuhai Sales Agreement has an initial term of three years commencing from 1 January 2016 and is renewable for further term of three years from time to time, subject to compliance with the Listing Rules and applicable laws and regulations. Please refer to the section headed “Connected Transaction” in the Prospectus for details.

The annual caps for the rental payable under the Shuhai Sales Agreement for the years ended 31 December 2016, 2017 and 2018 are RMB7,210,000, RMB9,630,000 and RMB12,680,000, respectively. Please also refer to note 31(a) to the Financial Statements on pages 218 for details. The aggregate transaction amount incurred in accordance with the Shuhai Sales Agreement for the year ended 31 December 2016 was RMB4,654,000.

總銷售協議的初始年期為自2016年1月1日起計為期三年，並可不時另行續期三年，惟須符合上市規則及適用法律法規。有關詳情請參閱招股章程「關連交易」一節。

截至2016年、2017年及2018年12月31日止年度，根據總銷售協議應付租金的年度上限分別為人民幣598,000,000元、人民幣764,000,000元及人民幣980,000,000元。有關詳情亦請參閱第218頁的財務報表附註31(a)。截至2016年12月31日止年度，根據總銷售協議產生的總交易金額為人民幣597,546,000元。

5. 蜀海銷售協議

於2016年6月24日，蜀海供應鏈與我們的全資附屬公司頤海上海（各自為其本身及代表其附屬公司）訂立蜀海銷售協議，據此，我們同意向蜀海供應鏈集團銷售火鍋底料產品、火鍋蘸料產品及其他複合調味品，以供向其餐飲服務供應商客戶進行銷售及經銷。蜀海供應鏈為我們的關連人士，因此根據上市規則第十四A章，蜀海銷售協議項下的交易構成持續關連交易。

蜀海銷售協議的初始年期為自2016年1月1日起計為期三年，並可不時另行續期三年，惟須符合上市規則及適用法律法規。有關詳情請參閱招股章程「關連交易」一節。

截至2016年、2017年及2018年12月31日止年度，根據蜀海銷售協議應付租金的年度上限分別為人民幣7,210,000元、人民幣9,630,000元及人民幣12,680,000元。有關詳情亦請參閱第218頁的財務報表附註31(a)。截至2016年12月31日止年度，根據蜀海銷售協議產生的總交易金額為人民幣4,654,000元。

6. Youdingyou Sales Agreement

On 24 June 2016, Yodingyou and Yihai Shanghai, our wholly owned subsidiary, each for itself and on behalf of its subsidiaries, entered into the Youdingyou Sales Agreement, pursuant to which we agreed to sell hot pot soup flavoring products, hot pot dipping sauce products and other compound condiment products to Youdingyou for use at spicy mixed stew restaurants it operates. Yodingyou is our connected person and therefore the transactions under the Youdingyou Sales Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Youdingyou Sales Agreement has an initial term of three years commencing from 1 January 2016 and is renewable for further term of three years from time to time, subject to compliance with the Listing Rules and applicable laws and regulations. Please refer to the section headed "Connected Transaction" in the Prospectus for details.

The annual caps for the rental payable under the Youdingyou Sales Agreement for the years ended 31 December 2016, 2017 and 2018 are RMB8,900,000, RMB16,300,000 and RMB26,400,000, respectively. Please also refer to note 31(a) to the Financial Statements on pages 218 for details. The aggregate transaction amount incurred in accordance with the Youdingyou Sales Agreement for the year ended 31 December 2016 was RMB3,528,000.

The above continuing connected transactions has followed the policies and guidelines when determining the price and terms of the transactions conducted for the year ended 31 December 2016.

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

6. 優鼎優銷售協議

於2016年6月24日，優鼎優與我們的全資附屬公司頤海上海(各自為其本身及代表其附屬公司)訂立優鼎優銷售協議，據此，我們同意向優鼎優銷售火鍋底料產品、火鍋蘸料產品及其他複合調味品，以供其經營的辣味混合燉菜餐廳使用。優鼎優為我們的關連人士，因此根據上市規則第十四A章，優鼎優銷售協議項下的交易構成持續關連交易。

優鼎優銷售協議的初始年期為自2016年1月1日起計為期三年，並可不時另行續期三年，惟須符合上市規則及適用法律法規。有關詳情請參閱招股章程「關連交易」一節。

截至2016年、2017年及2018年12月31日止年度，根據優鼎優銷售協議應付租金的年度上限分別為人民幣8,900,000元、人民幣16,300,000元及人民幣26,400,000元。有關詳情亦請參閱第218頁的財務報表附註31(a)。截至2016年12月31日止年度，根據優鼎優銷售協議產生的總交易金額為人民幣3,528,000元。

上述持續關連交易於釐定截至二零一六年十二月三十一日止年度進行的交易價格及條款時已遵守政策及指引。

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

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

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

Save for disclosed above, during the year ended 31 December 2016, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

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

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

除上文所披露者外，我們於截至2016年12月31日止年度並無訂立任何根據上市規則第14A.49條及第14A.71條須予披露之關連交易或持續關連交易。

Directors' Report 董事會報告

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

There were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the year ended 31 December 2016 or as of 31 December 2016.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Connected and Continuing Connected Transactions" above, no contract of significance was entered into between the Company, or one of its subsidiary companies, and any of its Controlling Shareholders or subsidiaries during the year ended 31 December 2016.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2016 and up to the date of this annual report.

DIRECTORS' PERMITTED INDEMNITY PROVISION

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

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended 31 December 2016.

REMUNERATION POLICY, DIRECTORS' REMUNERATION AND PENSION SCHEME

As at 31 December 2016, we had 1135 employees. The remuneration of our employees includes salaries and allowances. We provide training to our staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly.

董事於重要交易、安排或合約中的重大權益

並無本公司的或其附屬公司屬其中一名訂約方且董事或其關連實體(如《公司條例》第486條所定義)於其中直接或間接擁有重大權益以及於截至2016年12月31日止年度或於2016年12月31日仍然存續之重要交易、安排或合約。

重大合約

除上文「關連及持續關連交易」一節所披露者外，於截至2016年12月31日止年度，本公司或其中一間附屬公司與其任何控股股東或附屬公司之間概無訂立任何重大合約。

管理合約

於截至2016年12月31日止年度及直至本年報日期為止，概無訂立或存在任何有關本公司全部或重大部分業務之管理及行政的合約。

董事獲准許的彌償條文

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

於截至2016年12月31日止年度，本公司已為本集團的董事安排適當的董事責任保險。

薪酬政策、董事薪酬及退休金計劃

截至2016年12月31日，我們擁有1,135名僱員。僱員的薪酬包括薪金及津貼。我們亦為員工提供培訓，以提升其技術及產品知識。本集團的薪酬政策乃基於僱員個人的表現制定，並會定期予以檢討。

The Group offers competitive remuneration packages to the Directors. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration during the year ended 31 December 2016 are set out in note 33 to the Financial Statements.

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

SHARE OPTION SCHEME

During the year ended 31 December 2016, the Company did not have any share option scheme which was required to be disclosed.

THE RESTRICTED SHARE UNIT SCHEME

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

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

本集團為董事提供具競爭力的薪酬待遇。其他酬金由董事會經參照董事職務、職責及表現以及本集團的業績而釐定。於截至2016年12月31日止年度董事酬金的詳情載於財務報表附註33。

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

購股權計劃

於截至2016年12月31日止年度，本公司並無任何須予披露的購股權計劃。

受限制股份單位計劃

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

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

Directors' Report

董事會報告

The Company approved and granted 9,140,000 RSUs among which 1,510,000 were granted to two Directors pursuant to the RSU Scheme on 28 December 2016. Please refer to the announcement of the Company dated 28 December 2016 for details.

Save as disclosed above, as at 31 December 2016, no RSU had been granted or agreed to be granted by the Company pursuant to the RSU Scheme.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2016.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2016, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 4.1% and 19.5%; and the respective percentage of the total sales attributable to the Group's largest customer and five largest customers in aggregate was 35.2% and 58.4%.

Our largest customer was Sichuan Haidilao⁽¹⁾ and second largest customer was Singapore Haidilao⁽²⁾.

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

Note (1): Sichuan Haidilao is directly held as to 33.5% by Mr. Zhang Yong and Ms. Shu Ping (our Controlling Shareholders), 50% by Jianyang City Jingyuan Investment Co., Ltd. (which in turn is held as to 68% by Mr. Zhang Yong and Ms. Shu Ping), 8% by Mr. Shi Yonghong (our non-executive Director) and 0.1% by Mr. Gou Yiqun (our non-executive Director).

Note (2): Singapore Haidilao is indirectly held as to approximately 62.7% by Mr. Zhang Yong and Ms. Shu Ping (our Controlling Shareholders), 14.9% by Mr. Shi Yonghong (our non-executive Director) and 2% by Mr. Gou Yiqun (our non-executive Director).

於2016年12月28日，本公司已根據受限制股份單位計劃批准及授出9,140,000個受限制股份單位，其中1,510,000份乃授予兩名董事。詳情請參閱本公司日期為2016年12月28日的公告。

除上文所披露者外，截至2016年12月31日，並無受限制股份單位已獲本公司根據受限制股份單位計劃授出或同意授出。

股權掛鈎協議

除本年報披露者外，本公司於截至2016年12月31日止年度並無訂立股權掛鈎協議。

主要客戶及供應商

於截至2016年12月31日止年度，本集團最大供應商及五大供應商應佔相關採購百分比合共為4.1%及19.5%；及本集團最大客戶及五大客戶應佔銷售總額相關百分比為35.2%及58.4%。

我們的最大客戶為四川海底撈⁽¹⁾，第二大客戶為新加坡海底撈⁽²⁾。

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

附註(1)：四川海底撈由張勇先生及舒萍女士(我們的控股股東)直接持有33.5%權益，簡陽市靜遠投資有限公司(由張勇先生及舒萍女士持有68%)持有50%，由施永宏先生(我們的非執行董事)持有8%及由苟軼群先生(我們的非執行董事)持有0.1%。

附註(2)：新加坡海底撈由張勇先生及舒萍女士(我們的控股股東)間接持有約62.7%的權益，由施永宏先生(我們的非執行董事)持有14.9%及由苟軼群先生(我們的非執行董事)持有2%。

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and has complied with the code provisions in the Corporate Governance Code since the Listing Date up to the date of this annual report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2016 have been audited by PricewaterhouseCoopers, certified public accountants.

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

收購、出售或贖回本公司上市證券

於截至2016年12月31日止年度，本公司及其任何附屬公司均無購買、贖回或出售本公司任何上市證券。

證券交易的標準守則

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

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

遵守企業管治守則

本公司已採納企業管治守則的原則及守則條文並於上市日期起至本年報日期為止一直遵守企業管治守則內之守則條文。

核數師

本集團截至2016年12月31日止年度的綜合財務報表乃由執業會計師羅兵咸永道會計師事務所審核。

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

Directors' Report 董事會報告

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM. The Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 31 May 2017 will be eligible to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 24 May 2017.

The register of members of the Company will also be closed from Tuesday, 6 June 2017 to Thursday, 8 June 2017, both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. The Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 8 June 2017 will be entitled to the final dividend. In order to be eligible to entitle to the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 5 June 2017.

By order of the Board
Gou Yiqun
Chairman of the Board

Hong Kong, 27 April 2017

暫停辦理過戶登記及記錄日

本公司將於2017年5月25日(星期四)至2017年5月31日(星期三)(包括首尾兩日)暫停辦理股份過戶登記手續,以釐定合資格出席股東週年大會及於其中投票的股東。於2017年5月31日(星期三)休市時名列在本公司股東名冊上的股東將有資格參加股東週年大會並於其中投票。為符合資格出席股東週年大會並於會上投票,所有過戶文件連同有關股票證書及過戶表格,須於2017年5月24日(星期三)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712至1716室。

本公司亦將於2017年6月6日(星期二)至2017年6月8日(星期四)(包括首尾兩日)暫停辦理股份過戶登記手續,以釐定合資格領取末期股息之股東。於2017年6月8日(星期四)營業時間結束時名列本公司股東名冊的股東將有資格收取末期股息。為符合資格收取末期股息,所有過戶文件連同有關股票證書及過戶表格,須不遲於2017年6月5日(星期一)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

承董事會命
荀軼群
董事會主席

香港, 2017年4月27日

The Company's core concept of sustainable development is to achieve results in the aspects of economy, environment and society, which mutually support and influence each other. We adhere to applicable laws and regulations of places where we operate our business, and aim to follow the industry's best practices. Such usual practice allows us to respond in a timely manner to the needs of our stakeholders, such as governmental regulatory authorities, consumers, employees, suppliers, investors and shareholders, and the local community. Social responsibilities have been integrated into our corporate governance such that we can satisfy our customers' needs while also taking care of our employees' health and safety and protecting the environment.

1. THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") MANAGEMENT SYSTEM

We believe that the focus of social responsibility for an enterprise is to adhere to high international business ethics and social moral standards, and to create and share values with all stakeholders. Thus, we put in our best efforts to integrate environmental and social responsibilities into the strategic management activities of the Company. To achieve recognition in society and to enhance our reputation, we carefully manage our environmental and social risks, improve the performance of supply chains, reduce the consumption of resources and the emission of pollutant, encourage innovation and cultivate talents.

本公司的可持續發展理念是在經濟、環境及社會3個方面同時取得成績，它們彼此互相影響、互相支持。我們遵循本公司運營所在地的所有適用法律，並致力於向行業領先標準看齊。此等常規有助於我們及時回應政府監管部門、消費者、員工、供應商、投資人和股東，及社區民眾等利益相關方的需求。我們將社會責任融入企業經營中，借此既滿足客戶所需，又顧及員工的健康安全及環境保護。

1. 環境、社會及管治(ESG)管理體系

我們認為企業履行社會責任的重點在於堅持高標準的國際商業及社會道德準則，為所有的利益相關方創造和分享價值。為此，本公司致力於將環境與社會責任融入本公司的戰略經營活動中。我們審慎管理我們的環境和社會風險、改善供應鏈表現、降低資源消耗及污染物排放、鼓勵創新、選育人才，以此爭取社會認可並提升我們的聲譽。

The Environmental, Social and Governance Report

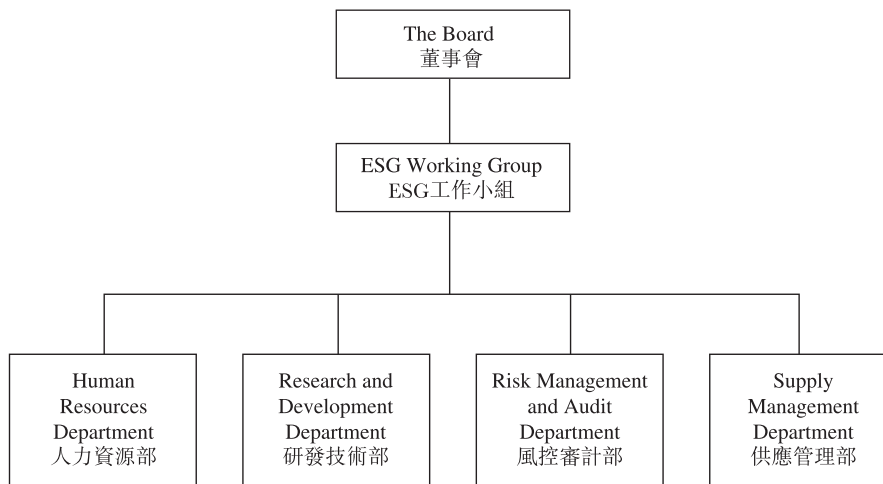
環境、社會及管治報告

1.1 ESG Management and Organizational Structures

Effective ESG management cannot be achieved without the Board and senior management attaching significant importance to it, and without the full participation from all staff members. We have established an ESG working group and formed an ESG management organizational structure which includes the participation of the management, horizontal coordination of all functional departments, and vertical coverage of all subsidiary companies. The working group is comprised of persons in charge of the respective functional departments.

1.1 ESG 管理組織架構

有效的 ESG 管理離不開本公司董事會和高級管理層的重視以及全體員工的參與。我們成立環境、社會及管治 (ESG) 工作組，形成管理層參與、橫向協調各職能部門、縱向覆蓋各下屬公司的 ESG 管理組織架構。工作組人員來自各職能部門的負責人。



1.2 Participation of Stakeholder

The Company proactively communicates with stakeholders to understand and actively respond to their needs in a timely manner. Based on the features of our business, our major stakeholders include: governmental regulatory authorities, consumers, employees, suppliers, investors and shareholders, and the local community.

1.2 利益相關方參與

本公司積極主動地與利益相關方進行溝通，及時了解利益相關方的需求，並積極進行回應。基於業務特點，我們的主要利益相關方包括：政府監管部門、消費者、員工、供應商、投資人和股東，及社區民眾。

| Major Stakeholders 主要利益相關方 | Focus Areas 重點關注 | The Company's Responses 本公司的回應方式 |
|---|---|---|
| Governmental regulatory authorities 政府監管部門 | <ul style="list-style-type: none"> Satisfying requirements from governmental regulatory authorities 滿足政府監管要求 Legal and tax compliance 遵紀守法，依法納稅 Promotion of regional economic growth 推動地區經濟增長 | <ul style="list-style-type: none"> Proactively pay visits and submit information in a timely manner 積極拜訪，及時完成信息報送 Comply with applicable laws/regulations in operation 遵循相關法律法規，合規運營 Speed up innovation and promote win-win solutions for industrial chains 加快創新，實行產業鏈共贏 |
| Consumers 消費者 | <ul style="list-style-type: none"> Guarantee of product safety 確保產品安全 Comprehensive customer service 健全的客戶服務 | <ul style="list-style-type: none"> Strictly control product quality 嚴格把控產品質量 Build multiple channels for customer communication 建立多途徑的消費者溝通渠道 |
| Employees 員工 | <ul style="list-style-type: none"> Remuneration and welfare benefits 薪酬與福利待遇 Occupational health and safety 職業健康與安全 Career planning and development 職業規劃與發展 Care for employees 員工關愛 | <ul style="list-style-type: none"> Formulate a reasonable remuneration management system 制定合理的薪酬管理體系 Strengthen occupational health and safety management 加強職業健康與安全管理 Provide diversified modes of training 提供多元化的培訓模式 Care for and support employees 員工關愛與幫扶 |

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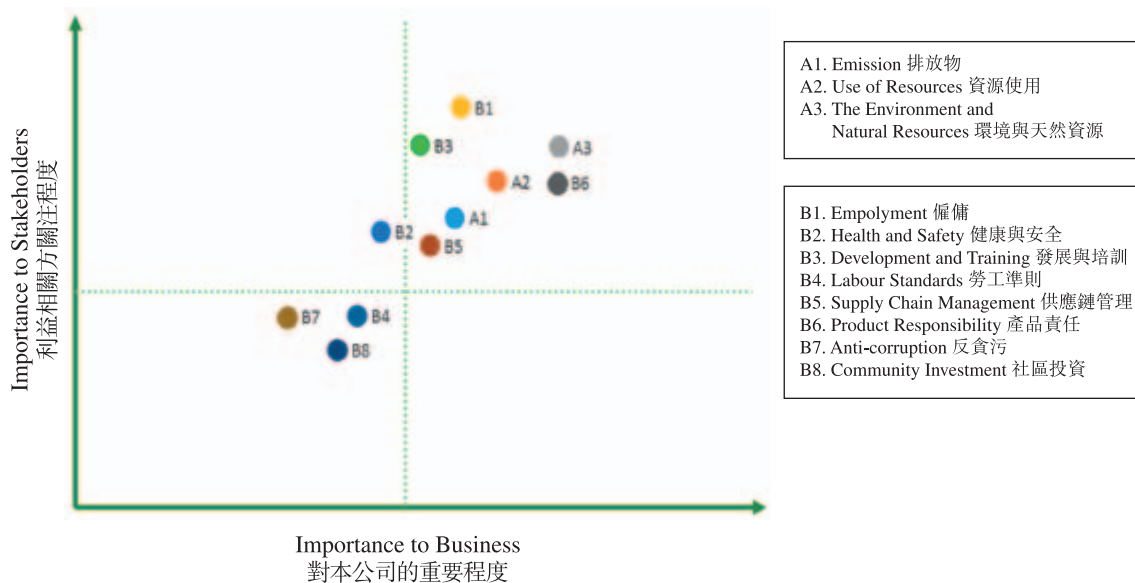
| Major Stakeholders 主要利益相關方 | Focus Areas 重點關注 | The Company's Responses 本公司的回應方式 |
|--------------------------------------|---|--|
| Suppliers 供應商 | <ul style="list-style-type: none"> Keeping business promises 遵守商業承諾 Fair and open procurement 公平公開公正採購 Mutual benefit and common development 互利共贏，共同發展 | <ul style="list-style-type: none"> Take responsibility in ensuring health and safety of products 確保產品的健康與安全並就此附上責任 Take anti-corruption measures 反貪污 Sign <i>Letters of Commitment Relating to Supplier Integrity</i> and strictly manage the supply system 簽訂供應商廉潔承諾書，嚴格管理供應體系 Support the development of the industrial chain 助力產業鏈的發展 |
| Investors and shareholders 投資人和股東 | <ul style="list-style-type: none"> Compliance in its operations 合規經營 Market expansion and product innovation 開拓市場，產品創新 | <ul style="list-style-type: none"> Perfect our cooperation governance 完善企業治理 Enhance product innovation and protect the intellectual property rights of the Company 加大產品創新力度，保護本公司知識產權 |
| The local community 社區 | <ul style="list-style-type: none"> Engagement and communication with the local community 社區交流與溝通 Support for community development 助力社區發展 | <ul style="list-style-type: none"> Initiate community activities 開展社區活動 Initiate charitable and volunteering activities 開展公益及志願者活動 |

1.3 Materiality Assessment of ESG Topics

Through the Company's investigation into the focus areas for stakeholders, combined with a consideration of the direction of its own strategic development, the Company identified, assessed and filtered the relevant indicators in order to ascertain the Company's subsequent direction for actions and significant areas of disclosure. According to this year's survey and filtered results, topics including environmental responsibility, product quality and employees' interest etc. have been identified as being the relatively more important topics.

1.3 ESG 議題重要性分析

本公司通過對利益相關方的關注重點開展調查，並綜合考慮自身戰略發展方向，對相關 ESG 指標進行了識別、評估和篩選，來確定本公司後續的行動方向及披露重點。根據本年度的調查與篩選結果，環境責任、產品質量、員工權益等議題的重要性相對較高。



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環境、社會及管治報告

2. ENVIRONMENTAL RESPONSIBILITY

The fundamental principle of the Company's corporate operations is based on compliance with laws and regulations. The Company strictly complies with relevant national environmental laws and local regulations, including "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise", "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes", and "Cleaner Production Promotion Law of the People's Republic of China" etc. In addition, the Company strictly abides by national emission standards, including *Integrated Emission Standard of Air Pollutants*, *Emission Standard of Air Pollutants for Boiler*, *Standard for Pollution Control on Hazardous Waste Storage*, *Integrated Wastewater Discharge Standard*, *Emission Standard of Cooking Fume*, and *Action Plan for Soil Pollution Prevention and Control* etc. In order to reduce waste discharges and reduce the consumption of resources, a unified and integrated system for environmental management has been established to regulate flue gas emissions, sewage water discharge and solid waste disposals. In addition, a supervision mechanism has been set up to monitor the compliance with and the internal implementation of the respective environmental management system and policies for departments at all levels. Meanwhile, in the everyday environmental management of the Company, measures have been adopted to prevent and control pollution and to improve the Company's performance in environmental protection. These measures include recycling, process modification, control mechanism, efficient resource utilization and material substitution. As of 31 December 2016, the Company has not been involved in any fine or litigation related to environmental pollution.

2. 環境責任

本公司以合法合規為企業經營的最基本原則，在環境保護層面本公司嚴格遵守《中華人民共和國環境保護法》、《中華人民共和國環境噪聲污染防治法》、《中華人民共和國固體廢物污染環境防治法》、《中華人民共和國清潔生產促進法》等國家及地區相關法律法規，並嚴格執行《大氣污染物綜合排放標準》、《鍋爐大氣污染物排放標準》、《危險廢物貯存污染物控制標準》、《污水綜合排放標準》、《飲食業油煙排放標準》、《土壤污染防治行動計劃》等國家排放標準。本公司建立了統一的环境管理體系，規範工廠廢氣、廢水、固體廢棄物的排放和處置，並建立了監督機制來監督各級部門遵守並落實內部各項環境管理制度與措施，以達到降低廢棄物排放、減少資源消耗的願景。同時，本公司在日常環保工作管理過程中採用再循環處理、過程更改和控制機制、資源的有效利用和材料替代等方式方法來預防和控制污染，持續改進本公司的環境保護表現。截至2016年12月31日，本公司未發生由於環境污染導致的罰款或相關訴訟。

2.1 Management of Exhaust Gas

Regarding the reduction in exhaust gas emissions, all factories of the Company have completed renovations to improve energy efficiency. Emissions have been greatly reduced by the implementation of energy-saving steam boilers and the use of natural gas for fuel. Furthermore, all factories have installed extraction hoods and oil smoke purifiers. When stir-frying ingredients, oil smoke flue gas is first absorbed by gas-collecting hoods and then purified by the oil smoke purifier until it meets the standards required for discharge, in order to eliminate to the extent possible any impact on employees, the surrounding environment and residents.

2.2 Waste Management

Waste produced by all factories of the Company has been sent to qualified professional waste treatment companies for processing. These include solid waste residues from primary and auxiliary materials, oil residue, waste oil collected by oil smoke purifiers and waste package materials etc. Household waste has been handled in a centralized manner on a daily basis. Hazardous waste has also been isolated for temporary storage in all factories before being sent to qualified hazardous waste treatment companies for treatment.

2.3 Sewage Management

In relation to sewage control, all factories of the Company have sewage treatment stations to deal with wastewater from production (the wastewater mainly comes from washing activities). Furthermore, wastewater produced due to catering in cafeterias is first pretreated by an oil filter and purification tank, and is then, together with other domestic sewage from the factory area, sent to the sewage treatment station in the factory area for further treatment. Finally, such treated wastewater is discharged into the municipal sewage treatment plant in the industrial park.

2.1 廢氣管理

在減少廢氣排放方面，本公司各工廠目前均已完成能效改造，使用節能蒸汽鍋爐，採用天然氣作為燃料，大大降低了廢氣排放量。同時，各工廠均已安裝抽油煙罩及油煙淨化器，在炒料過程中產生的油煙廢氣經集氣罩吸收，通過油煙淨化裝置淨化後達標排放，盡可能消除對員工、周邊環境及居民產生的影響。

2.2 廢棄物管理

本公司各工廠對產生的主輔料廢渣、隔油渣、油煙淨化器收集的廢油、廢包裝材料等均交由有資質的專業公司進行處理。對生活垃圾做到日清日潔、集中處理。對於有害廢棄物，所有工廠均做到對有害廢棄物隔離暫存，然後交由有資質的危廢處理公司處理。

2.3 廢水管理

在污水控制方面，本公司各工廠設有污水處理站，對生產廢水(主要為清洗廢水)進行處理。食堂餐飲廢水通過隔油淨化池對其進行隔油預處理後，與廠區生活污水一起進入廠區污水處理站進行處理。處理後的廢水排入工業園區市政污水處理廠。

2.4 Management of Discharge into Land

The main waste disposals generated by all factories of the Company include hazardous waste, non-hazardous waste, and production and domestic wastewater. All factories of the Company have established corresponding waste management system and employed qualified third-party companies to process waste treatment in accordance with national laws and regulations. All production and domestic sewage water has been pretreated first at the sewage treatment stations within the factory area and then discharged into municipal sewage pipe network. No pollutant produced by the Company's production and operation activities has been discharged into surrounding soil.

2.5 Energy Efficiency

By adjusting the everyday management process in relation to production and operational activities, all of the Company's factories introduced a series of energy saving measures to reduce losses of raw, auxiliary and packaging materials due to internal reasons. Evaporative condensers also have been adopted in all factories of the Company to increase the circulation rate of the indirect cooling water system. At the same time, the Company held different types of activities to enhance its employees' awareness of energy conservation. These include water and energy saving policies and plans in each department, as well as publicity campaigns with slogans and visual aids in relation to the conservation of water, energy and gas. In recent years, the total energy consumption per product unit in factories has shown a decreasing trend, and the awareness of energy conservation has increased among employees.

2.4 土地排污

本公司各工廠主要廢棄排放物為有害廢棄物、無害廢棄物及生產生活廢水。在廢棄物管理方面，各工廠均建立了相應的管理制度，聘請有資質的第三方公司按照國家法律法規要求進行處理。對於生產生活廢水，廠區內均設有污水處理站進行預處理，處理後再排入市政污水管網。本公司生產運營活動不會對周邊土地排放污染物。

2.5 節能降耗

本公司各工廠在生產經營活動中，通過在日常管理過程中的調節，推出了一系列節能降耗措施，減少因自身原因導致的原輔材料、包材等的損耗。本公司各工廠使用蒸發式冷凝器，提高間接冷卻水循環率。本公司同時舉辦各類員工節能意識提升活動，例如各部門制定節水、節電措施與計劃，做好節水、節電、節氣的宣傳工作，如宣傳標語、宣傳圖案等。近年來，工廠單位產品綜合能耗呈現下降趨勢，員工的節能意識普遍提高。

3. PRODUCT RESPONSIBILITY

The Company has been tracking and strictly adheres to applicable national and local laws and regulations relating to product responsibility, including *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, *Food Safety Law of the People's Republic of China*, *Product Quality Law of the People's Republic of China*, and *Measures for the Administration of Food Production Licenses* etc.

3.1 Product Quality and Safety

To ensure product quality, the Company has established a comprehensive set of procedures for product quality inspection and product recall.

During quality inspection, prior to the engagement of any supplier, the supplier must be reviewed for its qualifications, and if approved, must provide samples for testing. A supplier will only be engaged if the samples pass the test. Each batch of raw ingredients must be tested in accordance with relevant standards upon their arrival. During production, tests and controls of relevant parameters shall take place in accordance with technological procedures. Each batch of products shall be tested and only qualified products are allowed to leave the factory.

For the recall procedures, a relevant confirmation for the product is required in accordance with relevant standards before reporting to the relevant departments and heads of departments, who would then make a decision to issue a recall notice. The Logistics and Transportation Department, Sales Department and distributors shall be informed of the recall notice, after which the distributors shall inform subordinate distribution channels. When the recalled products are returned to the distributors' warehouses, the Logistics and Transportation Department of the Company is responsible for transporting them back to the Company's warehouses. The recalled products shall be handled according to the actual situation and policies.

In the year of 2016, the Company did not recall any products for safety and health reasons. The rates of our products passing internal pre-delivery inspections and third-party inspections both reached 100%.

3. 產品責任

本公司持續追蹤並嚴格遵守產品責任相關國家及地區法律法規，包括《中華人民共和國消費者權益保護法》、《中華人民共和國食品安全法》、《中華人民共和國產品質量法》、《食品生產許可管理辦法》等。

3.1 產品質量與安全

為保證產品質量，本公司建立了一套完整的產品檢定流程及產品召回流程：

在質量檢定過程中，供應商引入前需進行資質審核，審核合格後提供樣品進行檢測，檢測合格後才能引入該供應商；每批原料到貨時依照相關標準進行檢測；生產過程中依照工藝流程進行相關參數的檢測和控制；產品出廠前對每批次進行檢測，檢測合格後方可出廠。

在召回程序中，需依照相關標準要求進行產品的相關確認，然後呈報本公司相關部門及主管，經決策後發出召回通知。召回通知通告物流運輸部和銷售部以及經銷商，並通過經銷商對下級銷售渠道進行通知。產品收回經銷商倉庫後，由本公司物流運輸部負責運回本公司倉庫，召回產品按具體情況及方案進行處理。

2016年度內本公司未發生因安全與健康理由而召回產品的事件，產品出廠檢驗與第三方抽檢合格率達到100%。

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3.2 Intellectual Property

As a production enterprise, the Company highly values the protection of intellectual property. To protect intellectual property, the Company has adopted a standardized management system through policies including Yihai Innovation Patent Application Procedures, Yihai Designs Patent Application Procedures, and Yihai Utility Model Patent Application Procedures etc. When applying for a patent, an inventor shall draft a Technical Disclosure Statement based on the patent declaration. After that, patent administrators will proceed with the patent application in accordance with the Company's patent management system and the patent application procedures of the Research and Innovation Centre. Then, a patent agency will be responsible for drafting patent documents and submitting application materials. Before a patent application is published or announced, the patent administrator and related personnel have the responsibility to keep the contents of the patent confidential.

3.3 Customer Information Privacy

The Company has two main sales channels, namely, distributor sales and online sales. As distributors do not sell goods to consumers directly, consumer privacy protection is not involved in such production and sales processes. In relation to online sales, the Company has established the *Customer Information Confidentiality Policy for Internet Marketing Department*, which includes data security measures and supervision methods, as well as corresponding punitive measures for any violation of the policy. If an employee violates such policy that causes severe consequences or significant economic loss, he or she will be dismissed and required to compensate for any economic loss, or will be subject to legal liabilities.

3.2 維護與保障知識產權

作為生產類企業，本公司十分重視知識產權維護。針對知識產權維護，制定了《頤海發明專利申請流程》、《頤海外觀設計專利申請流程》和《頤海實用新型專利申請流程》等制度，進行規範化管理。專利發明人在申請專利時，先根據所需申報專利內容，撰寫「技術交底書」；專利管理員再按照本公司專利管理制度要求及創新研發中心專利申請流程推進專利申請進程；再由專利代理機構負責專利文件的撰寫及申報材料的提交；在專利申請公佈或者公告前，專利管理員及相關人員對專利內容負有保密的責任。

3.3 消費者信息保護

本公司的銷售模式分為經銷商分銷及線上銷售。經銷商分銷不向消費者直接銷售商品，因此，該部分在生產、銷售過程中不涉及消費者隱私保護事宜。對於線上銷售，本公司制定了《互聯網營銷部客戶資料保密制度》，其中包括保密措施及監察方法，同時對於違反制度的行為制定了相應的處罰措施。如有員工違反制度且造成嚴重後果或重大經濟損失，則予以辭退並向本公司賠償經濟損失或追究法律責任。

3.4 Customer Service

The Company has established a comprehensive customer complaint mechanism. Customer complaint staff are designated to record the details of all types of complaints. In accordance with *Yihai Customer Complaint Management Measures*, such information will then be relayed to relevant departments of the Company, such as the Quality Assurance Department, to allocate responsibilities and to handle the case directly with the complainant. Products involved will be inspected and traced, in order to solve the problem from its root cause.

3.4 客戶服務體系

本公司建立了完善的客戶投訴應對機制。本公司設有客戶投訴專員，記錄各項投訴內容，並根據《頤海客訴管理辦法》，將信息轉交給本公司品保部等相關部門進行責任劃分及對接處理，對所涉及的产品進行檢驗和追溯，從根本上解決問題。

Performance Indicator Related to Customer Service

客戶投訴相關績效指標數據

| Item | 項目 | 2015 data | 2016 data |
|-----------------------------|-----------|-----------|-----------|
| | | 2015年數據 | 2016年數據 |
| Customer Complaints (times) | 客戶投訴事件(次) | 2.20 | 2.358 |

3.5 Advertising and Labelling

The Company adheres to applicable laws and regulations regarding advertising, such as the “*Advertising Law of the People’s Republic of China*”, and has adopted the “*Yihai Marketing Management Procedures*” to ensure the compliance of all promotion materials of major marketing activities. In the year of 2016, the Company was not involved in any litigation related to violation of laws or others’ rights and interest.

3.5 廣告營銷與品牌標識

本公司嚴格遵守《中華人民共和國廣告法》等廣告營銷相關法律法規，並制定了《頤海市場活動管理辦法》以把控所有重大市場活動的宣傳文案的合規性。2016年度內本公司未發生由於違反相關法規或侵犯他人權益而導致的訴訟案件。

4. OUR EMPLOYEES

4.1 Employment

The Company has been tracking and strictly complying with national laws and regulations related to employment and employees, including “Regulation on the Implementation of the Employment Contract Law of the People’s Republic of China”, “Labor Contract Law of the People’s Republic of China”, “Law of the People’s Republic of China on the Protection of Minors”, “Law of the People’s Republic of China on the Protection of Women’s Rights and Interests”, “Employment Promotion Law of the People’s Republic of China”, “Regulation on Public Holidays for National Annual Festivals and Memorial Days”, and “Production Safety Law of the People’s Republic of China” etc.

The Company adopts a set of fair and open recruitment procedures. In addition, by adopting policies such as the “Yihai Employee Recruitment Management Policy”, the Company eliminates discrimination during the recruitment process and prohibits discrimination based on factors such as nationality, age, race, geographical location and family status. Further, in the “Management Policy for the Joining of Employee”, “Probation Review, Transfer of Employee and Termination of Employment”, the Company explicitly forbids the use of child labor and forced labor. The Company confirms that there is no illegal employment at the Company in the year of 2016.

4. 員工權益

4.1 僱傭

本公司持續追蹤並嚴格遵守與僱傭、員工關懷相關的國家法律法規，例如《中華人民共和國勞動法》、《中華人民共和國勞動合同法》、《中華人民共和國未成年人保護法》、《中華人民共和國婦女兒童權益保護法》、《中華人民共和國婦女權益保障法》、《中華人民共和國就業促進法》、《全國年節及紀念日放假辦法》、《中華人民共和國安全生產法》等。

本公司採取公平、公正、公開的招聘流程，通過制定《頤海員工招聘管理制度》等相關制度文件，杜絕招聘過程中的歧視現象，不允許由於民族、年齡、膚色、地域、家庭狀況等因素而導致的歧視行為。同時在《入職、轉正、調動、離職管理辦法》中明確規定禁止招聘童工、禁止出現強迫勞動現象。本公司確認於2016年度內並無非法聘用任何勞工。

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Total Workforce of the Company (persons)

本公司僱傭員工數量(人)

| Categorization 分類標準 | Category 類別 | 2015 data 2015年數據 | 2016 data 2016年數據 |
|----------------------------|-----------------------------------|----------------------|----------------------|
| By gender 性別 | Male 男性 | 631 | 826 |
| | Female 女性 | 406 | 597 |
| By employment type 僱傭形式 | Full-Time staff 全職員工 | 978 | 1,135 |
| | Temporary contract staff 臨時合約工 | 59 | 288 |

Employee Turnover Rate 僱員流失比率

| Categorization 分類標準 | Category 類別 | 2015 data 2015年數據 | 2016 data 2016年數據 |
|----------------------------|-----------------------------------|----------------------|----------------------|
| By gender 性別 | Male 男性 | 4.78% | 2.76% |
| | Female 女性 | 2.35% | 1.39% |
| By employment type 僱傭形式 | Full-Time staff 全職員工 | 4.13% | 1.71% |
| | Temporary contract staff 臨時合約工 | 6.27% | 5.88% |

4.2 Promotion and Welfare

The Company has established a fair and transparent remuneration review and promotion mechanism. To protect the legal rights and interests of employees, the Company published relevant policies including the “*Yihai Competence and Promotion Management Measures*”, “*Yihai Performance Management Policy*”, “*Yihai Functional System Remuneration Management Policy*”, “*Yihai Supply System Promotion and Elimination Management Policy*”, and the “*Yihai Sales System Remuneration and Performance Review Measures*”. To attract and retain talents, apart from providing competitive remuneration, the Company also provides an all-around welfare protection plan, such as leave to visit one’s spouse, housing subsidy, child care allowance, parental care allowance, child education allowance, congratulatory gifts for birthday/marriage/giving birth, injury allowance, and welfare for grandparents etc.

4.3 Health and Safety of Employees

The Company has been tracking and strictly complying with national laws and regulations related to health and safety that has a significant impact on production management and day-to-day operations, including “*Labor Law of the People’s Republic of China*”, “*Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*”, “*Production Safety Law of the People’s Republic of China*”, and “*Interim Provisions on Supervision and Administration of Work Safety at Food Production Enterprises*” etc. On this basis, and combined with features of its operations, the Company established a series of safety management policies, including the *Safety Inspection Management Policy*, *Hidden Safety Risks Identification and Elimination Policy*, *Yihai Work-related Injury Management Policy*, in order to firmly implement production safety management, effectively implement the identification of sources of dangers and risk management, standardize production safety procedures, standardize the work-related accident reporting process, hold the management accountable, and thereby gradually perfect the safety management system of the Company. As of the end of 2016, there had been no cases of work-related injuries or fatalities.

4.2 績效考核與福利待遇

本公司建立了公平透明的薪酬考核與晉升機制。本公司明文頒佈了《頤海職能晉升管理辦法》、《頤海績效管理制度》、《頤海職能系統薪酬管理制度》、《頤海供應體系晉升淘汰管理制度》、《頤海銷售系統薪酬績效考核辦法》等相關管理制度，以保障員工合法權益。為吸引留住人才，除了提供有競爭力的薪酬待遇之外，本公司還為員工提供全面的福利保障計劃，例如夫妻探親假、住房補貼、育嬰補貼、父母補貼、子女教育補貼、慶生／結婚／生育賀禮、傷病慰問金、祖父母／外祖父母福利等。

4.3 員工健康與安全

本公司持續追蹤並嚴格遵守對生產管理及日常運營有重大影響的健康安全相關法律及規例，包括《中華人民共和國勞動法》、《中華人民共和國職業病防治法》、《中華人民共和國安全生產法》、《食品生產企業安全生產監督管理暫行規定》等。在此基礎上，結合自身運營特點，本公司建立了《安全檢查管理制度》、《安全隱患排查制度》、《頤海工傷事故管理制度》等一系列安全管理制度，以扎實推行安全生產管理工作、有效落實危險源辨識與風險管控、規範生產安全作業流程、落實生產安全事故上報流程與問責制度，逐步完善本公司的安全管理體系。截至2016年底，本公司未有員工因生產安全事故而受傷或者死亡的情況發生。

Besides, the Company provides annual physical examination for every full-time staff, and assists factory employees to apply for health certifications. The Company also arranges for an additional physical examination every year for employees over 50 years old and for employees at the management level or above. In the year of 2016, the physical examination coverage was 100% for employees of the Company. The employee physical examination includes an examination of the internal organs and liver function, and the blood routine examination.

此外，本公司每年定期組織員工進行體檢，協助本公司各工廠員工辦理健康證。本公司還特別針對50歲以上的員工及經理級別以上的員工每年額外組織一次健康檢查。2016年度內，本公司員工體檢覆蓋率達100%，員工體檢項目包括內科、肝功能、血常規等內容。

Performance Indicator Related to the Health and Safety of Employees

員工健康與安全相關績效指標數據

| Category | 類別 | 2015 data 2015年數據 | 2016 data 2016年數據 |
|--|------------|----------------------|----------------------|
| Employee Physical Examination Coverage (%) | 員工體檢覆蓋率(%) | 100% | 100% |
| Safety Training Courses (times) | 安全培訓次數(次) | 10 | 18 |
| Safety Drills (times) | 安全演練次數(次) | 6 | 14 |
| Work-related Injuries (persons) | 工傷人數(人) | 0 | 0 |

4.4 Development and Training

To adapt to the needs of the Company's strategic development, and to establish a systematic talent cultivation system throughout the career of employees, the Company established multiple layers of training content, and initiated the talent cultivation efforts at different levels. These include training for new employees, the seed development program, leadership training program, and mentor training program.

4.4 發展與培訓

為適應本公司戰略發展需要，建立貫穿員工職業生涯的系統化人才培養體系，本公司建立了多層次的培訓內容，開展各個層級的人才培養工作，其中包括：新員工培訓、種子計劃培訓、骨幹培訓和業務教練培訓。

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In relation to the training for new employees, the Company provided a total of 5 sessions of training activities for new employees under different themes during the year. The training sessions cultivate team-building, corporate culture, work skills and occupational quality, which help the students to better understand the Company and to achieve self-enhancement. At the same time, the Company held one session of seed development program targeted at young outstanding key employees to cultivate and improve their professional abilities. For the leadership training program, the Company targeted mid-level management personnel and, through one session of leadership training program, helped these key personnel of the Company to increase their awareness of their role, to perfect their leadership skills and to assist the expansion of the Company's businesses. For the mentor training program, the Company provided 2 sessions of training to strengthen the abilities of the mentors in the Company.

In relation to the construction of an online learning platform, the Company has opened up an internet training platform, targeted at different functional departments. The Company also provided different types of training programs according to different needs at different positions. Employees can at any time make full use of their fragmented time to undertake online training, which increases the efficiency of training.

5. SUPPLY CHAIN MANAGEMENT

An important component of the development strategy of the Company is to "emphasize food security quality and prevent risks in the supply of raw materials." The Company established a series of supply chain management system to develop a responsible supply chain and to promote the improvement and development of the entire supply chain system.

在新員工培養方面，本年度本公司共開展5期不同主題的新員工培訓活動，從團隊建設、企業文化、工作技能和職業素養等方面，使學員深入了解本公司，實現自我能力的提升；同時，本公司今年還舉辦了一期種子培訓計劃，針對本公司的優秀青年骨幹進行培養，重點提升專業能力；在領導力培養方面，針對中層管理人員，本公司通過舉辦一期骨幹培訓計劃，幫助本公司骨幹人員提高角色認知，完善領導力技巧，助力本公司業務的拓展；在業務教練培訓方面，我們進行了2期業務教練培訓班，增強了本公司業務教練班子的實力。

在電子學習平台搭建方面，本公司開放了互聯網培訓平台，針對不同職能部門，根據其崗位需求提供了不同類型的培訓計劃，員工可隨時隨地充分利用碎片化時間，進行線上培訓，提高培訓效率。

5. 供應鏈管理

「注重食品安全質量，防範原材料供應風險」是本公司發展戰略中的重要組成部分。本公司建立了一系列供應鏈管理制度，力求打造責任供應鏈，推動整個供應鏈體系的進步與發展。

5.1 Selection Criteria

When selecting food suppliers and suppliers that engage in the contact of food, the Company favors and selects national brands or the top three renowned local brands whenever possible. The Company requires all product suppliers to submit various qualification certificates and licenses in accordance with the Company's certificate requirement policy. Supplier factories whose qualifications do not meet the requirements will not be selected. During the review and assessment, supplier factories shall fill in the *Supplier Assessment Form* As required by the Company, and only those reviewed by the Quality Assurance Department of the Company and passed the review will have a chance of cooperating with the Company. In addition, when cooperation is confirmed and prior to the formal start of the business, to ensure that the suppliers accept the supervision and review by the Company, the Company requires suppliers to sign various documents including a valid contract, the *Letter of Commitment relating to Supplier Integrity*, *Supplier Award System*, *Supplier Punishment System*, *Supplier Delivery Rules* and the *Letter Relating to Spot Check on Supplier Factories*.

5.1 准入原則

對食品 and 食品接觸類供應商進行篩選時，在盡可能選擇全國性品牌或當地知名品牌前3名的前提下，本公司要求產品供應商需按照本公司的索證制度提交各類資質證件和牌照，對於證件資質不符合要求的廠家不予准入。在審核評估階段，廠家需按照本公司的要求填寫《供應商評審表》，通過本公司品控部審核的廠家才有可能與本公司合作。在合作關係確定並在正式業務發生前，本公司要求各供應商必須簽訂有效合同、《供應商廉潔承諾書》、《供應商獎勵制度》、《供應商處罰制度》、《供應商送貨規定》和《供應商突擊審廠函》，確保供應商接受本公司的監督與審核。

5.2 Day-to-Day Management

In the supplier management system, the relevant departments of the Company have strictly executed the *Suppliers Management Rules* to avoid exclusive cooperation with a single supplier or brand. Meanwhile, the departments also proactively visit suppliers and fill in the *Suppliers Visit and Assessment Form* which is then submitted to the supplier administrator for documentation. The Company has established a performance evaluation system to regularly assess suppliers according to the *Suppliers Performance Assessment and Evaluation Form*, where ranking is divided into five grades of A, B, C, D and E. For suppliers with excellent evaluation results, the Company would provide them with preferential policies, such as financial support, technical coaching, guidance to its management personnel and on-site quality control inspectors. Suppliers with two consecutive E's will be added to the list of eliminated suppliers. If there is a need to engage such supplier again, the supplier shall go through the application procedures in the Contract Management System in accordance with the procedures for engaging a new supplier. Suppliers who violate relevant regulations of the Company will be added to the company's supplier blacklist, and in principle, such suppliers will never be engaged again. If they are needed under special conditions, they must undergo strict assessment, and there must be at least a year in between the time of the supplier being blacklisted and the re-assessment. In addition, such suppliers shall provide a warranty statement, and if similar problems occur again, there will strictly be no future cooperation.

5.2 日常管理

在供應商管理體系中，本公司各相關部門嚴格執行《供應商管理規定》，杜絕出現單一供應商／品牌合作，同時積極開展供應商回訪工作，完成後需填寫《供應商回訪考察表》並提報給供應商管理員進行存檔備案。本公司建立了績效評價體系，依據《供應商績效考核評價表》定期對供應商進行考核，評分等級劃分為A、B、C、D、E共5個等級。對評價結果為優秀的供應商，本公司給予資金支持、技術指導、管理人員指導、品控駐廠等優惠政策；對連續兩次評價結果為E的供應商，則將其納入本公司淘汰供應商名單列表，納入淘汰名單的供應商如需重新啟用，一律按照供應商新建流程在合同管理系統中進行申請；對於違反本公司相關規定的供應商，會被納入本公司供應商黑名單列表，被納入黑名單的供應商原則上永不起用，若遇特殊情況需啟用的必須嚴格審批，拉黑時間和起用時間需至少要間隔一年，同時供應商應提供保證書，若再次出現類似問題將永不合作。

5.3 Communication with Suppliers

The Company has established various communication channels such as e-mail, hotline and Wechat platform to deal with complaints. Once a complaint is received, the Company will handle the case in accordance with the *Suppliers Complaint Response Procedures* and reply with a *Response Letter to Supplier's Opinion*. For true and verified supplier complaints, the Company will reward the supplier in accordance with the *Suppliers Award Regulations*. The Company conducts suppliers opinion surveys every half a year, and communicates any feedback to the relevant departments and personnel in a timely manner. Then, the Company would send a reply to the supplier regarding the solution and its outcome.

The number and distribution of the suppliers of the Company in 2016 are as follows:

| Region | 地區 | Number of Suppliers In Each Region 按地區劃分 供應商數目 Year 2016 2016年數據(個) |
|-----------------------|------|---|
| Northeast Region | 東北地區 | 2 |
| Northern China Region | 華北地區 | 74 |
| Mid-south Region | 中南地區 | 76 |
| Eastern China Region | 華東地區 | 47 |
| Northwest Region | 西北地區 | 4 |
| Southwest Region | 西南地區 | 46 |

5.3 供應商溝通

本公司建立了投訴郵箱、熱線電話以及微信平台等多種溝通渠道，接到投訴後，本公司將按《供應商投訴問題處理流程》進行處理並回復《供應商意見反饋回復函》。對於供應商投訴、申訴屬實的，本公司會根據《供應商獎勵制度》落實供應商的獎勵。本公司每半年進行一次供應商意見調查，將供應商反饋的問題及時與相關部門人員溝通，並將處理方案及結果回復給供應商。

2016年度本公司的供應商數目及分佈如下表所示：

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Notes: **Northeast Region** includes Heilongjiang Province, Jilin Province and Liaoning Province; **North China Region** includes Beijing, Tianjin, Hebei Province, Shanxi Province, and Inner-Mongolia Autonomous Region; **Mid-south Region** includes Henan Province, Hubei Province, Hunan Province, Guangdong Province, the Guangxi Zhuang Autonomous Region and Hainan Province; **Eastern China Region** includes Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Fujian Province, Jiangxi Province and Shandong Province; **Northwest region** includes Shaanxi Province, Gansu Province, Qinghai Province, the Ningxia Hui Autonomous Region and the Xinjiang Uygur Autonomous Region; **Southwest region** includes Chongqing, Sichuan Province, Guizhou Province, Yunnan Province and Tibet Autonomous Region.

註：東北地區包括：黑龍江省、吉林省和遼寧省；華北地區包括：北京市、天津市、河北省、山西省和內蒙古自治區；中南地區包括：河南省、湖北省、湖南省、廣東省、廣西壯族自治區和海南省；華東地區包括：上海市、江蘇省、浙江省、安徽省、福建省、江西省和山東省；西北地區包括：陝西省、甘肅省、青海省、寧夏回族自治區和新疆維吾爾自治區；西南地區包括：重慶市、四川省、貴州省、雲南省和西藏自治區。

6. ANTI-CORRUPTION

The Company strictly abides by applicable national laws and regulations related to anti-corruption, including *Criminal Law of the People's Republic of China* and *Anti-Unfair Competition Law of the People's Republic of China* etc. The Company formulated the *Yihai International Anti-fraud and Anti-corruption Management System* in March 2016. Providing the general principles for anti-corruption and anti-fraud efforts of the Company, the system defines concepts of fraud and corruption, as well as the procedures and measures to deal with fraud and corruption when they occur. The aim of such system is to regulate occupational behaviors of the Directors, senior and middle management and the general staff, so that they would strictly comply with relevant laws, industry standards and norms, occupational ethics, and the Company's regulations. The system also aims to establish a culture of integrity, diligence and dedication to one's job, and to prevent infringement of the interests of the Company and its shareholders.

6. 反貪污

本公司嚴格遵守與反貪污相關的國家法律法規，包括《中華人民共和國刑法》和《中華人民共和國反不正當競爭法》等，並在2016年3月份制定了《頤海國際反舞弊、反貪污管理制度》。該制度作為本公司反貪污、反舞弊的總綱，規定了舞弊、貪污的概念，以及一旦發生舞弊、貪污事件的處理流程及辦法。該制度的目的在於規範本公司董事、高、中級管理層職員和普通員工的職業行為，嚴格遵守相關法律、行業規範和準則、職業道德及本公司的規章制度，樹立廉潔和勤勉敬業的良好風氣，防止損害本公司及股東利益的行為發生。

Targeting all employees, the Company established the *Yihai Misconduct Management Measures* which includes 7 prohibitions for employees. Targeting the high risk positions of sales and procurement personnel, the Company established the *Letter of Commitment relating to Sales and Promotion* which regulates 11 aspects relating to sales personnel, and established the *Letter of Commitment relating to Integrity in Procurement*, which regulates 13 aspects relating to procurement personnel. Furthermore, the Company has also formulated 5 relevant regulations and measures for rewarding and punishing distributors. A distributor must sign a *Letter of Commitment for Distributors* before signing a contract with the Company. If a distributor violates any clause under its commitment to cooperate with integrity, the Company has the right to terminate the sale and purchase contract, abolish the distributor's role as an agent, add the distributor to a blacklist and never engage it again. In addition, the Company may hold the distributor liable to any breach of contract pursuant to the liability clause in the sale and purchase contract. If the distributor discloses that an employee of the Company breached any regulation, once the claim is verified, such distributor will be rewarded. In addition, this will be taken into positive consideration in the functional assessment of the distributor as a ground of functional rebate assessment. Targeting suppliers, the Company has formulated 9 relevant regulations and the complaint methods and procedures for handling complaints. All suppliers shall sign a *Letter of Commitment Relating to Supplier Integrity* before cooperating with the Company. If a purchase staff of the Company is found to have violated a regulation, complaints can be made via telephone, email or the Wechat management platform for purchaser suppliers. In relation to any breach by the Company of any clause under its commitment to cooperate with integrity, the Company is willing to be held liable for 10 times the amount involved in the breach as compensation for the breach.

The Legal Department of the Company is responsible for dealing with non-litigation disputes and litigation. Since the beginning of 2016, the Company had not been involved in any corruption, fraud, extortion and money-laundering.

本公司針對全體職員制定了《頤海禁令管理辦法》，其中規定了員工不能觸犯的7條禁令。針對高風險的崗位，即銷售人員和採購人員，本公司制定了《銷售推廣承諾書》，對銷售人員易出問題的11個方面進行規範，並制定了《採購廉潔承諾書》，從13個層面約束採購人員。針對經銷商，本公司制定了5條相關規定和獎懲措施，經銷商在與本公司簽約之前需簽訂《經銷商承諾書》，若經銷商違反廉潔合作承諾任何一項條款，本公司有權解除購銷合同，取消其代理資格並將其列入黑名單，永不合作，並可同時執行購銷合同中約定的違約責任承擔條款。對於經銷商揭發本公司工作人員有違規行為，一經查實，對經銷商進行獎勵，並計入經銷商功能性考核加分項，作為功能性返利考核依據。針對供應商，本公司制定了9條相關規定以及舉報和處理措施，各供應商在跟本公司合作之前需簽訂《供應商廉潔承諾書》。如果發現本公司買方員工有違規亂紀的行為，可以通過電話、郵箱和買方供應商微信管理平台進行舉報。對於本公司違反廉潔合作承諾任何一項條款，本公司自願承擔所涉違規金額的10倍作為違約金。

本公司法務部負責處理非訴爭議及訴訟案件，自2016年年初以來本公司無因貪污、欺詐、勒索及洗黑錢等因素導致的訴訟案件發生。

The Environmental, Social and Governance Report

環境、社會及管治報告

7. COMMUNITY INVESTMENT

The Company highly values the establishment of a harmonious relationship between the Company and local communities. The Company understands the needs of the local communities through proactively participating in local activities. The Company also takes concrete actions to ensure that the Company has taken the interests of the local communities into consideration when conducting its business activities.

During both construction and operation stages, the Company's factories in Chengdu and Zhengzhou have been proactively communicating with local communities and governmental regulatory authorities to understand their requests and opinions and to ensure that the project construction and production operation activities do not negatively impact the local communities. This also promotes the continuous improvement in the management quality of the Company.

The Company also proactively gives back to the society. For instance, in 2016, the Company's factory in Zhengzhou sponsored and provided more than 400 free packages of hotpot sauce and condiment to the neighboring Vanke residential community.

7. 社區投資

本公司重視與所在社區建立和諧共融的企業和社區關係，通過積極參與所在社區的活動了解社區需求，並以實際行動確保本公司的業務活動考慮社區利益。

本公司成都和鄭州工廠在建設和運營階段均積極主動的與當地社區和政府監管部門進行溝通和聯絡，以了解各方訴求和意見，確保項目建設和生產運營活動不對當地社區帶來負面影響，並以此促進本公司不斷提升管理水平。

本公司亦積極回饋社會，例如：在2016年本公司之鄭州工廠向周邊萬科社區居民免費提供、贊助各類火鍋底料、調料等產品400余包。



羅兵咸永道

To the Shareholders of Yihai International Holding Ltd.
(incorporated in Cayman Islands with limited liability)

致頤海國際控股有限公司股東
(於開曼群島註冊成立的有限公司)

OPINION

意見

What we have audited

我們已審計的內容

The consolidated financial statements of Yihai International Holding Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 131 to 224, which comprise:

頤海國際控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第131至224頁的綜合財務報表，包括：

- the consolidated statement of balance sheet as at 31 December 2016;
 - the consolidated statement of comprehensive income for the year then ended;
 - the consolidated statement of changes in equity for the year then ended;
 - the consolidated statement of cash flows for the year then ended; and
 - the notes to the consolidated financial statements, which include a summary of significant accounting policies.
- 於二零一六年十二月三十一日的綜合財務狀況表；
 - 截至該日止年度的綜合全面收益表；
 - 截至該日止年度的綜合權益變動表；
 - 截至該日止年度的綜合現金流量表；及
 - 綜合財務報表附註，包括主要會計政策概要。

Our opinion

我們的意見

In our opinion, the consolidated financial statements give a true and fair view of the consolidated balance sheet of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

我們認為，該等綜合財務報表已根據《國際財務報告準則》真實而中肯地反映了貴集團於二零一六年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

Independent Auditor's Report

獨立核數師報告

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

意見的基礎

我們已根據《國際審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據國際會計師道德準則委員會頒布的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

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

Key audit matters identified in our audit are summarised as follows:

- Impairment provision for inventory
- Fair value measurement of redeemable convertible preferred shares

Key Audit Matter

Impairment provision for inventory

Refer to Note 2 (Summary of significant accounting policies and accounting estimates) and Note 11 of the consolidated financial statements.

Inventory is carried at the lower of cost and net realisable value, being selling price less estimated selling costs, where applicable, impairment provision is made to write down the inventory to its net realisable value.

As at 31 December 2016, the Group's balance of inventory was RMB 130,496,000.

The estimation of impairment provision for each type of inventories involves significant management judgment based on consideration of key factors such as aging profile, prior experiences and estimated future selling price and production costs subsequent to year end.

The impairment assessment is an area of focus for us given the inherent uncertainties and the significant amount of the related balance.

我們在審計中識別的關鍵審計事項概述如下：

- 存貨減值準備
- 可贖回可轉換優先股的公允價值計量

關鍵審計事項

存貨減值準備

請參閱綜合財務報表附註2(關鍵會計政策及會計估計)及附註11。

存貨乃按其成本與可變現淨值(即為銷售價格減去預估的銷售成本)孰低者列賬，適用時，撇減存貨的減值準備至其可變現淨值。

於二零一六年十二月三十一日，貴集團的存貨總額為130,496,000元人民幣。

每種類型存貨的減值準備估計涉及管理層重大判斷，該等判斷需考慮庫齡結構、過往經驗、預估未來售價以及年結日後的生產成本等關鍵因素。

鑒於減值固有的不確定性，且存貨期末餘額重大，我們尤為關注減值評估。

Independent Auditor's Report

獨立核數師報告

How our audit addressed the Key Audit Matter

Our audit procedures relating to impairment provision for inventory included:

- Obtained and understood the Group's inventory provisioning policy.
- Understood and evaluated the relevant controls over the generation of inventory aging schedule and the process of the estimation of inventory impairment provision.
- In respect of finished goods, on sample basis, we evaluated the assumptions in estimating future sales prices and selling expenses by reference to historical records and sales transactions after year end.
- In respect of raw materials and work in progress, on sample basis, we evaluated the assumptions in estimating future production costs by reference to historical records and production records after year end.
- On sample basis, we tested the aging profile of the year end raw materials and finished goods.
- Observed physical condition of inventories during stocktake to identify if any inventory was slow-moving, damaged, or obsolete.

We found the assumptions adopted and judgment applied by management were supported by the evidence we gathered and consistent with our understanding.

我們的審計如何處理關鍵審計事項

針對存貨減值準備，我們的審計程序包括：

- 獲得並了解了 貴集團的存貨準備政策。
- 對存貨庫齡時間表的生成及存貨減值準備的估計過程的相關控制進行瞭解及評估。
- 針對產成品，我們參考歷史記錄及年結日後的銷售交易，在抽樣的基礎上對預估未來售價及銷售費用的假設進行了評估。
- 針對原材料及在產品，我們參考歷史記錄及年結日後的生產記錄，在抽樣的基礎上對預估未來生產成本的假設進行了評估。
- 在抽樣的基礎上，我們對年結日的原材料及產成品的庫齡結構進行了測試。
- 在存貨盤點期間查看了存貨的物理狀況，以確定存貨是否出現滯銷、損壞或報廢。

我們發現，管理層採取的假設和運用的判斷均有據可依，並與我們的預期一致。

Key Audit Matter

Fair value measurement of redeemable convertible preferred shares

Refer to Note 2 (Summary of significant accounting policies and accounting estimates) and Note 21 of the consolidated financial statements.

During the year ended 31 December 2016, all of the Company's series A preferred shares with redemption and conversion features (referred to as redeemable convertible preferred shares or "RCPS") have been converted into the Company's ordinary shares upon the completion of the global offering of its shares on the Main Board of The Stock Exchange of Hong Kong Limited in July 2016 (the "Global Offering"). All of the RCPS were designated as financial liabilities at fair value through profit and loss and upon the conversion into ordinary shares, a loss, arising from fair value change of the RCPS, of RMB 35,264,000 was recognised in the Group's consolidated statement of comprehensive income.

We focused in this area given the significance of the fair value loss and the fair value determination of the RCPS, which involves judgments and use of estimates.

關鍵審計事項

可贖回可轉換優先股的公允價值計量

請參閱綜合財務報表附註2(關鍵會計政策及會計估計)及附註21。

截至二零一六年十二月三十一日止年度，貴公司所有擁有贖回及轉換特性的A系列優先股(以下簡稱「可贖回可轉換優先股」或「RCPS」)，於二零一六年七月在香港聯合交易所有限公司主板全球募股完成後，均已轉換為普通股。所有RCPS均被指定為以公允價值計量且其變動計入損益的金融負債，在轉換為普通股後，RCPS的公允價值變動產生的損失35,264,000元人民幣已計入貴集團的綜合全面收益表。

鑒於RCPS的公允價值損失及公允價值確定的重要性，且涉及判斷及估計，故我們尤為關注此方面。

Independent Auditor's Report

獨立核數師報告

How our audit addressed the Key Audit Matter

Regarding management's estimation of the fair value change of the RCPS, we performed the following procedures:

- Checked the RCPS contract and understood the condition of the conversion into ordinary shares upon completion of the Global Offering.
- Understood the basis management adopted in determination of the fair value of the RCPS and resulted fair value change during the year ended 31 December 2016.
- Evaluated the valuation method of RCPS. On 13 July 2016, upon the Company's listing on HKSE, the RCPS have been automatically converted into 78,000,000 ordinary shares at the quoted price of HK\$3.3 per share in active market.
- Recalculated the number of ordinary shares, after consideration of the capitalisation issue in relation to the Global Offering.
- Checked the mathematical accuracy of the fair value change as recorded.

Based on the work performed, we found the estimation made by the management was supported by the evidence we gathered and consistent to our understanding.

我們的審計如何處理關鍵審計事項

針對管理層對RCPS公允價值變動的估計，我們執行了以下程序：

- 審查了RCPS合同，並瞭解了全球募股完成後轉換為普通股的條件。
- 了解了管理層確定RCPS公允價值的依據以及截至二零一六年十二月三十一日止年度的公允價值變動結果。
- 評估了RCPS的估值方法。於二零一六年七月十三日，貴公司在港交所上市完成後，RCPS已於活躍市場中以每股3.3港元的報價自動轉換為78,000,000股普通股。
- 在考慮全球募股的相關資本化發行後，重新計算了普通股的數量。
- 審查了公允價值變動記錄的計算準確性。

基於已執行的工作，我們發現管理層作出的估計均有據可依，並與我們的預期一致。

Other Information

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

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

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

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

Responsibilities of Directors and the 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 IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

其他信息

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

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

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

基於我們已執行的工作，倘我們認為其他信息存在重大錯誤陳述，我們須報告該事實。我們就此並無任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事負責根據《國際財務報告準則》及香港《公司條例》之披露規定擬備真實而中肯的綜合財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審核委員會須負責監督貴集團的財務報告過程。

Independent Auditor's Report

獨立核數師報告

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

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

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

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

核數師就審計綜合財務報表承擔的責任

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

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

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

Independent Auditor's Report 獨立核數師報告

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

We communicate with the Audit Committee 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.

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

Independent Auditor's Report

獨立核數師報告

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

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

The engagement partner on the audit resulting in this independent auditor's report is Brian Ming Yan Choi.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2017

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

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

出具本獨立核數師報告的審計項目合夥人是蔡明仁。

羅兵咸永道會計師事務所
執業會計師

香港，二零一七年三月二十八日

Consolidated Statement of Balance Sheet

綜合資產負債表

| | | As at 31 December | |
|---|-------------------|-------------------------------------|-------------------------------------|
| | | 於 12 月 31 日 | |
| | Note 附註 | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Assets | 資產 | | |
| Non-current assets | 非流動資產 | | |
| Land use rights | 土地使用權 | 6 | 7,330 |
| Property, plant and equipment | 物業、廠房及設備 | 7 | 120,491 |
| Intangible assets | 無形資產 | | 823 |
| Deferred income tax assets | 遞延所得稅資產 | 10 | 5,697 |
| Prepayments for property, plant and equipment | 物業、廠房及設備 預付款項 | 13 | 1,748 |
| Total non-current assets | 非流動資產總值 | | 136,089 |
| Current assets | 流動資產 | | |
| Inventories | 存貨 | 11 | 102,754 |
| Trade receivables | 貿易應收款項 | 12, 31 | 63,838 |
| Prepayments and other receivables | 預付款項及其他應收款項 | 13, 31 | 51,467 |
| Cash and cash equivalents | 現金及現金等價物 | 14 | 235,216 |
| Derivative financial instruments | 衍生金融工具 | 15 | — |
| Total current assets | 流動資產總值 | | 453,275 |
| Total assets | 資產總值 | | 589,364 |
| Equity | 權益 | | |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | | |
| Share capital | 股本 | 16 | 31 |
| Reserves | 儲備 | 17 | 141,893 |
| Total equity | 權益總額 | | 141,924 |

Consolidated Statement of Balance Sheet

綜合資產負債表

| | | As at 31 December 於 12月31日 | | |
|---|----------------|-------------------------------|------------------------------------|------------------------------------|
| | | Note 附註 | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
| Liabilities | 負債 | | | |
| Non-current liabilities | 非流動負債 | | | |
| Redeemable convertible preferred shares | 可贖回可轉換優先股 | 21 | — | 186,667 |
| Current liabilities | 流動負債 | | | |
| Trade payables | 貿易應付款項 | 19, 31 | 71,276 | 43,324 |
| Other payables and accruals | 其他應付款項及應計費用 | 20, 31 | 56,748 | 196,915 |
| Current income tax liabilities | 即期所得稅負債 | | 29,437 | 20,534 |
| Total current liabilities | 流動負債總額 | | 157,461 | 260,773 |
| Total liabilities | 負債總額 | | 157,461 | 447,440 |
| Total equity and liabilities | 權益及負債總額 | | 1,423,666 | 589,364 |

The notes on pages 136 to 224 are an integral part of these financial statements.

The financial statements on page 131 to 224 were approved by the Board of Directors on 28 March 2017 and were signed on its behalf.

第 136 頁至第 224 頁的附註為此等財務報表的組成部分。

第 131 頁至第 224 頁的財務報表於 2017 年 3 月 28 日獲董事會批准，並由下列董事代為簽署。

DANG CHUNXIANG

黨春香
Director
董事

SUN SHENGFENG

孫勝峰
Director
董事

Consolidated Statement of Comprehensive Income 綜合全面收入表

| | | Year ended 31 December 截至 12 月 31 日止年度 | | |
|---|-------------------------------------|---|-------------------------------------|-------------------------------------|
| | | Note 附註 | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Revenue | 收入 | 5 | 1,088,014 | 847,339 |
| Cost of sales | 銷售成本 | 22 | (671,072) | (553,106) |
| Gross profit | 毛利 | | 416,942 | 294,233 |
| Distribution expenses | 經銷開支 | 22 | (127,921) | (93,898) |
| Administrative expenses | 行政開支 | 22 | (53,841) | (38,255) |
| Other incomes and gains- net | 其他收入及收益淨額 | 24 | 21,481 | 3,479 |
| Fair value loss of redeemable convertible preferred shares | 可贖回可換股優先股的公平值虧損 | 21 | (35,264) | — |
| Finance income- net | 融資收入淨額 | 25 | 33,692 | 1,361 |
| Profit before income tax | 除所得稅前溢利 | | 255,089 | 166,920 |
| Income tax expense | 所得稅開支 | 26 | (68,369) | (42,373) |
| Profit for the year | 年內溢利 | | 186,720 | 124,547 |
| Profit attributable to: | 以下人士應佔年內溢利： | | | |
| – Owners of the Company | 本公司擁有人 | | 186,720 | 124,547 |
| Other comprehensive income | 其他全面收入 | | | |
| | <i>可能重新分類至損益的項目</i> | | | |
| <i>Items that may be reclassified to profit or loss</i> | <i>損益的項目</i> | | | |
| Cash flow hedges | 現金流量對沖 | 17 | (514) | 514 |
| Other comprehensive income for the year, net of tax | 年內其他全面收入 (扣除稅項) | | (514) | 514 |
| Total comprehensive income | 全面收入總額 | | 186,206 | 125,061 |
| Total comprehensive income attributable to: | 以下人士應佔全面收入總額： | | | |
| – Owners of the Company | – 本公司擁有人 | | 186,206 | 125,061 |
| Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share) | 本公司普通權益持有人應佔每股盈利 (以每股人民幣元列示) | | | |
| – Basic | – 基本 | 27 | 0.234 | 0.222 |
| – Diluted | – 攤薄 | 27 | 0.234 | 0.220 |

The notes on pages 136 to 224 are an integral part of these financial statements.

第 136 頁至第 224 頁的附註為此等財務報表的組成部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

| | | Note | Share capital (Note16) 股本 (附註16) RMB' 000 人民幣千元 | Reserves (Note17) 儲備 (附註17) RMB' 000 人民幣千元 | Total equity 權益總額 RMB' 000 人民幣千元 |
|---|--------------------|-------|--|---|---|
| Balance at 1 January 2016 | 於2016年1月1日 結餘 | | 31 | 141,893 | 141,924 |
| Comprehensive income | 全面收入 | | | | |
| Profit for the year | 年內溢利 | | — | 186,720 | 186,720 |
| Other comprehensive income | 其他全面收入 | | — | (514) | (514) |
| Total comprehensive income | 全面收入總額 | | — | 186,206 | 186,206 |
| Transactions with owners | 與擁有人交易 | | | | |
| Issuance of new ordinary shares | 發行新普通股 | 16(f) | 17 | 759,284 | 759,301 |
| Capitalisation issue | 資本化發行 | 16(e) | 16 | (16) | — |
| Conversion of redeemable convertible preferred shares | 轉換可贖回可轉換優先股 | 21 | 4 | 221,927 | 221,931 |
| Share issuance costs | 股份發行成本 | 16(f) | — | (39,093) | (39,093) |
| Share-based payment expense | 以股份為基礎的付款開支 | 18 | — | 102 | 102 |
| Shares repurchased | 購回股份 | 17(a) | — | (4,166) | (4,166) |
| Total transactions with owners | 與擁有人交易總額 | | 37 | 938,038 | 938,075 |
| Balance at 31 December 2016 | 於2016年12月31日 結餘 | | 68 | 1,266,137 | 1,266,205 |
| Balance at 1 January 2015 | 於2015年1月1日 結餘 | | 12 | 45,726 | 45,738 |
| Comprehensive income | 全面收入 | | | | |
| Profit for the year | 年內溢利 | | — | 124,547 | 124,547 |
| Other comprehensive income | 其他全面收入 | | — | 514 | 514 |
| Total comprehensive income | 全面收入總額 | | — | 125,061 | 125,061 |
| Transactions with owners | 與擁有人交易 | | | | |
| Shareholders' contributions | 股東出資 | | — | 520 | 520 |
| Issuance of new ordinary shares | 發行新普通股 | | 19 | 17,649 | 17,668 |
| Deemed distribution to shareholders | 視作向股東分派 | | — | (47,063) | (47,063) |
| Total transactions with owners | 與擁有人交易總額 | | 19 | (28,894) | (28,875) |
| Balance at 31 December 2015 | 於2015年12月31日 結餘 | | 31 | 141,893 | 141,924 |

The notes on pages 136 to 224 are an integral part of these financial statements.

第136頁至第224頁的附註為此等財務報表的組成部分。

Consolidated Statement of Cash Flows

綜合現金流量表

| | | Year ended 31 December 截至 12 月 31 日止年度 | | |
|--|-------------------|---|-------------------------------------|-------------------------------------|
| | | Note 附註 | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Cash flows from operating activities | 經營活動所得現金流量 | | | |
| Cash generated from operations | 經營所得現金 | 29(a) | 283,242 | 125,938 |
| Interest received | 已收利息 | | 933 | 57 |
| Income tax paid | 已付所得稅 | | (60,182) | (36,357) |
| Net cash generated from operating activities | 經營活動所得現金淨額 | | 223,993 | 89,638 |
| Cash flows from investing activities | 投資活動所得現金流量 | | | |
| Purchases of land use right | 購買土地使用權 | 6 | (24,911) | — |
| Purchases of property, plant and equipment | 購買物業、廠房及設備 | | (22,649) | (21,998) |
| Purchases of intangible assets | 購買無形資產 | | (2,352) | (859) |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | | 5,534 | 306 |
| Net cash used in investing activities | 投資活動所用現金淨額 | | (44,378) | (22,551) |
| Cash flows from financing activities | 融資活動所得現金流量 | | | |
| (Decrease)/increase in other payables due to related parties | 其他應付關聯方款項 (減少)/增加 | | (141,633) | 319 |
| Proceeds from issuance of ordinary shares, net | 發行普通股所得款項淨額 | 16(f) | 720,208 | 17,680 |
| Proceeds from issuance of convertible and redeemable preferred shares, net | 發行可換股可贖回優先股所得款項淨額 | 21 | — | 186,667 |
| Repurchase of shares | 購回股份 | 17(a) | (4,166) | — |
| Deemed distribution to equity holder | 視作向權益持有人分派 | 17 | — | (47,063) |
| Net cash generated from financing activities | 融資活動所得現金淨額 | | 574,409 | 157,603 |
| Net increase in cash and cash equivalents | 現金及現金等價物增加淨額 | | 754,024 | 224,690 |
| Cash and cash equivalents at beginning of year | 年初現金及現金等價物 | 14 | 235,216 | 9,222 |
| Exchange gain on cash and cash equivalents | 現金及現金等價物匯兌收入 | | 32,759 | 1,304 |
| Cash and cash equivalents at end of year | 年末現金及現金等價物 | 14 | 1,021,999 | 235,216 |

The notes on pages 136 to 224 are an integral part of these financial statements.

第 136 頁至第 224 頁的附註為此等財務報表的組成部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

1. GENERAL INFORMATION

Yihai International Holding Ltd. (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the production and sale of hot pot soup flavoring products, hot pot dipping sauce products and Chinese style compound condiment products in the People’s Republic of China (the “PRC”), collectively referred to as the “Listed Business”.

The Company was incorporated in the Cayman Islands on 18 October 2013 as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

As at 31 December 2016, the ultimate holding company of the Company is ZYSP Yihai Ltd. which is wholly owned by Mr. Zhang Yong and Ms. Shu Ping collectively. Ms. Shu Ping is the wife of Mr. Zhang Yong and they are collectively referred to as the “Ultimate Shareholders”.

Prior to the incorporation of the Company and the completion of the reorganisation (the “Reorganisation”), the Listed Business was principally carried out by Sichuan Haidilao Catering Corporation Ltd. (“Sichuan Haidilao”) and its affiliated companies which are majority owned by the Ultimate Shareholders. In the preparation of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing”), the Reorganisation was completed on 31 December 2015 and pursuant to which the companies engaged in the Listed Business under common control of the Ultimate Shareholders were transferred to the Company. Accordingly, the Reorganisation has been accounted for as a reorganisation of business under common control in a manner similar to merger accounting in 2015.

The Company’s global offering of its shares (“Global Offering”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKSE”) was completed on 13 July 2016.

1. 一般資料

頤海國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)在中華人民共和國(「中國」)主要從事火鍋底料、火鍋蘸料及中式複合調味料的生產及銷售(統稱為「上市業務」)。

本公司於2013年10月18日在開曼群島根據開曼群島1961年第3號法例第22章公司法(經綜合及修訂)註冊成立為獲豁免有限公司。本公司的註冊辦事處地址為Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands。

於2016年12月31日，本公司的最終控股公司為ZYSP Yihai Ltd。ZYSP Yihai Ltd由張勇先生及舒萍女士共同全資擁有。舒萍女士為張勇先生的妻子，彼等合稱為「最終股東」。

於本公司註冊成立及重組(「重組」)完成前，上市業務主要由四川海底撈餐飲股份有限公司(「四川海底撈」)及其聯屬公司(主要由最終股東擁有)開展。為籌備本公司股份於香港聯合交易所有限公司主板上市(「上市」)，本公司於2015年12月31日完成重組，據此，最終股東共同控制下從事上市業務的公司轉讓至本公司。因此，重組已於2015年按與合併會計類似的方式作為共同控制業務重組入賬。

本公司股份在香港聯合交易所有限公司(「香港聯交所」)主板的全球發售(「全球發售」)已於2016年7月13日完成。

1. GENERAL INFORMATION (Cont'd)

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 28 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The principal accounting policies applied in the preparation of these 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 Group has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements has been prepared under the historical cost convention, as modified by the revaluation of the redeemable convertible preferred shares (as defined in Note 2.21 below), which is carried at fair value.

The preparation of financial statements in conformity with IFRS 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 below.

1. 一般資料(續)

除非另有指明，否則本綜合財務報表以人民幣(「人民幣」)呈列。該等財務報表已於2017年3月28日獲董事會批准刊發。

2. 重大會計政策概要及會計估計

編製此等財務報表而採用的主要會計政策載列於下文。除另有註明外，此等政策於所有列報年度內貫徹應用。

2.1 編製基準

本集團的綜合財務報表已按照國際財務報告準則(「國際財務報告準則」)及香港公司條例(第622章)的披露規定編製。綜合財務報表已按歷史成本法編製，並通過重估可贖回可轉換優先股(定義見下文附註2.21)作出修訂以及按公平值列賬。

根據國際財務報告準則編製財務報表須使用若干主要會計估計，亦要求管理層在應用本集團會計政策時作出判斷。綜合財務報表中涉及高度判斷或複雜程度的方面，或假設及估計屬重大的方面披露於下文附註4。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures

- (a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any significant financial impact on the Group's consolidated financial statements.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動

- (a) 本集團採納的新訂及經修訂準則

本集團於2016年1月1日或之後開始的財政年度首次採納下列準則的修訂本：

- 收購共同營運權益的入賬 – 國際財務報告準則第11號的修訂本
- 澄清折舊及攤銷的可接受方法 – 國際會計準則第16號及國際會計準則第38號的修訂本
- 國際財務報告準則2012年至2014年週期的年度改進；及
- 披露動議 – 國際會計準則第1號的修訂本。

採納該等修訂本對本集團的綜合財務報表並無任何嚴重財務影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures (Cont'd)

- (b) New standards and interpretations not yet adopted (Cont'd)

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- (i) IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

2. 重大會計政策概要及會計估計
(續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)

多項新訂準則及準則的修訂本和解釋於2016年1月1日後開始的年度期間生效，而編製該等綜合財務報表時並無應用。該等準則、修訂本及詮釋預期不會對本集團的綜合財務報表造成重大影響，惟下文所載者除外：

- (i) 國際財務報告準則第9號「金融工具」

國際財務報告準則第9號「金融工具」針對金融資產及金融負債的分類、計量及終止確認，並引進對沖會計的新規則及金融資產的新減值模型。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures (Cont'd)

- (b) New standards and interpretations not yet adopted (Cont'd)
- (i) IFRS 9 'Financial Instruments' (Cont'd)

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets as the Group has only loans and receivables type financial assets as at 31 December 2016.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities as at 31 December 2016. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (i) 國際財務報告準則第9號「金融工具」(續)

本集團預期新指引不會對金融資產的分類及計量有重大影響，原因是2016年12月31日本集團僅有貸款及應收款項類金融資產。

由於新規定僅影響指定按公平值計入損益的金融負債的會計處理，而本集團於2016年12月31日並無任何有關負債，故不會對本集團金融負債的會計處理有任何影響。終止確認規則引自國際會計準則第39號「金融工具：確認及計量」，並無任何變動。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

2.1 Basis of preparation *(Cont'd)*

2.1.1 Changes in accounting policy and disclosures *(Cont'd)*

- (b) New standards and interpretations not yet adopted *(Cont'd)*
- (i) IFRS 9 'Financial Instruments' *(Cont'd)*

Under the new hedge accounting rules in IAS 39, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (i) 國際財務報告準則第9號「金融工具」(續)

根據國際會計準則第39號的新對沖會計規則，由於該準則引進更多原則為本的方針，更多套期關係可能符合對沖會計法的條件。

新訂準則亦引進範圍擴大的披露規定及呈列變動。預期該等規定及變動將改變本集團有關金融工具的披露性質及範圍(尤其是採納新訂準則的年度)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures (Cont'd)

- (b) New standards and interpretations not yet adopted (Cont'd)
- (i) IFRS 9 'Financial Instruments' (Cont'd)

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date, and a more detailed assessment of the impact will be performed in the next 12 months.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (i) 國際財務報告準則第9號「金融工具」(續)

國際財務報告準則第9號須在2018年1月1日或之後開始的財政年度應用。根據完整版國際財務報告準則第9號的過渡性條款，僅可就2015年2月1日前開始的年度報告期分階段提早採納。於該日後，新規則須全數採納。本集團不計劃在強制性日期前採納國際財務報告準則第9號，而對影響的詳盡評估將於未來12個月內進行。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures (Cont'd)

- (b) New standards and interpretations not yet adopted (Cont'd)
- (ii) IFRS 15 'Revenue from contracts with customers'

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (ii) 國際財務報告準則第15號「客戶合同收入」

國際會計準則理事會已為確認收入頒佈一項新準則。該準則將取代國際會計準則第18號所涵蓋有關銷售貨品及提供服務所得收入及國際會計準則第11號所涵蓋有關建造合同的規定。新準則的原則乃基於收入於貨品或服務的控制權轉移予客戶時確認。該準則允許採納完整追溯調整法或經修訂追溯調整法。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures (Cont'd)

- (b) New standards and interpretations not yet adopted (Cont'd)
- (ii) IFRS 15 'Revenue from contracts with customers' (Cont'd)

Management is currently assessing the effects of applying the new standard on the Group's financial statements and the following areas, if applicable, may be affected:

- revenue from service - the application of IFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (ii) 國際財務報告準則第15號「客戶合同收入」(續)

管理層目前正評估採納新準則對本集團財務報表的影響，下列方面(如適用)可能會受影響：

- 服務收益 - 採用國際財務報告準則第15號或會導致確認獨立履約責任，這可能會影響收益的確認時間。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Cont'd)*

2.1 Basis of preparation *(Cont'd)*

2.1.1 Changes in accounting policy and disclosures *(Cont'd)*

- (b) New standards and interpretations not yet adopted *(Cont'd)*
- (ii) IFRS 15 'Revenue from contracts with customers' *(Cont'd)*
- accounting for certain costs incurred in fulfilling a contract - certain costs which are currently expensed may need to be recognised as an asset under IFRS 15, and
 - rights of return IFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (ii) 國際財務報告準則第15號「客戶合同收入」(續)
- 履行合約產生的若干成本的會計處理－根據國際財務報告準則第15號，現時支銷的若干成本可能需確認為資產；及
 - 退貨權－國際財務報告準則第15號規定，在資產負債表內獨立呈列從客戶收回貨品的權利及退款責任。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures (Cont'd)

- (b) New standards and interpretations not yet adopted (Cont'd)
- (ii) IFRS 15 'Revenue from contracts with customers' (Cont'd)

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (ii) 國際財務報告準則第15號「客戶合同收入」(續)

現階段，本集團未能估計新規則對本集團財務報表的影響。本集團將在未來十二個月對影響作出更詳細的評估。

國際財務報告準則第15號須在2018年1月1日或之後開始的財政年度採納。目前，本集團不擬在生效日期前採納有關準則。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures (Cont'd)

- (b) New standards and interpretations not yet adopted (Cont'd)
- (iii) IFRS 16 'Leases'

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB 6,026,000 (see Note 30 (b)). The Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (iii) 國際財務報告準則第16號「租賃」

由於經營租賃與融資租賃的劃分已移除，國際財務報告準則第16號將導致絕大部分租賃在資產負債表確認。根據新訂準則，資產(租賃項目的使用權)及支付租金的金融負債會予以確認。唯一例外者為短期及低價值租賃。

對承租人的會計處理不會重大變動。

該準則將主要影響本集團經營租賃的會計處理。於報告日期，本集團的不可撤銷經營租賃承擔為人民幣6,026,000元(見附註30(b))。然而，本集團仍未釐定該等承擔將導致資產及負債就未來付款確認的程度，以及將如何影響本集團的溢利及現金流量分類。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Changes in accounting policy and disclosures (Cont'd)

- (b) New standards and interpretations not yet adopted (Cont'd)
- (iii) IFRS 16 'Leases' (Cont'd)

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2. 重大會計政策概要及會計估計 (續)

2.1 編製基準(續)

2.1.1 會計政策及披露變動(續)

- (b) 尚未採納的新訂準則及詮釋(續)
- (iii) 國際財務報告準則第16號「租賃」(續)

部分承擔或會由短期及低價值租賃所涵蓋，而部分承擔可能涉及不符合國際財務報告準則第16號項下租賃的安排。

新訂準則須在2019年1月1日或之後開始的財政年度採納。目前，本集團預計不會在生效日期前採納該準則。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power 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.

(a) Business combinations under common control

Business combinations under common control refers to combinations where the combining entities are controlled by the same parties before and after the combination and that control is not transitory.

The acquirer measures both the consideration paid and net assets obtained at their carrying amounts. The difference between the carrying amounts of the net assets obtained and the carrying amount of the consideration paid is recorded in reserve. All direct transaction cost attributable to the business combination is recorded in the consolidated statements of comprehensive income in the current period. However, the handling fees, commissions and other expenses incurred for the issuance of equity instruments or bonds for the business combination are recorded in the initial measurement of the equity instruments and bonds respectively.

2. 重大會計政策概要及會計估計 (續)

2.2 附屬公司

2.2.1 合併

附屬公司指本集團擁有控制權的所有實體(包括結構性實體)。當本集團透過參與實體業務而享有或有權取得該實體的可變回報且有能力透過其於該實體的權力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移至本集團之日起合併入賬，並自控制終止之日起取消合併。

(a) 受共同控制的業務合併

參與合併的實體在合併前後均受同一方控制且該控制並非暫時性的，為受共同控制的業務合併。

收購方按賬面值計量已付代價及取得的資產淨值。取得的資產淨值的賬面值與已付代價的賬面值之間的差額計入儲備。業務合併應佔所有直接交易成本計入當期綜合全面收入表。然而，就業務合併發行股本工具或債券產生的手續費、佣金及其他開支分別於初步計量股本工具及債券時入賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.2 Subsidiaries (Cont'd)

2.2.1 Consolidation (Cont'd)

- (b) Business combinations not under common control

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

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

2. 重大會計政策概要及會計估計 (續)

2.2 附屬公司(續)

2.2.1 合併(續)

- (b) 不受共同控制的業務合併

本集團應用收購法將業務合併入賬。收購附屬公司所轉讓代價為所轉讓資產、向被收購方前擁有人所產生負債及本集團所發行股本權益的公平值。所轉讓代價包括或然代價安排產生的任何資產或負債的公平值。在業務合併中所收購的可識別資產、所承擔的負債及或然負債，均按收購日期的公平值初步計量。

本集團按逐項收購基準確認於被收購方的任何非控股權益。於被收購方的非控股權益(屬於現時擁有權權益並賦予其持有人於清盤時，按比例分佔被收購方資產淨值)乃以公平值或現時的擁有權權益應佔被收購方可識別資產淨值中已確認款額的比例計量。除非國際財務報告準則對計量基準另有規定，否則非控制權益的所有其他組成部分按收購日期的公平值計量。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.2 Subsidiaries (Cont'd)

2.2.1 Consolidation (Cont'd)

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2. 重大會計政策概要及會計估計 (續)

2.2 附屬公司(續)

2.2.1 合併(續)

收購相關成本於產生時支銷。

倘業務合併乃分階段實現，收購方於被收購方過往所持股權的收購日期賬面值乃按收購日期公平值重新計量；該重新計量所產生的任何損益於損益內確認。

將由本集團轉讓的任何或然代價按收購日期公平值確認。被視為將成為一項資產或負債的或然代價公平值的其後變動按國際會計準則第39號於損益確認。分類為權益的或然代價不予重新計量，其日後結算於權益入賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.2 Subsidiaries (Cont'd)

2.2.1 Consolidation (Cont'd)

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

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

2. 重大會計政策概要及會計估計 (續)

2.2 附屬公司(續)

2.2.1 合併(續)

所轉讓代價、於被收購方的任何非控股權益金額及於被收購方的任何過往權益於收購日期的公平值高於所收購的可識別資產淨值的公平值時，其差額以商譽列賬。就議價購買而言，如所轉讓代價、已確認非控股權益及過往所持權益的總額低於所收購附屬公司資產淨值的公平值，其差額將直接在綜合全面收入表中確認。

除非交易有證據顯示所轉讓資產出現減值，否則集團內交易、集團公司之間交易的結餘及未實現收入予以對銷。未實現虧損亦予以對銷。已對附屬公司所報告金額作出調整(於必要時)以符合本集團會計政策。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.2 Subsidiaries (Cont'd)

2.2.2 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 receivables.

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.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer, vice presidents and directors of the Company.

2. 重大會計政策概要及會計估計 (續)

2.2 附屬公司(續)

2.2.2 獨立財務報表

於附屬公司的投資按成本扣除減值入賬。成本包括直接應佔投資成本。本公司按已收及應收股息基準將附屬公司的業績入賬。

倘股息超過附屬公司於股息宣派期間的全面收入總額或於獨立財務報表中有關投資的賬面值超過投資對象的淨資產(包括商譽)於綜合財務報表中的賬面值，則於收取該等投資的股息時，須對附屬公司的投資進行減值測試。

2.3 分部報告

經營分部的呈報方式與向主要經營決策者(「主要經營決策者」)作出內部呈報的方式貫徹一致。主要經營決策者負責分配資源及評估經營分部的表現，並已被認定為本公司的最高行政人員、副總裁及董事。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements is presented in Renminbi ("RMB"), which is the Company'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 re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of comprehensive income within 'finance income-net'. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within 'Other incomes and gains-net'.

2. 重大會計政策概要及會計估計 (續)

2.4 外幣換算

(a) 功能及呈報貨幣

計入本集團各實體綜合財務報表的項目均採用該實體經營所在主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表以本公司的功能及呈報貨幣人民幣(「人民幣」)呈列。

(b) 交易及結餘

外幣交易均按交易當日或重新計量項目的估值當日的匯率折算為功能貨幣。結算該等交易以及將以外幣計價的貨幣資產及負債按年終匯率折算產生的匯兌收入及虧損於綜合全面收入表確認，惟作為合資格現金流量對沖及合資格淨投資對沖於其他全面收入內遞延者除外。

與借款以及現金及現金等價物有關的匯兌收入及虧損乃於綜合全面收入表「融資收入淨額」內呈列。所有其他匯兌收入及虧損乃於綜合全面收入表「其他收入及收益淨額」內呈列。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.4 Foreign currency translation (Cont'd)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary 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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) Income and expenses for each consolidated statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income.

2. 重大會計政策概要及會計估計 (續)

2.4 外幣換算(續)

(c) 集團公司

功能貨幣與呈列貨幣不同的所有本集團實體(當中不涉及嚴重通脹經濟體的貨幣)的業績及財務狀況按下列方法換算為呈列貨幣：

- (i) 每份呈報的資產負債表內的資產與負債按該資產負債表日期的收市匯率換算；
- (ii) 各綜合全面收入表的收入及開支按平均匯率換算(除非該平均匯率並非在交易當日的匯率累計影響的合理估計內，在此情況下，收入及開支按交易日期的匯率換算)；及
- (iii) 所有由此產生的換算差額於其他全面收入確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.5 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

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

| | |
|------------------------|------------|
| Buildings | 20 years |
| Machinery | 5-10 years |
| Equipment | 3-5 years |
| Vehicles and furniture | 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other incomes and gains-net' in the consolidated statements of comprehensive income.

2. 重大會計政策概要及會計估計 (續)

2.5 物業、廠房及設備

物業、廠房及設備(在建工程除外)按歷史成本減累計折舊及減值列賬。歷史成本包括收購該等項目直接應佔的開支。

後續成本只有在該項目很可能為本集團帶來與之有關的未來經濟利益，且其成本能可靠計量時，才計入資產的賬面值或確認為一項單獨資產(倘適用)。已更換零件的賬面值已被終止確認。所有其他維修及保養費用在其產生的財政期間內於綜合全面收入表內扣除。

物業、廠房及設備的折舊按以下估計可使用年期以直線法分配其成本至其剩餘價值計算：

| | |
|-------|-------|
| 樓宇 | 20年 |
| 機器 | 5-10年 |
| 設備 | 3-5年 |
| 汽車及傢具 | 5年 |

資產的剩餘價值及可使用年期在各呈報期末進行檢討，及在適當時調整。

若資產的賬面值高於其估計可收回金額，其賬面值即時撇減至可收回金額。

出售收入及虧損按所得款項與賬面值的差額釐定，並在綜合全面收入表內的「其他收入及收益淨額」中確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.6 Land use rights

Land use rights represent upfront prepayments made for the land use rights and are expensed in the consolidated statements of comprehensive income of on a straight-line basis over the periods of the leases or when there is impairment, the impairment is expensed in the consolidated statements of comprehensive income.

2.7 Intangible assets

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

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash 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. 重大會計政策概要及會計估計 (續)

2.6 土地使用權

土地使用權指就土地使用權作出的前期預付款項，並於租約期內以直線法在綜合全面收入表中支銷，或倘出現減值，則減值在綜合全面收入表中支銷。

2.7 無形資產

無形資產主要指電腦軟件。購買的電腦軟件按購買及投入使用特定軟件所產生的成本資本化。該等成本於其估計使用年期5年攤銷。

2.8 非金融資產減值

可使用年期不限定的無形資產或尚未可供使用的無形資產無需攤銷，但每年須就減值進行測試。須予減值或攤銷的資產會於發生事項或情況出現變化而顯示其賬面值未必能夠收回時，評估有否減值。減值虧損按有關資產賬面值超逾其可收回金額的數額確認。可收回金額為資產的公平值減出售成本與使用價值兩者的較高者。就減值評估而言，資產按獨立可識別現金流量的最小單位(現金產生單位)分類。出現減值的非金融資產(商譽除外)於各呈報日期檢討是否可能進行減值撥回。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets into the following categories: loans and receivables, held to maturity investment, at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. As at year end, the Group has only loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included within trade receivables, other receivables and cash and cash equivalents in the balance sheets (Notes 2.14 and 2.15).

2. 重大會計政策概要及會計估計 (續)

2.9 金融資產

2.9.1 分類

本集團將其金融資產分為以下類別：貸款及應收款項、持有至到期的投資、按公平值計入損益持作出售的金融資產。分類取決於金融資產被收購的目的。管理層按初始確認釐定金融資產類別。於年末，本集團僅有貸款及應收款項。

貸款及應收款項為活躍市場並無報價具有固定或可釐定付款額的非衍生金融資產。其計入流動資產，惟屆滿日超過結算日起計12個月者除外，該資產分類為非流動資產。貸款及應收款項計入資產負債表內貿易應收款項、其他應收款項以及現金及現金等價物(附註2.14及2.15)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)**2.9 Financial assets** (Cont'd)*2.9.2 Recognition and measurement*

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

2. 重大會計政策概要及會計估計 (續)**2.9 金融資產**(續)*2.9.2 確認及計量*

常規購入及出售的金融資產於交易日(本集團承諾購入或出售該資產的日期)確認。所有並非按公平值計入損益的金融資產的投資於初始時按公平值加交易成本確認。按公平值計入損益的金融資產，於初始時按公平值確認，而交易成本則在綜合全面收入表中支銷。於從該等投資收取現金流量的權利屆滿或已轉讓而本集團已實質上轉移一切所有權風險及回報時，終止確認有關金融資產。可供出售金融資產及按公平值計入損益的金融資產的其後按公平值列賬。貸款及應收款項以及持有至到期的投資乃使用實際利率法按攤銷成本列賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Impairment of financial assets

Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. 重大會計政策概要及會計估計 (續)

2.10 抵銷金融工具

當有法定可強制執行權力可抵銷已確認金額，並有意圖按其淨額基準結算或同時變現資產及結算負債時，有關金融資產與負債可互相抵銷，並在資產負債表報告其淨額。法定可強制執行權利不得依賴未來事件而定，且在一般業務過程中以及倘本公司或對手方出現違約、無償債能力或破產時，亦必須可強制執行。

2.11 金融資產減值

按攤銷成本列賬的資產

本集團於各報告期末評估是否存在客觀證據顯示金融資產或一組金融資產出現減值。僅倘於首次確認一項資產後發生一宗或多宗事件導致出現減值（「虧損事件」）的客觀證據，而該宗（或該等）虧損事件對金融資產或該組金融資產的估計未來現金流量已構成能可靠估計的影響，則該金融資產或該組金融資產出現減值及產生減值虧損。

減值的證據可能包括以下指標：債務人或一組債務人正處於重大財政困難，違約或拖欠利息或本金付款，彼等將有可能破產或進行其他財務重組，以及當有可觀察數據顯示，估計未來現金流量出現可計量的減少，例如欠款或與違約相關的經濟狀況出現變動。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.11 Impairment of financial assets (Cont'd)

Assets carried at amortised cost (Cont'd)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statements of comprehensive income.

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

2.12 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. All of the Group's hedging instruments are designated as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

2. 重大會計政策概要及會計估計 (續)

2.11 金融資產減值(續)

按攤銷成本列賬的資產(續)

就貸款及應收款項類別而言，虧損金額以資產的賬面值與估計未來現金流量(不包括尚未產生的未來信貸虧損)的現值之間的差額並按金融資產最初的實際利率折讓計量。資產的賬面值被削減，而虧損金額於綜合全面收入表確認。

倘於其後期間減值虧損金額減少，且減少與確認減值後發生的事件(例如債務人信貸評級改善)客觀相關，則撥回過往確認的減值虧損於綜合全面收入表中確認。

2.12 衍生金融工具及對沖活動

衍生工具於訂立衍生工具合約日期按公平值初始確認，並按其後公平值重新計量。確認所得收入及虧損的方法，取決於衍生工具是否界定為對沖工具，如是，則取決於被對沖項目的性質。所有本集團對沖工具旨在對沖與所確認資產或負債或可能性甚高的預測交易(現金流量對沖)有關的特定風險。

本集團在交易開始時以文件記錄對沖工具及被對沖項目的關係，以及進行各項對沖交易的風險管理的目的與策略。本集團亦就對沖交易所用衍生工具(在開始及持續進行對沖時)是否能高度有效地抵銷被對沖項目的現金流量變化進行評估，並作記錄。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.12 Derivative financial instruments and hedging activities (Cont'd)

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 15. Movements on the hedging reserve in shareholder's equity are shown in the consolidated statements of changes in equity. The full fair value of a hedging derivative is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statements of comprehensive income within 'Other incomes and gains-net'.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss (for example, when the forecast purchase that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory.

2. 重大會計政策概要及會計估計 (續)

2.12 衍生金融工具及對沖活動(續)

多項用作對沖的衍生工具的公平值披露於附註15。於股東權益的對沖儲備變動列示於綜合權益變動表。於對沖項目的餘下屆滿期少於12個月時，對沖衍生工具的公平值悉數分類為流動資產或負債。

現金流量對沖

被指定及符合作為現金流量對沖工具的衍生工具，其公平值變化的有效部分於其他全面收入中確認。與無效部分相關的收入及虧損，即時於綜合全面收入表「其他收入及收益淨額」中確認。

於對沖項目對損益造成影響(例如，於被對沖的預測購買發生時)時，於權益累計金額於期內分類為損益。然而，如被對沖的預測交易最終確認為非財務資產(例如存貨)，則過往於權益中遞延的收入及虧損由權益轉撥，並計入資產成本的初始計量中。就存貨而言，遞延款項最終於所售商品的成本中確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.12 Derivative financial instruments and hedging activities (Cont'd)

Cash flow hedge (Cont'd)

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative unrecognised gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statements of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statements of comprehensive income within 'Other incomes and gains-net'.

2.13 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 labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials.

2. 重大會計政策概要及會計估計 (續)

2.12 衍生金融工具及對沖活動(續)

現金流量對沖(續)

如對沖工具屆滿或售出，或如對沖不再符合對沖會計的標準，則當時在權益存在的任何累計未確認收入及虧損仍然保留於權益中，並會在預測的交易最終在綜合全面收入表中確認時確認。如預測的交易預期不會進行，則已在權益呈報的累計收入及虧損會即時轉撥至綜合全面收入表「其他收入及收益淨額」中。

2.13 存貨

存貨按成本與可變現淨值兩者中較低者入賬。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(以一般運作產能為基準)，但不包括借款成本。可變現淨值按日常業務過程中的估計售價減去適用浮動銷售開支計算。存貨成本包括自股權轉撥就購買原材料的合資格現金流量對沖的任何收益／虧損。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.14 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.15 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity.

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

2. 重大會計政策概要及會計估計 (續)

2.14 貿易及其他應收款項

貿易應收款項為在日常業務過程中就銷售的商品或提供的服務而應收客戶的款項。如貿易及其他應收款項預期在一年或以內收回(或倘更長則於業務的正常經營週期內)，其被分類為流動資產，否則呈列為非流動資產。

貿易及其他應收款項於初始時按公平值確認，其後採用實際利率法按攤銷成本減減值撥備計量。

2.15 現金及現金等價物

於綜合現金流量表內，現金及現金等價物包括手頭現金、銀行通知存款及其他初始到期限為三個月或以下的短期高流動性投資。

2.16 股本

普通股分類為權益。

直接歸屬於發行新股份或購股權的新增成本於權益列為所得款項扣減(除稅)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade 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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, 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 balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. 重大會計政策概要及會計估計 (續)

2.17 貿易應付款項

貿易應付款項為於日常業務過程中向供應商購買商品或服務而應支付的債務。倘款項於一年或以內(或倘更長則於業務的正常經營週期內)支付,則貿易應付款項分類為流動負債,否則呈列為非流動負債。

貿易應付款項於初始時按公平值確認,其後採用實際利率法按攤銷成本計量。

2.18 即期及遞延所得稅

期內稅項開支包括即期及遞延稅項。稅項於綜合全面收入表中確認,惟與確認為其他全面收入或直接確認為權益的項目相關的稅項則除外。在此情況下,該稅項亦分別確認為其他全面收入或直接確認為權益。

(a) 即期所得稅

即期所得稅支出根據本公司附屬公司營運及產生應課稅收入所在的國家於資產負債表日期已頒佈或實質已頒佈的稅法計算。管理層就適用稅務法規須作出詮釋的情況定期評估報稅表的狀況,並須在適用情況下根據預期向稅務機關支付的稅款計提撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.18 Current and deferred income tax (Cont'd)

(b) Deferred income tax

Inside basis differences

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

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

2. 重大會計政策概要及會計估計 (續)

2.18 即期及遞延所得稅(續)

(b) 遞延所得稅

內在差異

遞延所得稅採用負債法就資產及負債的稅基與其在綜合財務報表中的賬面值之間的暫時差額確認。然而，倘遞延稅項負債於初步確認商譽時產生，則不予確認；倘自初步確認一項交易（業務合併除外）中的資產或負債而產生的遞延所得稅於交易時對會計或應課稅損益並不構成影響，則該遞延所得稅不會列賬。遞延所得稅乃使用於資產負債表日期已頒佈或實質已頒佈且預期將於相關遞延所得稅資產變現或遞延所得稅負債結算時適用的稅率（及稅法）釐定。

遞延所得稅資產僅於可能獲得未來應課稅溢利抵銷可用的暫時差額的情況下予以確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.18 Current and deferred income tax (Cont'd)

(b) *Deferred income tax*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income 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 future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax 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. 重大會計政策概要及會計估計 (續)

2.18 即期及遞延所得稅(續)

(b) *遞延所得稅*

外在差異

遞延所得稅負債乃按投資於附屬公司所產生的應課稅暫時差額計提撥備，惟由本集團控制暫時差額的撥回時間且暫時差額不會在可預見將來撥回的情況下的遞延所得稅負債則除外。只有當訂立協議賦予本集團控制暫時差額的撥回的能力時才不予確認。

就投資於附屬公司所產生的可扣減暫時差額確認遞延所得稅資產，但僅限於暫時差額可能在將來撥回，並有充足的應課稅溢利抵銷可用的暫時差額。

(c) *抵銷*

當存在合法可強制執行的權利將即期稅項資產與即期稅項負債抵銷，且遞延所得稅資產及負債涉及由同一稅務機關對應課稅主體或不同應課稅主體徵收的所得稅，並有意以淨額結算結餘時，遞延所得稅資產與負債互相抵銷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.19 Employee benefits

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join defined contribution plans, including pension, medical, housing and other welfare benefits, recognised by the PRC government. According to the relevant regulations, the monthly contributions that should be borne by the PRC subsidiaries of the Company are calculated based on percentages of the total salary of employees, subject to a certain ceiling. The assets of these plans are held separately from those of the Group in independent funds managed by the PRC government.

The Group has no further payment obligations once the above contributions have been paid. The Group's contributions to these plans are charged in the consolidated statements of comprehensive income as incurred.

2.20 Share-based compensation

The Group adopted a restricted share unit scheme in 2016 to reward directors and employees. The fair value of the services received in exchange for the grant of the restricted shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the restricted shares granted as at date of grant, including any market performance conditions, excluding the impacts of any service and non-market performance vesting conditions as well as including any non-vesting conditions, when applicable. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of restricted shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of comprehensive income with a corresponding adjustment to equity.

2. 重大會計政策概要及會計估計 (續)

2.19 僱員福利

根據中國的規則及法規，本集團已安排中國僱員參與中國政府組織的界定供款計劃，包括退休、醫療、住房及其他福利。根據有關規例，每月供款應由本公司的中國附屬公司承擔，供款額按僱員總薪金的百分比計算，但設有若干上限。該等計劃的資產與本集團其他資產分開，由中國政府管理的獨立基金持有。

本集團於支付上述供款後不再承擔支付責任。本集團對上述計劃的供款於產生時計入綜合全面收入表。

2.20 以股份為基礎的補償

本集團於2016年採納受限制股份單位計劃，以獎勵董事及僱員。為獲授受限制股份而提供的服務的公平值確認為開支。將予支銷總額乃參考授出日期授出受限制股份的公平值釐定，包括任何市場表現條件，但不包括任何服務及非市場表現歸屬條件的影響以及包括任何非歸屬條件(如適用)。已支銷總額於歸屬期內確認，期內所有特定歸屬條件將獲達成。

於各報告期末，本集團會根據非市場歸屬條件修改其估計預期將予歸屬的受限制股份數目，並於綜合全面收入表內確認修改原來估計數字(如有)的影響，以及對權益作出的相應調整。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.21 Redeemable convertible preferred shares

Redeemable convertible preferred shares entitle the holder to convert into a variable number of equity instruments, or to convert into a fixed number of equity instrument in exchange of variable amount of cash. The Group designates the redeemable convertible preferred shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible preferred shares are initially and subsequently measured at fair value, with changes in fair value recognised in the consolidated statements of comprehensive income in the year in which they arise.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, and represents amounts receivables for goods supplied, stated net of discounts and value added taxes. The Group recognise revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of goods

The Group manufactures and sells a range of hot pot condiment products and Chinese-style compound condiment products to customers including hot pot restaurants and wholesalers. Sales of goods are recognised when a group entity has delivered products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue is adjusted for the value of sales discount and rebates. Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contracts, or the Group has objective evidence that all criteria for acceptance have been satisfied.

2. 重大會計政策概要及會計估計 (續)

2.21 可贖回可轉換優先股

可贖回可轉換優先股的持有人可轉換成數目不一的股權工具，或轉換成固定數目的股權工具以兌換不同數額的現金。本集團將可贖回可轉換優先股按公平值透過損益劃撥至金融負債。全部可贖回可轉換優先股初始及後續乃按公平值計量，其公平值變動於其相應產生年度的綜合全面收入表中確認。

2.22 收入確認

收入按已收或應收代價的公平值計量，即供應貨品在扣除折扣及增值稅後的應收款項。當收入數額能夠可靠計量；當未來經濟利益有可能流入有關實體；及當本集團每項活動均符合具體標準時(如下文所述)，則本集團便會確認收入。

(a) 銷售貨品

本集團製造多種火鍋調味品及中式複合調味品並出售予火鍋店及批發商等客戶。當集團實體交付產品予客戶，及並無不能償付的責任可影響客戶對該等產品的接納時，確認銷售貨品。收入就銷售折扣及回佣的價值進行調整。在產品貨運至特定地點、陳舊過時及虧損風險已轉移予客戶時及客戶按銷售合約規定已接納產品或本集團有客觀憑證顯示接納的所有標準均已達致時方確認交付。

Notes to the Consolidated Financial Statements

綜合財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Cont'd)

2.22 Revenue recognition (Cont'd)

(b) Provision of services

The Group provides consultancy services to other companies and revenue is recognized as other incomes and gains-net in consolidated statement of comprehensive income in the accounting period in which the services are rendered.

2.23 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.24 Dividend income

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

2.25 Lease

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

2. 重大會計政策概要及會計估計 (續)

2.22 收入確認(續)

(b) 提供服務

本集團向其他公司提供諮詢服務，且收入於提供該等服務的會計期間在綜合全面收入表內確認為其他收入及收益淨額。

2.23 利息收入

利息收入乃基於時間比例按實際利率法確認。

2.24 股息收入

股息收入於確立收款權利時確認。

2.25 租賃

凡擁有權的大部分風險及回報仍歸出租人所有的租賃，皆歸類為經營租賃。根據經營租賃支付的款項(扣除出租人給予的任何優惠)，於租期內以直線法在全面收入表中扣除。

3. 財務風險管理

3.1 財務風險因素

本集團的活動面臨各類財務風險：市場風險(包括貨幣風險及價格風險)、信用風險及流動資金風險。本集團的整體風險管理計劃專注於金融市場的不可預測性，力爭盡量降低對本集團財務表現的潛在不利影響。

3. FINANCIAL RISK MANAGEMENT (Cont'd)**3.1 Financial risk factors (Cont'd)***(a) Market risk**(i) Foreign exchange risk*

The Group mainly operates in the PRC with most of the transaction denominated and settled in RMB. However, the Group has certain cash and deposits denominated in HKD and USD, which is exposed to foreign currency translation risk. Details of the Group's cash and cash equivalents are disclosed in Note 14 of this section respectively.

During the year, the Group has not hedged its foreign exchange risk because the exposure is not significant.

If RMB had weakened/strengthened by 5% against USD and HKD respectively with all other variables held constant, the post-tax profit would have been approximately RMB 31,002,000 lower/higher, for the year ended 31 December 2016 (2015: RMB 7,483,000 lower/higher), mainly as a result of net foreign exchange losses/gains on translation of net monetary assets denominated in USD and HKD.

3. 財務風險管理(續)**3.1 財務風險因素(續)***(a) 市場風險**(i) 外匯風險*

本集團主要在中國經營，大部分交易乃以人民幣列值及結算。然而，本集團持有若干以港元及美元列值的現金及存款，面臨外匯匯兌風險。有關本集團現金及現金等價物的詳情乃另於本節附註14中披露。

年內，本集團並無對沖外匯風險，原因是該敞口並不重大。

截至2016年12月31日止年度，倘人民幣兌美元及港元分別貶值／升值5%，而其他所有變量維持不變，除稅後溢利將減少／增加約人民幣31,002,000元(2015：減少／增加人民幣7,483,000元)，主要原因是兌換以美元及港元列值的貨幣資產淨值產生的外匯虧損／收入淨值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Price risk

The Group is exposed to commodity price risk. To manage its price risk arising from future commercial transactions on one of the major raw materials - soybean oil, the Group purchased futures contracts in Dalian Commodity Exchange.

The table below summarises the impact of increases/decreases of the fair value of the unsettled futures contracts on the Group's post-tax profit for the year and on equity, the analysis is based on the assumption that the fair value of the futures contracts had increased/decreased by 10% with all other variables held constant:

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|--------------------------------------|------------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Impact on other comprehensive income | 對其他全面收入的影響 | — | 770 |

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 價格風險

本集團面臨商品價格風險。為管理主要原材料之一大豆油的未來商業交易產生的價格風險，本集團在大連商品交易所購買了期貨合約。

下表概述未結算期貨合約公平值上升／下降對本集團的年內除稅後溢利及股權的影響。該分析乃基於期貨合約公平值上升／下降 10%，而所有其他變量維持不變的假設得出：

3. FINANCIAL RISK MANAGEMENT (Cont'd)**3.1 Financial risk factors (Cont'd)***(b) Credit risk*

The Group is exposed to credit risk in relation to its cash and deposits, trade and other receivables.

The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk arising from cash and deposits, the Group only transacts with state-owned financial institutions and reputable commercial banks which are all high-credit-quality financial institutions in the PRC and Hong Kong. There has been no recent history of default in relation to these financial institutions.

Trade receivables at the end of each reporting period were mainly due from HAI DI LAO HOLDINGS PTE. LTD. and its subsidiaries, Sichuan Haidilao and the distributors in cooperation with the Group. Both HAI DI LAO HOLDINGS PTE. LTD and Sichuan Haidilao are related parties of the Group (Note 31). As at 31 December 2016, the amounts due from HAI DI LAO HOLDINGS PTE.LTD. and its subsidiaries represented 33%, while the amounts due from Sichuan Haidilao represented 47% of total trade receivables of the Group, respectively. The management of the Group believes the credit risk on amounts due from related parties is limited because they continuously monitor the credit quality and financial conditions of the related parties. Ageing analysis of the Group's trade receivables is disclosed in Note 12. The directors of the Company believe that the credit risk inherent in the Group's outstanding trade receivables balances due from the distributors is low.

3. 財務風險管理(續)**3.1 財務風險因素(續)***(b) 信用風險*

本集團面對與現金及存款、貿易及其他應收款項有關的信用風險。

上述各類金融資產的賬面值為本集團所面對與金融資產有關的最大信用風險。為管理由現金及存款所引起的風險，本集團僅與國有金融機構及信譽良好的商業銀行(均為中國及香港的高信用質量金融機構)交易。近期並無與該等金融機構有關的違約記錄。

各報告期末的貿易應收款項主要為應收 HAI DI LAO HOLDINGS PTE. LTD. 及其附屬公司、四川海底撈及與本集團合作的經銷商的款項。HAI DI LAO HOLDINGS PTE. LTD. 及四川海底撈均為本集團的關聯方(附註31)。於2016年12月31日，應收 HAI DI LAO HOLDINGS PTE.LTD. 及其附屬公司的款項及應收四川海底撈的款項分別佔本集團貿易應收款項總額的33%及47%。本集團管理層認為，應收關聯方款項的信用風險有限，因為彼等持續監察關聯方的信用質量及財務狀況。對本集團貿易應收款項的賬齡分析於附註12中披露。本公司董事認為本集團應收第三方經銷商的未收取貿易應收款項結餘固有的信用風險較低。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

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 directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

Cash flow forecasting is performed by the finance department of the Group. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs as well as the liabilities to other parties.

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

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

就其他應收款項而言，管理層根據過往結算記錄及過往經驗對其他應收款項的可收回性定期進行整體及個別評估。本公司董事認為本集團其他應收款項的未結餘額並無重大固有信用風險。

(c) 流動資金風險

本集團致力保持充裕的現金及現金等價物。由於相關業務屬動態性質，本集團的財務部門持有充足的現金及現金等價物從而維持資金方面的靈活性。

現金流量預測乃由本集團財務部作出。本集團財務部監控對本集團流動資金需求的滾動預測以確保持用充足資金滿足營運需求及對其他方的負債。

下表載列本集團的金融負債按照由資產負債表日期至合約到期日的餘下期間分成相關的到期組別進行的分析。表內所披露金額為合約未貼現現金流量。

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

| | | Less than 1 year 少於1年 RMB'000 人民幣千元 | Between 1 and 3 years 1至3年 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|---------------------|---|--|---------------------------------|
| As at 31 December 2016 | 於2016年12月31日 | | | |
| Trade payables | 貿易應付款項 | 71,276 | — | 71,276 |
| Other payables and accruals | 其他應付款項及應計費用 | 37,893 | — | 37,893 |
| Total | 總計 | 109,169 | — | 109,169 |
| As at 31 December 2015 | 於2015年12月31日 | | | |
| Redeemable convertible preferred shares | 可贖回可轉換優先股 | — | 186,667 | 186,667 |
| Trade payables | 貿易應付款項 | 43,324 | — | 43,324 |
| Other payables and accruals | 其他應付款項及應計費用 | 184,995 | — | 184,995 |
| Total | 總計 | 228,319 | 186,667 | 414,986 |

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group monitors capital (including share capital, reserves and preferred shares on an as-if converted basis) by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

3.2 資本風險管理

本集團的資本管理目標為保障本集團的持續運營，以為股東提供回報，及保持最優資本架構以在長期內提升股東價值。

本集團透過定期審閱資本架構監控資本(包括股本、儲備及優先股(按假設可轉換基準計算))。作為審閱的一部分，本公司董事會考慮發行股本相關的資本成本及風險。本集團或會調整向股東支付的股息金額、對股東的回報資本、發行新股或購買本公司股份。本公司董事認為，本集團的資本風險為低。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.3 Fair value estimation

The Group analyses the financial instruments carried at fair value, by valuation method. The different level have been defined as follow:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

As at 31 December 2016, the Group did not hold any financial assets or liabilities that are carried at fair value.

As at 31 December 2015, the Group held redeemable convertible preferred shares. Due to one or more of the significant inputs used in the valuation of the redeemable convertible preferred shares was not based on observable market data, the instrument was included in level 3. The valuation technique used to value the redeemable convertible preferred shares 2015 was discounted cash flow method.

3. 財務風險管理(續)

3.3 公平值估計

本集團根據公平值估值方法對按照公平值計量的金融資產進行了分析。不同級次的定義如下：

- 相同資產或負債在活躍市場的未經調整報價(第一層)。
- 有關資產或負債的可觀察數據而不論是可直接觀察者(即價格)或可間接觀察者(即源自價格，惟第一層次的市場報價除外)(第二層)。
- 並非基於可觀察市場數據(即非可觀察數據)的資產或負債數據(第三層)。

於2016年12月31日，本集團並無持有任何按公平值計量的金融資產或負債。

於2015年12月31日，本集團持有可贖回可轉換優先股。因評估可贖回可轉換優先股所用的一個或多個重大數據並非基於可觀察市場數據得出，工具乃計入第三層。2015年評估可贖回可轉換優先股所用的估值技術為現金流量貼現法。

3. FINANCIAL RISK MANAGEMENT (Cont'd)**3.4 Fair value measurements using significant unobservable inputs (Level 3)**

Redeemable convertible preferred shares

| | | 2016 | 2015 |
|--------------------------------|--------------|------------------|----------|
| | | 2016年 | 2015年 |
| | | RMB' 000 | RMB' 000 |
| | | 人民幣千元 | 人民幣千元 |
| Opening balance at 1 January | 於1月1日的期初結餘 | 186,667 | — |
| Issuance of the Group | 本集團發行 | — | 186,667 |
| Change in fair value | 公平值變動 | 35,264 | — |
| Converted into ordinary shares | 轉換為普通股 | (221,931) | — |
| Closing balance at 31 December | 於12月31日的期末結餘 | — | 186,667 |

Refer to Note 21 for the Group's valuation process in these redeemable convertible preferred shares.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. Management reassesses these estimates at each balance sheet date.

3. 財務風險管理(續)**3.4 使用重大不可觀察輸入項目(第三層)的公平值計量**

可贖回可轉換優先股

| | | 2016 | 2015 |
|--------------------------------|--------------|------------------|----------|
| | | 2016年 | 2015年 |
| | | RMB' 000 | RMB' 000 |
| | | 人民幣千元 | 人民幣千元 |
| Opening balance at 1 January | 於1月1日的期初結餘 | 186,667 | — |
| Issuance of the Group | 本集團發行 | — | 186,667 |
| Change in fair value | 公平值變動 | 35,264 | — |
| Converted into ordinary shares | 轉換為普通股 | (221,931) | — |
| Closing balance at 31 December | 於12月31日的期末結餘 | — | 186,667 |

該等可贖回可轉換優先股的本集團估值流程請參閱附註21。

4. 重大會計估計及判斷

估計及判斷持續予以評估，並且基於過往經驗及其他因素而進行，包括預期在有關情況下相信屬合理的未來事件。本集團對未來作出估計及假設，所產生的會計估計在定義上甚少與相關實際結果相同。極有可能招致對下一財政年度內資產及負債賬面值作出重大調整的估計及假設論述如下。

(a) 存貨的可變現淨值

存貨的可變現淨值按日常業務過程中的估計售價減估計完成成本及銷售開支計算。該等估計乃基於當前市況以及製造及銷售類型性質產品的過往經驗作出。管理層於各資產負債表日期重估該等估計。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

(b) Impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the provision at each balance sheet date. Management reassesses the adequacy of impairment provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be public information or easily accessible public information and market volatility that might bear a significant impact but might not be easily ascertained.

(c) Redeemable convertible preferred shares

Redeemable convertible preferred shares, being designated as financial liabilities at fair value through profit or loss, were measured at fair value at each reporting date. The Group used judgements to select a variety of valuation methods and make assumptions based on market conditions existing at the respective valuation dates. The Group adopted the quoted market price as the valuation method upon the conversion of the redeemable convertible preferred shares into ordinary shares in July 2016, while the Group adopted discounted cash flow method to determine the business value of the Group, followed by option pricing model to determine the fair value of redeemable convertible preferred shares on 31 December 2015.

4. 重大會計估計及判斷(續)

(b) 貿易及其他應收款項減值

本集團管理層負責釐定貿易及其他應收款項減值撥備，乃基於其客戶的信貸記錄及現行市況作出估計。管理層於每個資產負債日期重估撥備。管理層根據過往信貸記錄及先前有關債務人無力償債或其他信貸風險的知識(可能並非公開資料或可輕易取得的公開數據)以及市場波動性(可能具有無法輕易確定的重大影響)，通過定期審查個人賬戶重估減值撥備的充足性。

(c) 可贖回可轉換優先股

可贖回可轉換優先股(即劃撥為按公平值透過損益的金融負債)按各報告日期的公平值計量。本集團採用判斷來甄選多種估值方法及基於各估值日期現行市況作出假設。本集團於2016年7月可贖回可轉換優先股轉換為普通股後採納市場報價作為估值方法，而本集團採納現金流量貼現法釐定本集團的商業價值，其次採用期權定價模型釐定可贖回可轉換優先股於2015年12月31日的公平值。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
(Cont'd)**(d) Income taxes and deferred tax**

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be reflected in the income tax expense and deferred tax provisions in the period in which such determination is made. In addition, the realisation of future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on the income tax expenses.

4. 重大會計估計及判斷(續)**(d) 所得稅及遞延稅項**

於日常業務過程中有若干交易及計算難以明確作出最終的稅務釐定。本集團根據對是否將繳付額外稅項的估計確認負債。倘該等事宜的最終稅務結果與初步記錄的金額有所差異，則有關差異將於作出有關釐定期間內所得稅開支及遞延稅項撥備中反映。此外，未來所得稅資產能否變現視乎本集團於未來年度能否產生足夠應課稅收入，以使用所得稅利益及結轉稅項虧損的能力而定。倘估計的未來盈利能力或所得稅稅率有所偏離，則須對未來所得稅資產及負債價值作出調整，繼而可能對所得稅開支構成重大影響。

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5. REVENUE AND SEGMENT INFORMATION

Management determines the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions. The Group's revenue, expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacture and sales of hot pot soup flavoring products, hot pot dipping sauce products and Chinese-style compound condiment products to external customers, which are considered as one segment. The Group's principal market is the PRC and its sales to overseas customers contributed to less than 10% of the total revenues. Accordingly, no geographical information is presented.

Breakdown of revenue by product category is as follows:

5. 收入及分部資料

管理層基於首席經營決策者審閱的報告(用來作出戰略決策)釐定經營分部。本集團的收入、開支、資產、負債及資本支出主要來源於製造及向外部客戶銷售火鍋底料、火鍋蘸料及中式複合調味料(視作一個分部)。本集團的主要市場在中國，其向海外客戶的銷售額不到總收入的10%。因此，並無呈列地區資料。

按產品系列劃分的收入明細如下：

| | | Year ended 31 December 截至12月31日止年度 | |
|---|-----------|---|---|
| | | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
| Revenue | 收入 | | |
| Hot pot soup flavoring products | 火鍋底料產品 | | |
| – Related parties | – 關聯方 | 583,778 | 446,743 |
| – Third parties | – 第三方 | 288,745 | 251,909 |
| Subtotal | 小計 | 872,523 | 698,652 |
| Hot pot dipping sauce products | 火鍋蘸料產品 | | |
| – Related Parties | – 關聯方 | 104 | 53 |
| – Third Parties | – 第三方 | 73,856 | 41,157 |
| Subtotal | 小計 | 73,960 | 41,210 |
| Chinese style compound condiment products | 中式複合調味品 | | |
| – Related parties | – 關聯方 | 18,194 | 7,511 |
| – Third parties | – 第三方 | 116,351 | 87,720 |
| Subtotal | 小計 | 134,545 | 95,231 |
| Others | 其他 | | |
| – Related parties | – 關聯方 | 3,652 | 10,796 |
| – Third parties | – 第三方 | 3,334 | 1,450 |
| Subtotal | 小計 | 6,986 | 12,246 |
| Total | 總計 | 1,088,014 | 847,339 |

6. LAND USE RIGHTS

6. 土地使用權

| | | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
|--|----------------|------------------------------------|------------------------------------|
| Opening net book amount as at 1 January | 於1月1日的年初賬面淨值 | 7,330 | 9,179 |
| Additions | 添置 | 24,911 | — |
| Disposal from Reorganisation (Note a) | 重組產生的出售(附註a) | — | (1,626) |
| Amortisation charge | 攤銷費用 | (503) | (223) |
| Closing net book amount as at 31 December | 於12月31日的年末賬面淨值 | 31,738 | 7,330 |
| At 31 December | 於12月31日 | | |
| Cost | 成本 | 33,242 | 8,331 |
| Accumulated amortisation | 累計攤銷 | (1,504) | (1,001) |
| Net book amount | 賬面淨值 | 31,738 | 7,330 |

Land use rights represent the net book amount of prepaid operating lease payment. All the land use rights of the Group are located in the PRC and are held on leases from 46-50 years.

土地使用權指預付經營租賃付款的賬面淨值。本集團的全部土地使用權乃位於中國，乃按46至50年的租賃持有。

As at 31 December 2016, the Group was in the process of changing the title of the land use right certificates to Zhengzhou Shuhai Enterprise Co. Ltd. (a subsidiary of the Company) from Sichuan Haidilao.

於2016年12月31日，本集團正在變更四川海底撈的土地使用權證的業權至本公司附屬公司鄭州蜀海實業有限公司。

(a) Upon the completion of the Reorganisation on 31 December 2015 (as mentioned in Note 1), certain land use right, buildings and equipment of Chengdu Branch of Sichuan Haidilao that had been used for the production of the Listed Business were not acquired by the Group. As a result, such land use right, buildings and equipment were considered as deemed disposal arising from the Reorganisation. Effective from 1 January 2016, the Group leases such land use right, buildings and equipment at a rental fee of RMB 3.01 million per year from Sichuan Haidilao for three years.

(a) 於2015年12月31日重組完成(附註1中提述)後，四川海底撈成都分公司的若干土地使用權、曾用於生產上市業務的樓宇及設備並無被本集團收購。因此，該等土地使用權、樓宇及設備被視作重組產生的視作出售。本集團將以每年人民幣3.01百萬元的租金向四川海底撈租賃該等土地使用權、樓宇及設備，自2016年1月1日起生效，為期三年。

Notes to the Consolidated Financial Statements

綜合財務報表附註

7. PROPERTY, PLANT AND EQUIPMENT

7. 物業、廠房及設備

| | | Buildings 樓宇 | Machinery 機器 | Equipment and Other 設備及其他 | Vehicles and furniture 車輛及家具 | Construction in process 在建工程 | Total 總計 |
|--|-----------------------|-------------------|-------------------|---------------------------------|---------------------------------------|------------------------------------|-------------------|
| | | RMB' 000 人民幣千元 | RMB' 000 人民幣千元 | RMB' 000 人民幣千元 | RMB' 000 人民幣千元 | RMB' 000 人民幣千元 | RMB' 000 人民幣千元 |
| As at 1 January 2015 | 於2015年1月1日 | | | | | | |
| Cost | 成本 | 68,159 | 62,135 | 18,453 | 2,166 | — | 150,913 |
| Accumulated depreciation | 累計攤銷 | (9,804) | (12,383) | (4,906) | (357) | — | (27,450) |
| Net book amount | 賬面淨值 | 58,355 | 49,752 | 13,547 | 1,809 | — | 123,463 |
| Year ended 31 December 2015 | 截至2015年12月31日 止年度 | | | | | | |
| Opening net book amount | 年初賬面淨值 | 58,355 | 49,752 | 13,547 | 1,809 | — | 123,463 |
| Additions | 添置 | 5,351 | 21,900 | 7,791 | — | 1,065 | 36,107 |
| Disposals | 出售 | — | — | (308) | — | — | (308) |
| Deemed disposal arising from the Reorganisation (Note 6(a)) | 重組產生的視作 出售(附註6(a)) | (5,941) | (7,042) | (6,555) | — | — | (19,538) |
| Transfers | 轉讓 | 1,065 | — | — | — | (1,065) | — |
| Depreciation charge | 折舊費用 | (5,769) | (7,079) | (5,884) | (501) | — | (19,233) |
| Closing net book amount | 年末賬面淨值 | 53,061 | 57,531 | 8,591 | 1,308 | — | 120,491 |
| As at 31 December 2015 | 於2015年12月31日 | | | | | | |
| Cost | 成本 | 68,634 | 76,993 | 19,381 | 2,166 | — | 167,174 |
| Accumulated depreciation | 累計攤銷 | (15,573) | (19,462) | (10,790) | (858) | — | (46,683) |
| Net book amount | 賬面淨值 | 53,061 | 57,531 | 8,591 | 1,308 | — | 120,491 |
| Year ended 31 December 2016 | 截至2016年12月31日 止年度 | | | | | | |
| Opening net book amount | 年初賬面淨值 | 53,061 | 57,531 | 8,591 | 1,308 | — | 120,491 |
| Additions | 添置 | 2,047 | 9,580 | 2,263 | 127 | 1,772 | 15,789 |
| Disposals | 出售 | — | (5,850) | (215) | (249) | — | (6,314) |
| Depreciation charge | 折舊費用 | (2,877) | (6,978) | (3,575) | (395) | — | (13,825) |
| Closing net book amount | 年末賬面淨值 | 52,231 | 54,283 | 7,064 | 791 | 1,772 | 116,141 |
| As at 31 December 2016 | 於2016年12月31日 | | | | | | |
| Cost | 成本 | 70,681 | 80,723 | 21,429 | 2,044 | 1,772 | 176,649 |
| Accumulated depreciation | 累計折舊 | (18,450) | (26,440) | (14,365) | (1,253) | — | (60,508) |
| Net book amount | 賬面淨值 | 52,231 | 54,283 | 7,064 | 791 | 1,772 | 116,141 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Depreciation expense has been charged to the consolidated statements of comprehensive income as follows:

| | | Year ended 31 截至 12 月 31 日止年度 | |
|------------------------|------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Cost of sales | 銷售成本 | 12,044 | 16,203 |
| Administrative expense | 行政開支 | 223 | 560 |
| Distribution costs | 經銷成本 | 1,558 | 2,470 |
| | | 13,825 | 19,233 |

7. 物業、廠房及設備(續)

折舊開支已於綜合全面收入表中扣除，列示如下：

8. FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per balance sheet

| | | Loans and receivables 貸款及應收款項 RMB' 000 人民幣千元 |
|-----------------------------|---------------------------------|--|
| At 31 December 2015 | | |
| Trade and other receivables | 於 2015 年 12 月 31 日 貿易及其他應收款項 | 67,759 |
| Cash and cash equivalents | 現金及現金等價物 | 235,216 |
| Total | 總計 | 302,975 |
| At 31 December 2016 | | |
| Trade and other receivables | 於 2016 年 12 月 31 日 貿易及其他應收款項 | 72,397 |
| Cash and cash equivalents | 現金及現金等價物 | 1,021,999 |
| Total | 總計 | 1,094,396 |

8. 按類別劃分的金融工具

根據資產負債表的資產

Notes to the Consolidated Financial Statements

綜合財務報表附註

8. FINANCIAL INSTRUMENTS BY CATEGORY (Cont'd)

8. 按類別劃分的金融工具(續)

Liabilities as per balance sheet

根據資產負債表的負債

| | | Liabilities at fair value through the profit or loss 按公平值計入 損益的負債 RMB'000 人民幣千元 | Other financial liabilities at amortised cost 按攤銷成本 列賬的其他 金融負債 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|---------------------|---|---|---------------------------------|
| At 31 December 2015 | 於2015年12月31日 | | | |
| Redeemable convertible preferred shares | 可贖回可轉換優先股 | 186,667 | — | 186,667 |
| Trade and other payables | 貿易及其他應付款項 | — | 228,319 | 228,319 |
| Total | 總計 | 186,667 | 228,319 | 414,986 |
| At 31 December 2016 | 於2016年12月31日 | | | |
| Trade and other payables | 貿易及其他應付款項 | — | 109,169 | 109,169 |
| Total | 總計 | — | 109,169 | 109,169 |

9. SUBSIDIARIES

The following is a list of subsidiaries at 31 December 2016:

| Name of company | Place of incorporation and operation and kind of legal entity 註冊成立及經營地點及法定實體類型 | Principal activities | Particulars of issued share capital and debt securities 已發行股本及債務證券詳情 | Effective interest held 持有的實際權益 |
|----------------------------------|---|-----------------------------------|---|------------------------------------|
| <i>Directly held:</i> 直接持有： | | | | |
| Yihai Ltd. | British Virgin Islands Limited liability company | Investment holding and consulting | US\$ 1 | 100% |
| Yihai Ltd. | 英屬處女群島 有限責任公司 | 投資控股與諮詢 | 1 美元 | 100% |
| <i>Indirectly held:</i> 間接持有： | | | | |
| Yihai (China) Co., Ltd. | Hong Kong Limited liability company | Investment holding and consulting | HK \$ 10,000,000 | 100% |
| 頤海(中國)食品有限公司 | 香港有限責任公司 | 投資控股與諮詢 | 10,000,000 港元 | 100% |
| Yihai (Shanghai) Food Co., Ltd. | The PRC Limited liability company | Sales of hot pot condiment | HK \$ 10,000,000 | 100% |
| 頤海(上海)食品有限公司 | 中國有限責任公司 | 銷售火鍋調料 | 10,000,000 港元 | 100% |

9. 附屬公司

2016年12月31日附屬公司名單如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

9. SUBSIDIARIES (Cont'd)

| Name of company | Place of incorporation and operation and kind of legal entity 註冊成立及經營地點及法定實體類型 | Principal activities 主要活動 | Particulars of issued share capital and debt securities 已發行股本及債務證券詳情 | Effective interest held 持有的實際權益 |
|---|---|---|---|------------------------------------|
| Zhengzhou Shuhai Enterprise Co., Ltd. ("Zhengzhou shuhai") 鄭州蜀海實業有限公司 (「鄭州蜀海」) | The PRC Limited liability company 中國有限責任公司 | Manufacture and sales of hot pot condiment 生產及銷售火鍋調料 | RMB 1,000,000 人民幣 1,000,000 元 | 100% |
| Chengdu Yueyihai Co., Ltd. 成都悅頤海商貿有限公司 | The PRC Limited liability company 中國有限責任公司 | Manufacture and sales of hot pot condiment 生產及銷售火鍋調料 | RMB 1,000,000 人民幣 1,000,000 元 | 100% |
| Yihai Beijing Trading Co., Ltd. 頤海(北京)商貿有限公司 | The PRC Limited liability company 中國有限責任公司 | Sales of hot pot condiment 銷售火鍋調料 | RMB 1,000,000 人民幣 1,000,000 元 | 100% |
| Yihai (Bazhou) Food Co., Ltd. 頤海(霸州)食品有限公司 | The PRC Limited liability company 中國有限責任公司 | Yet to commence operation 不營運 | RMB 10,000,000 人民幣 10,000,000 元 | 100% |

9. 附屬公司(續)

Notes to the Consolidated Financial Statements

綜合財務報表附註

10. DEFERRED INCOME TAX ASSETS AND LIABILITIES

10. 遞延所得稅資產及負債

| | | As at 31 December 於 12 月 31 日 | |
|---|-------------------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Deferred income tax assets: | 遞延所得稅資產 | | |
| Deferred tax asset to be recovered after more than 12 months | — 12 個月後收回的 遞延所得稅資產 | 1,019 | 1,324 |
| Deferred tax asset to be recovered within 12 months | — 12 個月以內收回的 遞延所得稅資產 | 5,565 | 4,544 |
| Total | 總計 | 6,584 | 5,868 |

The gross movement of the deferred income tax account is as follows:

遞延所得稅賬目的總變動如下：

| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
|--|----------------------|-------------------------------------|-------------------------------------|
| As at 1 January | 於 1 月 1 日 | 5,868 | 5,378 |
| Consolidated statements of comprehensive income credit (Note 26) | 計入綜合全面收入表 (附註 26) | 716 | 490 |
| As at 31 December | 於 12 月 31 日 | 6,584 | 5,868 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

10. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Cont'd)

The movement in deferred income tax assets and liabilities during the year ended 2016, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

| Deferred income tax assets | 遞延所得稅資產 | Sales rebates | Depreciation differences | Unrealised gains and losses | Payroll and welfare payables | Provision of trade and other receivables | Total |
|--|-----------------|---------------|--------------------------|-----------------------------|------------------------------|--|----------|
| | | 銷售返利 | 折舊差額 | 未變現收益及虧損 | 應付薪金及福利 | 貿易及其他應收款項撥備 | |
| | | 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 |
| As at 1 January 2015 | 於2015年1月1日 | 2,283 | 1,324 | — | 1,678 | 93 | 5,378 |
| Credited/(Charged) to the consolidated statements of comprehensive | 於綜合全面收入表計入/(扣除) | 1,583 | — | — | (1,040) | (53) | 490 |
| As at 31 December 2015 | 於2015年12月31日 | 3,866 | 1,324 | — | 638 | 40 | 5,868 |
| Credited/(Charged) to the consolidated statements of comprehensive | 於綜合全面收入表計入/(扣除) | (1,677) | (305) | 2,501 | 169 | 28 | 716 |
| As at 31 December 2016 | 於2016年12月31日 | 2,189 | 1,019 | 2,501 | 807 | 68 | 6,584 |

10. 遞延所得稅資產及負債(續)

在不考慮相同稅務司法權區內可抵銷餘額的情況下，於截至2016年止年度的遞延所得稅資產及負債變動如下：

| Deferred income tax liabilities | 遞延所得稅負債 | Cash flow hedging |
|--------------------------------------|--------------|-------------------|
| | | 現金流對沖 |
| | | RMB' 000 |
| | | 人民幣千元 |
| As at 1 January 2015 | 於2015年1月1日 | — |
| Charged to the comprehensive income | 於全面收入扣除 | (171) |
| As at 31 December 2015 | 於2015年12月31日 | (171) |
| Credited to the comprehensive income | 計入全面收入 | 171 |
| As at 31 December 2016 | 於2016年12月31日 | — |

Notes to the Consolidated Financial Statements

綜合財務報表附註

10. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Cont'd)

Net amount of deferred income tax assets after offsetting:

| | | As at 31 December 於 12 月 31 日 | |
|----------------------------|---------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Deferred income tax assets | 遞延所得稅資產 | 6,584 | 5,697 |

10. 遞延所得稅資產及負債(續)

抵銷後遞延所得稅資產淨額：

| | | As at 31 December 於 12 月 31 日 | |
|----------------------------|---------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Deferred income tax assets | 遞延所得稅資產 | 6,584 | 5,697 |

11. INVENTORIES

| | | As at 31 December 於 12 月 31 日 | |
|-------------------|------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Raw materials | 原材料 | 35,633 | 32,464 |
| Work in progress | 在製品 | 3,247 | 3,621 |
| Finished goods | 製成品 | 91,616 | 66,669 |
| Total inventories | 存貨總額 | 130,496 | 102,754 |

11. 存貨

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB 583,819,000 (2015: RMB 480,098,000), which included inventory write-down of RMB 152,000 (2015: RMB 186,000).

確認為開支並計入「銷售成本」的存貨成本為人民幣583,819,000元(2015年：人民幣480,098,000元)，其包括存貨撇減人民幣152,000元(2015年：人民幣186,000元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

12. TRADE RECEIVABLES

| | | As at 31 December 於 12 月 31 日 | |
|--------------------------------|----------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Third parties | 第三方 | 12,866 | 5,331 |
| Related parties (Notes 31(d)) | 關聯方 (附註 31(d)) | 54,224 | 58,507 |
| Subtotal | 小計 | 67,090 | 63,838 |
| Less: provision for impairment | 減：減值撥備 | (10) | — |
| Trade receivables — net | 貿易應收款項 — 淨額 | 67,080 | 63,838 |

(a) The majority of the Group's third party sales are conducted through receiving advances from customers before delivering the goods to customers, with only few customers are granted with credit periods ranged from 30 to 60 days. The related party customers of the Group are granted with 30 days credit period. Ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates is as follows:

(a) 本集團的第三方銷售大部分以向客戶交付貨物前收取客戶墊款的方式進行，當中僅有少數客戶獲授出介乎 30 至 60 天的信貸期。本集團的關聯方客戶獲授出 30 天的信貸期。根據總貿易應收款項的確認日期於各結算日的賬齡分析如下：

| | | As at 31 December 於 12 月 31 日 | |
|-----------------|----------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Within 3 months | 3 個月內 | 66,878 | 63,838 |
| 3 to 6 months | 3 至 6 個月 | 202 | — |
| Total | 總結 | 67,080 | 63,838 |

The carrying amounts of trade receivables above approximate their fair values.

上述貿易應收款項的賬面值與其公平值相若。

12. TRADE RECEIVABLES (Cont'd)

- (b) As of 31 December 2016, trade receivables of RMB 202,000 (2015: Nil) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

| | | As at 31 December 於 12 月 31 日 | |
|---------------|----------|--|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| 3 to 6 months | 3 至 6 個月 | 202 | — |

Movements in the provision for impairment of trade receivables are as follows:

| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
|--|-------------|--|-------------------------------------|
| As at 1 January | 於 1 月 1 日 | — | 226 |
| Provision for/(Reversal of) impairment | 減值撥備/(撥回) | 10 | (226) |
| As at 31 December | 於 12 月 31 日 | 10 | — |

The creation and release of provision for impaired receivables have been included in 'Administrative expenses' in the consolidated statements of comprehensive income.

12. 貿易應收款項(續)

- (b) 截至 2016 年 12 月 31 日，貿易應收款項人民幣 202,000 元 (2015 年：零) 已逾期但未減值。該等款項與並無重大財務困難的若干獨立客戶有關，及基於過往經驗，逾期金額可收回。該等貿易應收款項的賬齡分析如下：

| | | As at 31 December 於 12 月 31 日 | |
|---------------|----------|--|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| 3 to 6 months | 3 至 6 個月 | 202 | — |

貿易應收款項減值撥備變動如下：

| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
|--|-------------|--|-------------------------------------|
| As at 1 January | 於 1 月 1 日 | — | 226 |
| Provision for/(Reversal of) impairment | 減值撥備/(撥回) | 10 | (226) |
| As at 31 December | 於 12 月 31 日 | 10 | — |

設立及解除已減值應收款項撥備已計入綜合全面收入表的「行政開支」。

Notes to the Consolidated Financial Statements

綜合財務報表附註

13. PREPAYMENTS AND OTHER RECEIVABLES

13. 預付款項及其他應收款項

| | | As at 31 December 於 12 月 31 日 | |
|---|---------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Prepayments | 預付款項 | | |
| Prepayments for purchase of raw materials | 購買原材料的預付款項 | 24,276 | 37,993 |
| Prepayments for property, plant and equipment | 物業、廠房及設備的預付款項 | 8,608 | 1,748 |
| Value added tax recoverable | 可收回增值稅 | 4,150 | 3,072 |
| Prepayments for rental | 租金預付款項 | 2,032 | 2,308 |
| Prepayments for legal and professional fees | 法律及專業費用的預付款項 | 1,933 | 3,273 |
| Prepayments for utilities | 公用設施預付款項 | 160 | 809 |
| Others | 其他 | 348 | 91 |
| Subtotal | 小計 | 41,507 | 49,294 |
| Less: Non-current portion | 減：非流動部分 | (8,608) | (1,748) |
| Current portion | 流動部分 | 32,899 | 47,546 |
| Other receivables | 其他應收款項 | | |
| Deposit for utilities | 公用設施按金 | 3,271 | 590 |
| Advance to employees | 提供予僱員的墊款 | 1,595 | 1,306 |
| Deposit for futures contracts | 期貨合約按金 | — | 924 |
| Related parties (Notes 31(d)) | 關聯方(附註 31(d)) | 390 | 450 |
| Others | 其他 | 323 | 810 |
| Less: provision for impairment (a) | 減：減值撥備(a) | (261) | (159) |
| Subtotal | 小計 | 5,318 | 3,921 |
| Total | 總計 | 38,217 | 51,467 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

13. PREPAYMENTS AND OTHER RECEIVABLES (Cont'd)

(a) Movements in the provision for impairment of other receivables are as follows:

| | | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
|--------------------------|---------|------------------------------------|------------------------------------|
| As at 1 January | 於1月1日 | 159 | 144 |
| Provision for impairment | 減值撥備 | 102 | 15 |
| As at 31 December | 於12月31日 | 261 | 159 |

13. 預付款項及其他應收款項(續)

(a) 其他應收款項減值撥備的變動如下：

14. CASH AND CASH EQUIVALENTS

| | | As at 31 December 於12月31日 | |
|--------------------------|---------|------------------------------------|------------------------------------|
| | | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
| Cash at bank and on hand | 銀行及手頭現金 | 1,021,999 | 235,216 |

14. 現金及現金等價物

| | | As at 31 December 於12月31日 | |
|-------|-----|------------------------------------|------------------------------------|
| | | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
| RMB | 人民幣 | 195,267 | 35,647 |
| US\$ | 美元 | 80,786 | 199,569 |
| HKD | 港元 | 745,946 | — |
| Total | 總計 | 1,021,999 | 235,216 |

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14. CASH AND CASH EQUIVALENTS (Cont'd)

As at 31 December 2016, RMB 1,749,000 (2015: RMB 573,000) are cash and cash equivalents from other financial organisation, such as AliPay.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

15. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments of the Group represent soybean oil futures contracts.

The Group settles its gains or losses on soybean oil position on a daily basis.

The contractual value and change of fair value of unmuture futures contracts as at 31 December 2015 were as follows:

| | | For the year ended 31 December 2015 截至2015年12月31日止年度 | |
|---|----------------------------|---|---|
| | | Contractual value 合約價值 RMB'000 人民幣千元 | Change of fair value 公平值變動 RMB'000 人民幣千元 |
| Soybean oil futures contracts | 豆油期貨合約 | 10,271 | 685 |
| Less: Cash received as settlement | 減：結算時收取的現金 | | (685) |
| Net position of futures contracts as at 31 December 2015 | 於截至2015年12月31日 的期貨合約淨頭寸 | | — |

There is no soybean oil futures contracts for the year ended 31 December 2016.

14. 現金及現金等價物(續)

於2016年12月31日，來自其他財務機構(如支付寶)的現金及現金等價物為人民幣1,749,000(2015年：人民幣573,000元)。

將以人民幣列值的結餘換算為外幣及將該等外幣計值的銀行結餘及現金匯出中國，須遵守中國政府頒佈的有關外匯管制規則及法規。

15. 衍生金融工具

本集團的衍生金融工具指豆油期貨合約。

本集團每日就豆油狀況結算其損益。

期貨合約於2015年12月31日的未平倉合約價值及公平值變動如下：

截至2016年12月31日止年度，並無大豆期貨合約。

16. SHARE CAPITAL

16. 股本

Authorised ordinary shares:

法定普通股

| | | Number of ordinary shares 普通股數目 | Nominal value of ordinary shares 普通股面值 US\$ 美元 |
|--|--------------------------------|--|--|
| Ordinary shares of US\$0.01 each upon incorporation and as at 1 January 2015 | 於註冊成立後以及於2015年1月1日每股0.01美元的普通股 | 200,000 | 2,000 |
| Increase in authorised share capital on 12 March 2015 (a) | 於2015年3月12日增加的法定股本(a) | 214,800 | 2,148 |
| Increase in authorised share capital on 5 October 2015 (a) | 於2015年10月5日增加的法定股本(a) | 585,200 | 5,852 |
| Balance in October 2015 prior to Share Split (b) | 於2015年10月份股份分拆前的結餘(b) | 1,000,000 | 10,000 |
| Share Split on 5 October 2015 (b) | 於2015年10月5日的股份分拆(b) | 1,000,000,000 | 10,000 |
| Ordinary shares of US\$0.00001 each at 31 December 2015 | 於2015年12月31日每股0.00001美元的普通股 | 1,000,000,000 | 10,000 |
| Increase in authorised share capital on 20 June 2016 (c) | 於2016年6月20日法定股本增加(c) | 4,000,000,000 | 40,000 |
| Ordinary shares of US\$0.00001 each at 31 December 2016 | 於2016年12月31日每股0.00001美元的普通股 | 5,000,000,000 | 50,000 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

16. SHARE CAPITAL (Cont'd)

Issued and fully paid ordinary shares:

| | | Number of ordinary shares 普通股數目 | Nominal value of ordinary shares 普通股面值 US\$ 美元 | Equivalent nominal value of ordinary shares 普通股的 等值面值 RMB' 000 人民幣千元 |
|--|----------------------------------|--|--|---|
| At 1 January 2015 | 於 2015 年 1 月 1 日 | 200,000 | 2,000 | 12 |
| Issuance of ordinary shares in March and October 2015 (a) | 於 2015 年 3 月及 10 月 發行普通股 (a) | 288,000 | 2,880 | 19 |
| Balance on 5 October 2015 before the Share Split (b) | 股份拆細前於 2015 年 10 月 5 日的結餘 (b) | 488,000 | 4,880 | 31 |
| Share Split on 5 October 2015 | 2015 年 10 月 5 日 股份拆細 | 488,000,000 | 4,880 | 31 |
| At 31 December 2015 | 於 2015 年 12 月 31 日 | 488,000,000 | 4,880 | 31 |
| At 1 January 2016 | 於 2016 年 1 月 1 日 | 488,000,000 | 4,880 | 31 |
| Conversion of redeemable convertible preferred shares (d) | 轉換可贖回可轉換 優先股 (d) | 54,222,222 | 542 | 4 |
| Capitalisation issue (e) | 資本化發行 (e) | 237,777,778 | 2,378 | 16 |
| Issuance of ordinary shares upon Global Offering (f) | 全球發售後發行普通股 (f) | 260,000,000 | 2,600 | 17 |
| Issuance of ordinary shares upon exercise of over-allotment option (f) | 超額配股權獲行使後發行 普通股 (f) | 6,900,000 | 69 | — |
| At 31 December 2016 | 於 2016 年 12 月 31 日 | 1,046,900,000 | 10,469 | 68 |

16. 股本(續)

已發行及繳足普通股：

16. SHARE CAPITAL (Cont'd)

Issued and fully paid ordinary shares: (Cont'd)

- (a) On 12 March 2015, the authorised capital was increased to US\$ 4,148 divided into 414,800 ordinary shares with a par value of US\$0.01 each. On the same date, 214,800 ordinary shares with par value of US\$ 0.01 each were issued at US\$ 8.86 per share, totaling US\$ 1,903,148 (equivalent to approximately RMB 12,067,000), of which US\$ 2,148 (equivalent to approximately RMB 14,000) were credited to share capital and US\$ 1,901,000 (equivalent to approximately RMB 12,053,000) were credited to share premium.

On 5 October 2015, the authorised capital was increased to US\$ 10,000 divided into 1,000,000 ordinary shares with a par value of US\$ 0.01 each. On the same date, 73,200 ordinary shares with par value of US\$ 0.01 each were issued at US\$ 11.85 per share, totaling US\$ 867,420 (equivalent to approximately RMB 5,601,000), of which US\$ 732 (equivalent to approximately RMB 5,000) were credited to share capital and US\$ 866,688 (equivalent to approximately RMB 5,596,000) were credited to share premium.

- (b) On 5 October 2015, the board of directors of the Company approved a share split of the Company's share capital at a ratio of 1 to 1,000 (the "Share Split"). As a result, the authorised share capital after the Share Split remained at US\$10,000 but was divided into 1,000,000,000 ordinary shares at a par value of US\$0.00001 each and the issued share capital remained at US\$ 4,880, divided into 488,000,000 ordinary shares of US\$ 0.00001 each.
- (c) On 20 June 2016, the authorised share capital of the Company was increased from US\$10,000 to US\$50,000 by the creation of 4,000,000,000 ordinary shares with nominal value of US\$ 0.00001 each.

16. 股本(續)

已發行及繳足普通股(續)

- (a) 於2015年3月12日，法定資本增至4,148美元，分為414,800股每股面值0.01美元的普通股。同日，214,800股每股面值0.01美元的普通股按每股股份8.86美元獲發行，合共1,903,148美元(相等於約人民幣12,067,000元)，當中2,148美元(相等於約人民幣14,000元)計入股本，1,901,000美元(相等於約人民幣12,053,000元)計入股份溢價。

於2015年10月5日，法定資本增至10,000美元，分為1,000,000股每股面值0.01美元的普通股。同日，73,200股每股面值0.01美元的普通股按每股股份11.85美元獲發行，合共867,420美元(相等於約人民幣5,601,000元)，當中732美元(相等於約人民幣5,000元)計入股本，866,688美元(相等於約人民幣5,596,000元)計入股份溢價。

- (b) 於2015年10月5日，本公司董事會批准本公司股本按1比1,000的比例進行股份分拆(「股份分拆」)。因此，股份分拆後的法定股本仍為10,000美元，惟已按每股面值0.00001美元分為1,000,000,000股普通股，而已發行股本為4,880美元，分為488,000,000股每股0.00001美元的普通股。
- (c) 於2016年6月20日，本公司透過增設4,000,000,000股每股面值0.00001美元的普通股，將法定股本由10,000美元增加至50,000美元。

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16. SHARE CAPITAL (Cont'd)

(d) *Conversion of redeemable convertible preferred shares*

Save as disclosed in Note 21, as at 13 July 2016, the redeemable convertible preferred shares have been automatically converted into 54,222,222 ordinary shares (before the capitalisation issue mentioned in note (e) below) upon listing of the Company's shares on the Main Board of HKSE.

(e) *Capitalisation issue*

Pursuant to a written resolution of all shareholders of the Company (the "Shareholders") passed on 20 June 2016, conditional upon the share premium account of the Company being credited as a result of the issuance of new shares pursuant to the Global Offering, the directors of the Company (the "Director") were authorised to capitalise an amount of US\$2,378 towards paying up in full at par of 237,777,778 ordinary shares of US\$0.00001 each for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on the business day before 13 July 2016 in proportion to their then existing shareholding. Accordingly 237,777,778 ordinary shares with par value of US\$0.00001 each were issued and US\$2,378 (equivalent to RMB 15,907) were credited to share capital.

(f) *Issuance of new ordinary shares to public upon Global Offering*

On 13 July 2016, the Company completed its Global Offering by issuing 260,000,000 new ordinary shares with nominal value of US\$0.00001 each at a price of HK\$3.3 per share. Since then, the Company's shares have been listed on the Main Board of HKSE.

16. 股本(續)

(d) *轉換可贖回可轉換優先股*

如附註21所述，於2016年7月13日，於本公司股份在香港聯交所主板上市後，可贖回可轉換優先股已自動轉換為54,222,222股普通股(於下文附註(e)所述資本化發行前)。

(e) *資本化發行*

根據本公司全體股東(「股東」)於2016年6月20日通過的書面決議案，本公司董事(「董事」)獲授權將2,378美元予以資本化，用以按面值全數繳足237,777,778股每股面值0.00001美元的普通股，以向於2016年7月13日營業時間結束時名列本公司股東名冊的人士按彼等當時持股比例配發及發行，惟須待本公司股份溢價賬因根據全球發售而有所進賬後，方可作實。因此，237,777,778股每股面值0.00001美元的普通股已獲發行及2,378美元(相等於人民幣15,907元)已計入股本內。

(f) *全球發售後向公眾人士發行新普通股*

於2016年7月13日，本公司透過按每股3.3港元的價格發行260,000,000股每股面值0.00001美元的新普通股，完成全球發售。本公司股份自此於香港聯交所主板上市。

16. SHARE CAPITAL (Cont'd)

(f) Issuance of new ordinary shares to public upon Global Offering (Cont'd)

On 12 August 2016, the Company issued additional 6,900,000 new ordinary shares with nominal value of US\$0.00001 each at a price of HK\$3.3 per share pursuant to the exercise of the over-allotment option of the Global Offering.

The total gross proceeds from the Global Offering were approximately HK\$880,770,000 (equivalent to approximately RMB759,301,000), of which US\$2,669 (equivalent to approximately RMB17,000) was credited to share capital, HK\$880,749,000 (equivalent to approximately RMB759,284,000) was credited to share premium. The share issuance costs relating to the Global Offering amounted to RMB39,093,000 were recorded in the share premium.

16. 股本(續)

(f) 全球發售後向公眾人士發行新普通股(續)

於2016年8月12日，因全球發售的超額配股權獲行使，本公司按每股3.3港元的價格額外發行6,900,000股每股面值0.00001美元的新普通股。

全球發售所得款項總額約為880,770,000港元(相當於約人民幣759,301,000元)，其中2,669美元(相當於約人民幣17,000元)計入股本，880,749,000港元(相當於約人民幣759,284,000元)計入股份溢價。全球發售有關的股份發行成本人民幣39,093,000元記錄於股份溢價。

Notes to the Consolidated Financial Statements

綜合財務報表附註

17. RESERVES

17. 儲備

| | | Share premium | Treasury shares (note a) | Merger reserve (note b) | Statutory reserve (note c) | Share-based payment reserve (note d) | Hedging reserve (note d) | Retained earnings | Total |
|---|----------------------|---------------|--------------------------|-------------------------|----------------------------|--------------------------------------|--------------------------|-------------------|-----------|
| | | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 | RMB' 000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| As at 1 January 2015 | 於2015年1月1日 | — | — | 44,148 | 1,039 | — | — | 539 | 45,726 |
| Profit for the year | 年內溢利 | — | — | — | — | — | — | 124,547 | 124,547 |
| Cash flow hedging | 現金流對沖 | — | — | — | — | — | 514 | — | 514 |
| Appropriation to statutory reserves | 撥作法定儲備 | — | — | — | 7,804 | — | — | (7,804) | — |
| Issuance of new ordinary shares (Note 16 (a)) | 發行新普通股(附註16(a)) | 17,649 | — | — | — | — | — | — | 17,649 |
| Shareholders' contributions (note e) | 股東出資(附註e) | — | — | 520 | — | — | — | — | 520 |
| Deemed distribution to shareholders (note f) | 視作分派予股東(附註f) | — | — | (45,113) | — | — | — | (1,950) | (47,063) |
| As at 31 December 2015 | 於2015年12月31日 | 17,649 | — | (445) | 8,843 | — | 514 | 115,332 | 141,893 |
| As at 1 January 2016 | 於2016年1月1日 | 17,649 | — | (445) | 8,843 | — | 514 | 115,332 | 141,893 |
| Profit for the year | 年內溢利 | — | — | — | — | — | — | 186,720 | 186,720 |
| Shares repurchased (note a) | 購回股份(附註a) | (4,163) | (3) | — | — | — | — | — | (4,166) |
| Cash flow hedging | 現金流對沖 | — | — | — | — | — | (514) | — | (514) |
| Appropriation to statutory reserves | 撥作法定儲備 | — | — | — | 14,316 | — | — | (14,316) | — |
| Issuance of new ordinary shares (Note 16 (f)) | 發行新普通股(附註16(f)) | 759,284 | — | — | — | — | — | — | 759,284 |
| Capitalisation issue (Note 16 (e)) | 資本化發行(附註16(e)) | (16) | — | — | — | — | — | — | (16) |
| Conversion of redeemable convertible preferred shares (Note 16 (d)) | 轉換可贖回可轉換優先股(附註16(d)) | 221,927 | — | — | — | — | — | — | 221,927 |
| Share issuance costs (Note 16 (f)) | 股份發行成本(附註16(f)) | (39,093) | — | — | — | — | — | — | (39,093) |
| Share-based payment expense (Note 18) | 以股份為基礎的付款開支(附註18) | — | — | — | — | 102 | — | — | 102 |
| As at 31 December 2016 | 於2016年12月31日 | 955,588 | (3) | (445) | 23,159 | 102 | — | 287,736 | 1,266,137 |

17. RESERVES (Cont'd)

- (a) During the year ended 31 December 2016, the Company adopted restricted share unit (“RSU”) scheme.

In February 2016, the Company repurchased 53,680,000 ordinary shares from JLJH YIHAI Ltd., one of the shareholders of the Company, at a total consideration of US\$638,108 (equivalent to RMB 4,166,000). These shares have been held by Vistra Fiduciary (HK) Limited (“RSU Trustee”) in trust for the benefit of the participants to the scheme and will be released to participants upon granting and vesting of each RSU. The shares under the RSU Scheme have been changed to 77,220,000 after the capitalisation issue as mentioned in Note 16 (e).

- (b) The merger reserve represented the aggregate difference between the considerations paid and the carrying amounts of the acquired Listed Business pursuant to the completion of the Reorganisation (Note 1).
- (c) The Company’s subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profit for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to equity holders. The percentages to be appropriated to such statutory reserve are determined according to the relevant regulations in the PRC, and further appropriation is optional when the accumulated fund is 50% or more of the registered capital of the subsidiaries.
- (d) The hedging reserve represented the effective portion of the accumulative change in the fair value of hedging instruments, net of tax, pending subsequent recognition in profit or loss.
- (e) Shareholders’ contributions in 2015 represented the additions of land and buildings contributed by Sichuan Haidilao to Zhengzhou Shuhai (a wholly owned subsidiary of the Group). All of these assets contributed by Sichuan Haidilao were related to the operation of the Listed Business during 2015 and prior years.

17. 儲備(續)

- (a) 截至2016年12月31日止年度，本公司採納受限制股份單位(「受限制股份單位」)計劃。

於2016年2月，本公司自本公司一名股東JLJH YIHAI Ltd.購回53,680,000股普通股，總代價為638,108美元(相當於人民幣4,166,000元)。該等股份以信託方式由Vistra Fiduciary (HK) Limited(「受限制股份單位受託人」)就計劃參與者的利益持有，並將於每個受限制股份單位授出及歸屬後發放予參與者。如附註16(e)所述，資本化發行後受限制股份單位計劃下的股份變動為77,220,000股。

- (b) 合併儲備指已付代價與根據重組完成所收購上市業務(附註1)的賬面值之間的總差額。
- (c) 本公司於中國註冊成立的附屬公司須自年內溢利中，經抵銷根據中國會計規例釐定的過往年度結轉累計虧損後以及於向股權持有人分派盈利前，提撥法定儲備。向法定儲備撥款的百分比乃按照中國相關規例釐定，而倘累計資金達附屬公司註冊資本的50%或以上，則可選擇是否作進一步提撥。
- (d) 對沖儲備指對沖工具公平值累計變動的有效部分(扣除稅項，待其後於損益確認)。
- (e) 2015年股東出資指由四川海底撈出資向鄭州蜀海(本集團全資附屬公司)添置土地及樓宇。四川海底撈貢獻的該等資產全部與2015年及過往年度經營上市業務有關。

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17. RESERVES (Cont'd)

- (f) Deemed distribution to shareholders in 2015 mainly represented drawings made by Sichuan Haidilao from the Listed Business; and the consideration of RMB 42.82 million paid by the Group in acquiring certain land and building from Sichuan Haidilao pursuant to the Reorganisation mentioned in Note 1.

18. SHARE-BASED COMPENSATION

Restricted Share Unit Scheme

The Company adopted the RSU Scheme on 24 February 2016 with a duration of 10 years commencing from the adoption date. The objective of the RSU Scheme is to encourage and retain selected participants which include directors, employees, officers, and distributors of the Group, to work with the Group and to provide additional incentive for them to achieve performance goals.

The RSU Trustee holds the Company's shares before they are vested and transferred to selected participants. As the financial and operational policies of the Trust are governed by the Group and Group benefits from the Trust's activities, the Trust is consolidated in the Group's financial statements as a special purpose entity.

Upon vesting of shares by selected participants ("Restricted Shares"), the RSU Trustee will release these shares. Restricted Shares vest gradually after selected participants complete a period of service in the Group of 36 months from the date of grant. The vested shares are transferred to selected participants at US\$ 0.0082 per share.

The maximum number of Restricted Shares shall not exceed 5% of the Company's share capital in issue from time to time. For each selected participant, the maximum number of Restricted Shares granted in aggregate shall not exceed 10,469,000 shares, being 1% of the Company's issued share capital as at the adoption date of 24 February 2016.

17. 儲備(續)

- (f) 2015年視作分派予股東主要指四川海底撈自上市業務作出的提款；及本集團根據附註1所述的重組向四川海底撈收購若干土地及樓宇而支付的代價人民幣42.82百萬元。

18. 以股份為基礎的補償

受限制股份單位計劃

本公司於2016年2月24日採納受限制股份單位計劃，自採納日期起計為期10年。受限制股份單位計劃的目的為鼓勵及留住特定參與者(包括本集團董事、僱員、高級職員及經銷商)於本集團工作，並為彼等提供額外獎勵以實現業績目標。

受限制股份單位受託人於本公司股份歸屬及轉讓予特定參與者前持有該等股份。由於信託的財務及營運政策由本集團規管，且本集團受益於信託活動，信託於本集團財務報表作為特殊目的實體綜合入賬。

特定參與者的股份(「受限制股份」)歸屬後，受限制股份單位受託人將釋出該等股份。受限制股份於特定參與者自授出日期起計在本集團的36個月服務期屆滿後逐步歸屬。已歸屬股份按每股0.0082美元轉讓予特定參與者。

受限制股份的最高數目不得超過本公司不時已發行股份的5%。對於各特定參與者，已授出受限制股份的最高數目合共不得超過10,469,000股，即採納日期2016年2月24日本公司已發行股本的1%。

18. SHARE-BASED COMPENSATION (Cont'd)

Restricted Share Unit Scheme (Cont'd)

As at 28 December 2016, 9,140,000 Restricted Shares were granted to directors (as to 1,510,000 shares), employees (as to 7,340,000 shares) and distributors (as to 290,000 shares).

The fair value of Restricted Shares awarded was based on the market value of the Company's shares at the grant date.

Movements in the number of Restricted Shares granted and related fair value are as follows:

| | | 2016 2016年 | | 2015 2015年 | |
|-------------------|---------|---|---|---|---|
| | | Weighted average fair value (per share) 加權平均 公平值(每股) HK\$ 港元 | Number of Restricted Shares granted 已授出受 限制股份數目 (Thousands) (千股) | Weighted average fair value (per share) 加權平均 公平值(每股) HK\$ 港元 | Number of Restricted Shares granted 已授出受 限制股份數目 (Thousands) (千股) |
| As at 1 January | 於1月1日 | — | — | — | — |
| Granted | 已授出 | 3.18 | 9,140 | — | — |
| Vested | 已歸屬 | — | — | — | — |
| Lapsed | 已失效 | — | — | — | — |
| As at 31 December | 於12月31日 | 3.18 | 9,140 | — | — |

The fair value of Restricted Shares charged to the consolidated income statement was RMB 102,000 during the year ended 31 December 2016 (2015: Nil).

18. 以股份為基礎的補償(續)

受限制股份單位計劃(續)

2016年12月28日，董事(就1,510,000股股份而言)、僱員(就7,340,000股股份而言)及經銷商(就290,000股股份而言)獲授9,140,000股受限制股份。

已授出受限制股份的公平值乃基於本公司股份於授出日期的市價釐定。

已授出受限制股份數目及相關公平值的變動如下：

截至2016年12月31日止年度，扣除自綜合收益表的受限制股份公平值為人民幣102,000元(2015年：零)。

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19. TRADE PAYABLES

Trade payables were mainly arising from the purchase of materials. The credit terms of trade payables granted by the vendors are usually 30 to 90 days. At 31 December 2016, the ageing analysis of the trade payables based on invoice date were as follows:

| | | As at 31 December 於 12 月 31 日 | |
|--------------------|------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Within 3 months | 3 個月內 | 68,155 | 42,937 |
| 3 to 6 months | 3 個月至 6 個月 | 2,576 | 352 |
| 6 months to 1 year | 6 個月至 1 年 | 545 | 35 |
| Total | 總計 | 71,276 | 43,324 |

20. OTHER PAYABLES AND ACCRUALS

19. 貿易應付款項

貿易應付款項主要源自購買原材料。賣方授出的貿易應付款項信貸期通常為 30 至 90 天。於 2016 年 12 月 31 日，基於發票日期的貿易應付款項賬齡分析如下：

| | | As at 31 December 於 12 月 31 日 | |
|--------------------|------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Within 3 months | 3 個月內 | 68,155 | 42,937 |
| 3 to 6 months | 3 個月至 6 個月 | 2,576 | 352 |
| 6 months to 1 year | 6 個月至 1 年 | 545 | 35 |
| Total | 總計 | 71,276 | 43,324 |

20. 其他應付款項及應計費用

| | | As at 31 December 於 12 月 31 日 | |
|---|---------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Wages, salaries and other employee benefits | 工資、薪金及其他僱員福利 | 16,019 | 10,590 |
| Advances from customers | 預收款項 | 9,922 | 6,147 |
| Other tax payables | 其他應付稅項 | 8,933 | 5,773 |
| Sales rebates | 銷售返利 | 8,755 | 15,466 |
| Suppliers' deposits | 供應商按金 | 3,281 | 1,886 |
| Listing related expenses | 上市有關開支 | 2,802 | 5,521 |
| Related parties (Notes 31(d)) | 關聯方(附註 31(d)) | 4,045 | 141,633 |
| Transportation | 運輸 | 2,001 | 7,044 |
| Marketing expenses payables | 應付營銷開支 | — | 1,540 |
| Payables for legal and professional fees | 應付法律及專業費用 | 135 | 601 |
| Others | 其他 | 855 | 714 |
| Total | 總計 | 56,748 | 196,915 |

21. REDEEMABLE CONVERTIBLE PREFERRED SHARES

On 14 December 2015, the Company issued 54,222,222 shares of Series A preferred shares with redemption and conversion features (“RCPS” or “Series A Preferred Shares”) at an issue price of RMB 3.44 per share to two independent third parties, namely Glorious Future Holding Limited and Charlin Holdings Limited (collectively referred to as the “Preferred Shareholders”), for an aggregate consideration of RMB 186,667,000.

Certain key features of the RCPS are as follows:

Liquidation

In a liquidation event, all assets and funds of the Company legally available for distribution to the shareholders shall be distributed as follows:

- (i) Prior to and in preference to any distribution of any of the assets of the Company to the common shareholders, the Preferred Shareholders shall be entitled to receive for each outstanding RCPS held, an amount equal to 100% of the RCPS’ purchase price, plus an annual simple return of 10% accrued thereon, and plus all declared but unpaid dividend (the “Preference Amount”);
- (ii) After the full Preference Amount has been paid, the remaining assets and funds of the Company legally available for distribution to the shareholders (both ordinary shareholders and Preferred Shareholders) shall be distributed ratably among the shareholders (both ordinary shareholders and Preferred Shareholders) in proportion to the number of shares (both ordinary shares and RCPS) held by them (calculated on an as converted to common shares basis).

21. 可贖回可轉換優先股

於2015年12月14日，貴公司按每股股份人民幣3.44元的發行價向兩名獨立第三方（即Glorious Future Holding Limited及Charlin Holding Limited，統稱為「優先股股東」）發行54,222,222股可贖回可換股A系列優先股（「可贖回可轉換優先股」或「A系列優先股」），代價合共為人民幣186,667,000元。

可贖回可轉換優先股的若干主要特徵如下：

清盤

在清盤事件中，貴公司可依法分派予股東的所有資產及資金須按照以下規定進行分派：

- (i) 在向普通股股東分派 貴公司任何資產前，優先股股東有權優先就持有的每股發行在外可贖回可轉換優先股收取相等於全部可贖回可轉換優先股購買價的金額，另加就此應計的10%年度簡單式回報，再加全部已宣派但未支付股息（「優先金額」）；
- (ii) 於支付全部優先金額後，貴公司可依法分派予股東（普通股股東及優先股股東）的餘下資產及資金須根據股東（普通股股東及優先股股東）持有的股份（普通股及可贖回可轉換優先股）數目份額（按轉換為普通股的基準計算）按比例向股東分派。

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21. REDEEMABLE CONVERTIBLE PREFERRED SHARES

(Cont'd)

Conversion

The RCPS may, at the option of the holder, be converted at any time into ordinary shares. The RCPS shall automatically be converted into ordinary shares upon the closing of a qualified IPO (as defined by the Company's memorandum of association).

The initial conversion ratio/price for the RCPS to ordinary shares are 1:1. This 1:1 ratio does not take consideration of the fact that the ordinary shares is at par value of US\$ 0.00001 and issue price of RCPS is at RMB 3.44 per share. The initial conversion ratio/price is subject to adjustments for certain factors, including share split, share division, share combination, share dividend, reorganisation, merger, combination, reclassification, exchange, substitution, recapitalisation or similar events (other than certain excepted issuances, such as new securities issuance under a qualified IPO).

Redemption

Upon the earlier of the occurrence of the following trigger events: (1) the Company fails to complete the qualified IPO by 31 December 2018, (2) the Company's consolidated after-tax net profit, after deducting non-recurring profit and loss (including but not limited to, the issuance of the RCPS and IPO related expenses) for the fiscal year of 2015 equals to or is less than RMB 87.9 million, within ninety (90) days after the Company receive the written request from the majority of the holders of the RCPS, the Company shall redeem all of the outstanding RCPS.

The redemption price for each preferred share shall equal to 100% of the Preferred Share purchase price, plus an annual simple return of 10% accrued thereon.

21. 可贖回可轉換優先股(續)

轉換

持有人可選擇隨時將可贖回可轉換優先股轉換為普通股。於合資格首次公開發售(定義見 貴公司組織章程大綱)結束後，可贖回可轉換優先股將自動轉換為普通股。

可贖回可轉換優先股轉換為普通股的初始轉換率/價為1:1。該1:1比率並不計及普通股面值為0.00001美元而可贖回可轉換優先股的發行價為每股人民幣3.44元。初始轉換率/價須就若干因素作出調整，包括股份分拆、股份拆細、股份合併、股份股息、重組、合併、整合、重新分類、交換、更替、資本重組或類似事件(若干除外發行除外，例如根據合資格首次公開發售發行新證券)。

贖回

倘發生以下觸發事件(以最早者為準): (1) 貴公司未能於2018年12月31日前完成合資格首次公開發售，(2) 貴公司於2015財政年度的除稅後綜合淨利潤(經扣除非經常性損益，包括但不限於發行可贖回可轉換優先股及首次公開發售相關開支)等於或少於人民幣87.9百萬元，則於 貴公司收到大部分可贖回可轉換優先股持有人的書面請求後九十(90)天內， 貴公司須贖回全部發行在外的可贖回可轉換優先股。

各優先股的贖回價須等於優先股購買價格的100%，另加就此應計的10%年度簡單式回報。

21. REDEEMABLE CONVERTIBLE PREFERRED SHARES

(Cont'd)

Redemption (Cont'd)

The Group designates the RCPS as financial liabilities at fair value through profit or loss. The entire RCPS are initially and subsequently measured at fair value, with charges in fair value recognised in the consolidated statements of comprehensive income in the year in which they arise.

The initial recognition of proceeds to the RCPS are as follows:

| | | Fair value changes of RCPS 可轉換優先股 的公平值變動 RMB' 000 人民幣千元 |
|--|------------------|---|
| Upon issuance and at 31 December 2015 | 發行後及於2015年12月31日 | 186,667 |
| Fair value loss of RCPS | 可轉換優先股的公平值虧損 | 35,264 |
| Converted into ordinary shares (Note 16) | 可轉換為普通股(附註16) | (221,931) |
| As at 31 December 2016 | 於2016年12月31日 | — |

On 13 July 2016, save as disclosed in Note 16, all RCPS were automatically converted into 78,000,000 ordinary shares (after the capitalisation issue as mentioned in Note 16(e)), the fair value of RCPS was changed to RMB 221,931,000 on 13 July 2016 as determined based on the quoted market price of the ordinary shares on the date of conversion (31 December 2015 – the fair value of the RCPS was RMB 186,667,000 as determined based on the discounted cash flow method) and a fair value loss of RMB 35,264,000 was resulted thereon.

贖回(續)

本集團將可贖回可轉換優先股按公平值透過損益劃撥至金融負債。全部可贖回可轉換優先股初始及後續乃按公平值計量，其公平值變動於其產生年度的綜合全面收入表中確認。

可贖回可轉換優先股所得款項初步確認如下：

如附註16所述，於2016年7月13日，所有可轉換優先股已自動轉換為78,000,000股普通股(於附註16(e)所述的資本化發行後)及可轉換優先股的公平值於2016年7月13日變為人民幣221,931,000元，此乃基於普通股於兌換日期所報的市價釐定(2015年12月31日 – 可轉換優先股的公平值為人民幣186,667,000元，此乃基於貼現現金流量法釐定)，並由此產生公平值虧損人民幣35,264,000元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

22. EXPENSES BY NATURE

Expenses included in cost of sales, distribution expenses and administrative expenses are analysed as follows:

22. 按性質劃分的開支

計入銷售成本、經銷開支及行政開支的開支分析如下：

| | | Year ended 31 December 截至12月31日止年度 | |
|--|------------------------|---------------------------------------|-----------------------------------|
| | | 2016 2016年 RMB'000 人民幣千元 | 2015 2015年 RMB'000 人民幣千元 |
| Raw materials used | 所用原材料 | 608,240 | 501,845 |
| Changes in inventories of finished goods and work in progress | 製成品及在製品存貨變動 | (24,573) | (21,933) |
| Employee benefit expenses (Note 23) | 僱員福利開支(附註23) | 122,303 | 84,869 |
| Advertising and other marketing expenses | 廣告及其他營銷開支 | 33,116 | 31,677 |
| Transportation and related charges | 運輸及相關支出 | 19,499 | 14,628 |
| Depreciation of property, plant and equipment (Note 7) | 物業、廠房及設備折舊(附註7) | 13,825 | 19,233 |
| Non-income taxes and surcharges | 非所得稅稅項及附加費 | 12,295 | 7,268 |
| Listing related expenses | 上市相關開支 | 10,345 | 7,908 |
| Rental expenses | 租金開支 | 10,753 | 5,478 |
| Utilities | 水、電及燃氣費用 | 9,854 | 9,248 |
| Warehouse expenses (Note 31 (b)) | 倉儲費用(附註31(b)) | 7,061 | 3,150 |
| Legal and professional fees | 法律及專業費用 | 5,696 | 3,113 |
| Travel and entertainment expenses | 差旅及招待費 | 5,825 | 3,912 |
| Auditor's remuneration | 核數師薪酬 | | |
| - Reporting accountant's services in relation to listing | — 申報會計師就上市提供的服務 | 1,196 | 1,852 |
| - Audit services | — 核數服務 | 1,950 | 170 |
| - Non-audit services | — 非核數服務 | 330 | — |
| Amortisation of land use rights (Note 6) | 土地使用權攤銷 | 503 | 223 |
| Amortisation of intangible assets | 無形資產攤銷 | 372 | 62 |
| Management service fee | 管理服務費 | — | 2,171 |
| Provision for/(reversal of) impairment of receivables (Note 12 and 13) | 應收款項減值撥備/(撥回)(附註12及13) | 112 | (211) |
| Write-down of inventories (Note 11) | 撇銷存貨(附註11) | 152 | 186 |
| Other expenses | 其他開支 | 13,980 | 10,410 |
| Total | 總計 | 852,834 | 685,259 |

23. EMPLOYEE BENEFIT EXPENSE

| | | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
|-----------------------------|----------|------------------------------------|------------------------------------|
| Wages, salaries and bonuses | 工資、薪金及花紅 | 122,303 | 84,869 |

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 2016 include 2 (2015:2) directors whose emoluments are reflected in the analysis shown in Note 33. The aggregate amounts of emoluments paid and payable to the remaining 3 (2015:3) individuals whose emoluments were the highest in the Group for the years are as follows:

五名最高薪酬人士

本集團截至2016年止年度的五名最高薪酬人士包括2名董事(2015年：2名)，其酬金於附註33所示的分析反映。於有關年度已付及應付本集團餘下3名最高薪酬人士(2015年：3名)的酬金如下：

| | | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
|-----------------------------|----------|------------------------------------|------------------------------------|
| Wages, salaries and bonuses | 工資、薪金及花紅 | 2,098 | 2,177 |

The emoluments fell within the following bands:

酬金介於以下範圍：

| | | Number of individuals 人數 | |
|---------------------------|---------------|-----------------------------|---------------|
| | | 2016 2016年 | 2015 2015年 |
| Emolument bands (in HK\$) | 酬金範圍(港元) | | |
| Nil - HK\$1,000,000 | 零至1,000,000港元 | 3 | 3 |

None of the above employees were paid by the Group as an inducement to join or upon joining the Group or as a compensation for loss of office. No retirement benefits were paid to or receivable by any of the above employees.

本集團並無向上述僱員支付款項，作為彼等加入本集團時或加入本集團後的獎勵或作為離職補償。上述任何僱員概無收取或應收取退休福利。

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24. OTHER INCOMES AND GAINS-NET

| | | Year ended 31 December 截至12月31日止年度 | |
|--|--------------------|---------------------------------------|-----------------------------------|
| | | 2016 2016年 RMB'000 人民幣千元 | 2015 2015年 RMB'000 人民幣千元 |
| Government grant | 政府補助 | 12,523 | 2,864 |
| Consulting service income | 諮詢服務收入 | 7,547 | — |
| Sales of scrap materials | 廢料銷售 | 517 | 594 |
| Losses on disposal of property, plant and equipment | 處置物業、廠房及 設備的虧損 | (780) | (2) |
| Others | 其他 | 1,674 | 23 |
| Total other incomes and gains-net | 其他收入及收入淨額總額 | 21,481 | 3,479 |

24. 其他收入及收入淨額

25. FINANCE INCOME - NET

| | | Year ended 31 December 截至12月31日止年度 | |
|---------------------------|---------------|---------------------------------------|-----------------------------------|
| | | 2016 2016年 RMB'000 人民幣千元 | 2015 2015年 RMB'000 人民幣千元 |
| Interest income | 利息收入 | 933 | 57 |
| Exchange gain | 匯兌收入 | 32,759 | 1,304 |
| Net finance income | 融資收入淨額 | 33,692 | 1,361 |

25. 融資收入淨額

26. INCOME TAX EXPENSE

26. 所得稅開支

| | | Year ended 31 December 截至12月31日止年度 | |
|-------------------------------|--------------|---------------------------------------|-----------------------------------|
| | | 2016 2016年 RMB'000 人民幣千元 | 2015 2015年 RMB'000 人民幣千元 |
| Current income tax | 即期所得稅 | 69,085 | 42,863 |
| Deferred tax credit (Note 10) | 遞延稅項抵免(附註10) | (716) | (490) |
| Income tax expense | 所得稅開支 | 68,369 | 42,373 |

(a) Cayman Islands income tax

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of local income tax.

(a) 開曼群島所得稅

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限責任公司，故獲豁免繳納當地所得稅。

(b) PRC Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the years end 31 December 2016 and 2015, based on the existing legislation, interpretations and practices in respect thereof.

(b) 中國企業所得稅(「企業所得稅」)

本集團已根據現行法例、詮釋及有關慣例於截至2016年及2015年12月31日止年度就估計應課稅溢利按25%的稅率計算其中國業務的所得稅撥備。

(c) PRC withholding tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be 5%.

(c) 中國預扣稅(「預扣稅」)

根據適用的中國稅務法規，於中國成立的公司就2008年1月1日之後賺取的溢利向境外投資者分派股息一般須繳納10%的預扣稅。倘若境外投資者於香港註冊成立，並符合中國與香港訂立的雙邊稅務安排項下的條件及規定，則相關預扣稅稅率將為5%。

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26. INCOME TAX EXPENSE (Cont'd)

(c) PRC withholding tax ("WHT") (Cont'd)

According to a shareholder's resolution of the immediate holding company of the PRC subsidiaries of the Group dated 31 December 2016, the retained earnings of the Group's subsidiaries incorporated in the PRC as at 31 December 2016 will not be distributed in the foreseeable future. As a result, no deferred tax liability was recognised.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|--|----------------------|---|------------------------------------|
| | | 2016 2016 年 RMB'000 人民幣千元 | 2015 2015 年 RMB'000 人民幣千元 |
| Profit before income tax | 除所得稅前溢利 | 255,089 | 166,920 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | 按有關國家適用於溢利的國內稅率計算的稅項 | 66,703 | 41,364 |
| Expenses not deductible for tax purposes | 不可扣稅開支 | 1,666 | 1,009 |
| Taxation charge | 稅項支出 | 68,369 | 42,373 |

26. 所得稅開支(續)

(c) 中國預扣稅(「預扣稅」)(續)

根據本集團中國附屬公司的直接控股公司日期為2016年12月31日的股東決議案，於2016年12月31日本集團於中國註冊成立的附屬公司的保留盈利將不會於可見未來分派。因此，並無確認遞延稅項負債。

對本集團除稅前溢利所徵稅款與按法定稅率產生的理論稅款的差額如下：

27. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for each of the years ended 31 December 2016 are calculated by dividing the profit of the Group attributable to the owners of the Company by the weighted average number of ordinary shares in issue less shares held for RSU Scheme during the year.

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|---|--|---|----------------|
| | | 2016 2016 年 | 2015 2015 年 |
| Profit attributable to owners of the Company (RMB' 000) | 本公司擁有人應佔溢利 (人民幣千元) | 186,720 | 124,547 |
| Weighted average number of ordinary shares in issue less shares held for RSU Scheme (thousands) | 已發行普通股的加權平均數 減去持作受限制股份單位 計劃的股份(千股) | 797,220 | 561,693 |

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for both years has been adjusted for the effect of 237,777,778 ordinary shares to be allotted and issued, credited as fully paid to the then shareholders pursuant to the capitalisation issue immediately completing the Global Offering (Note 16(e)), and as if the aggregate effects of the Share Split had taken place at the beginning of 2015 (Note 16(b)).

27. 每股盈利

(a) 基本

截至 2016 年 12 月 31 日 止 各 個 年 度 的 每 股 基 本 盈 利 按 本 公 司 擁 有 人 應 佔 本 集 團 溢 利 除 以 年 內 已 發 行 普 通 股 的 加 權 平 均 數 減 去 持 作 受 限 制 股 份 單 位 計 劃 的 股 份 計 算 。

計算兩個年度的每股基本盈利所用的普通股加權平均數已就緊接全球發售完成前根據資本化發行向當時股東配發及發行 237,777,778 股入賬列為繳足的普通股的影响作出調整(附註 16(e))，猶如股份分拆的總效應已於 2015 年初發生(附註 16(b))。

Notes to the Consolidated Financial Statements

綜合財務報表附註

27. EARNINGS PER SHARE (Cont'd)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The RCPS and granted of Restricted Shares are the dilutive potential ordinary shares. As disclosed in Note 21, on 13 July 2016, all RCPS were automatically converted into ordinary shares. During the year ended 31 December 2016, the Company's RCPS and granted of Restricted Shares were anti-dilutive and the diluted earnings per share is the same as basic earnings per share.

27. 每股盈利(續)

(b) 攤薄

每股攤薄盈利乃透過假設所有潛在攤薄普通股均已轉換，從而調整已發行普通股加權平均數計算得出。可贖回可轉換優先股及受限制股份單位計劃已授出的受限制股份單位為潛在攤薄普通股。如附註21所披露，於2016年7月13日，所有可贖回可轉換優先股已自動轉換為普通股。截至2016年12月31日止年度，本公司的可贖回可轉換優先股及受限制股份單位計劃所授出的受限制股份單位屬反攤薄，每股攤薄盈利與每股基本盈利相同。

| | | Year ended 31 December 截至12月31日止年度 | |
|--|----------------------------|---------------------------------------|---------------|
| | | 2016 2016年 | 2015 2015年 |
| Earnings | 盈利 | | |
| Profit attributable to owners of the Company (RMB'000) | 本公司擁有人應佔溢利(人民幣千元) | 186,720 | 124,547 |
| Adjustment for fair value loss of RCPS (RMB'000) | 可贖回可轉換優先股公平值虧損的調整 | 35,264 | — |
| Profit used to determine diluted earnings per share (RMB'000) | 用以釐定每股攤薄盈利的溢利(人民幣千元) | 221,984 | 124,547 |
| Weighted average number of ordinary shares in issue for basic earnings per share (thousands) | 用於計算每股基本盈利的已發行普通股加權平均數(千股) | 797,220 | 561,693 |
| Adjustments for: | 就以下各項作出調整： | | |
| – Assumed conversion of RCPS (thousands) | – 假設可贖回可轉換優先股已轉換(千股) | 41,458 | 3,633 |
| – Granted of Restricted Shares (thousands) | – 受限制股份單位計劃已授出的受限制股份單位(千股) | 716 | — |
| Weighted average number of ordinary shares for diluted earnings per share (thousands) | 用於計算每股攤薄盈利的普通股加權平均數(千股) | 839,394 | 565,326 |

28. DIVIDENDS

No dividends were declared by the Company in 2015.

The board of directors of the Company proposed the payment of a final dividend of RMB3.5671 cents per ordinary share out of share premium of the Company, amounting to RMB37,344,000 for the year ended 31 December 2016, and which is to be proposed for approval by the shareholders of the Company at the annual general meeting to be held on 31 May 2017.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash flows used in operations:

28 股息

於2015年，本公司並無宣派股息。

本公司董事會建議以股份溢價賬派付截至2016年12月31日止年度末期股息每股本公司普通股人民幣3.5671分，總額為人民幣37.344百萬元，已提呈將於二零一七年五月三十一日舉行的股東週年大會上供本公司股東批准。

29. 綜合現金流量表附註

(a) 除所得稅前溢利與經營所用現金流量淨額的對賬如下：

| | | Year ended 31 December 截至12月31日止年度 | |
|--|------------------------|---|------------------------------------|
| | | 2016 2016年 RMB' 000 人民幣千元 | 2015 2015年 RMB' 000 人民幣千元 |
| Profit before income tax | 除所得稅前溢利 | 255,089 | 166,920 |
| Adjustments for: | 就以下各項作出調整： | | |
| Fair value change of RCPS (Note 21) | 可贖回可轉換優先股公平值變動(附註21) | 35,264 | — |
| Share-based payment expense (Note 18) | 以股份為基礎的付款開支(附註18) | 102 | — |
| Depreciation of property, plant and equipment (Note 7) | 物業、廠房及設備折舊(附註7) | 13,825 | 19,233 |
| Amortisation of land use rights (Note 6) | 土地使用權攤銷(附註6) | 503 | 223 |
| Amortisation of intangible assets | 無形資產攤銷 | 372 | 62 |
| Losses on disposal of property, plant and equipment (Note 24) | 處置物業、廠房及設備的虧損(附註24) | 780 | 2 |
| Provision for/(Reversal of) impairment of receivables (Note 12 and 13) | 應收款項減值撥備/(撥回)(附註12及13) | 112 | (211) |
| Write-down of inventories (Note 11) | 撇銷存貨(附註11) | 152 | 186 |
| Finance income (Note 25) | 融資收入(附註25) | (33,692) | (1,361) |
| Changes in working capital: | 營運資金變動： | | |
| Inventories | 存貨 | (27,894) | (19,604) |
| Trade and other receivables and prepayments | 貿易及其他應收款項及預付款項 | 9,896 | (75,411) |
| Trade and other payables and accruals | 貿易及其他應付款項及應計費用 | 28,733 | 35,899 |
| Cash generated from operations | 經營所得現金 | 283,242 | 125,938 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont'd)

- (b) Proceeds from disposal of property, plant and equipment comprise:

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|---|----------------------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Net book amount (Note 7) | 賬面淨值(附註 7) | 6,314 | 308 |
| Loss on disposal of property, plant and equipment (Note 24) | 處置物業、廠房及設備的虧損(附註 24) | (780) | (2) |
| Proceeds from disposal of property, plant and equipment | 處置物業、廠房及設備所得款項 | 5,534 | 306 |

30. COMMITMENTS

(a) Capital commitments

The Group did not have any material capital commitments as at 31 December 2016.

(b) Operating lease commitments

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet dates but not recognised as liabilities, are as follows:

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|----------------------|-------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Within 1 year | 一年內 | 3,013 | 3,013 |
| Between 1 to 5 years | 一至五年間 | 3,013 | 6,026 |
| | | 6,026 | 9,039 |

29. 綜合現金流量表附註(續)

- (b) 出售物業、廠房及設備所得款項包括：

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|---|----------------------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Net book amount (Note 7) | 賬面淨值(附註 7) | 6,314 | 308 |
| Loss on disposal of property, plant and equipment (Note 24) | 處置物業、廠房及設備的虧損(附註 24) | (780) | (2) |
| Proceeds from disposal of property, plant and equipment | 處置物業、廠房及設備所得款項 | 5,534 | 306 |

30. 承擔

(a) 資本承擔

本集團於 2016 年 12 月 31 日概無任何重大資本承擔。

(b) 經營租賃承擔

本集團根據不可撤銷經營租賃協議租賃多處辦公室及倉庫。於資產負債表日期已訂約但未被確認為負債的不可撤銷經營租賃下的未來最低租賃應付款項如下：

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|----------------------|-------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Within 1 year | 一年內 | 3,013 | 3,013 |
| Between 1 to 5 years | 一至五年間 | 3,013 | 6,026 |
| | | 6,026 | 9,039 |

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

Name and relationship with related parties:

Names of the related parties

關聯方名稱

Nature of relationship

關係性質

Sichuan Haidilao and its subsidiaries

四川海底撈及其附屬公司

HAI DI LAO HOLDINGS PTE. LTD. and its subsidiaries (“Singapore Haidilao Group”)

HAI DI LAO HOLDINGS PTE. LTD. 及其附屬公司(「新加坡海底撈集團」)

Shuhai (Beijing) Supply Chain Management Co., Ltd. (“Shuhai Supply Chain”)

蜀海(北京)供應鏈管理有限責任公司(「蜀海供應鏈」)

Youdingyou (Beijing) Food Ltd. (“Youdingyou”)

北京優鼎優餐飲管理有限公司(優鼎優)

Sichuan Haidilao Group and Singapore Haidilao Group are collectively referred to as Haidilao Group.

Companies beneficially owned by the Ultimate Shareholders

由最終股東實益擁有的公司

Companies beneficially owned by the Ultimate Shareholders

由最終股東實益擁有的公司

Company beneficially owned by the Ultimate Shareholders

由最終股東實益擁有的公司

Company beneficially owned by the Ultimate Shareholders

由最終股東實益擁有的公司

31. 重大關聯方交易

若一方有能力直接或間接控制另一方，或在作出財務及經營決策時能對另一方行使重大影響力，即被視為關聯方。倘若所涉各方受共同控制，則亦被視為關聯方。本集團的主要管理層人員及彼等的近親亦被視為關聯方。

名稱及與關聯方的關係：

四川海底撈集團及新加坡海底撈集團統稱為海底撈集團。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

The following transactions were carried out in the ordinary course of the Group's business and were determined based on mutually agreed terms for the year ended 31 December 2016.

All transactions with related parties were also continuing connected transactions under agreements signed in 30 March 2016.

(a) Sales of goods

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|---------------------|-------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Haidilao Group | 海底撈集團 | 597,546 | 457,753 |
| Shuhai Supply Chain | 蜀海供應鏈 | 4,654 | 4,538 |
| Youdingyou | 優鼎優 | 3,528 | 2,812 |
| Total | 總計 | 605,728 | 465,103 |

(b) Management service fee, warehouse and rental expenses

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|-------------------------------|--------------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Management service fee | 管理服務費 | | |
| Sichuan Haidilao | 四川海底撈 | — | 2,171 |
| Warehouse expenses | 倉庫開支 | | |
| Sichuan Haidilao | 四川海底撈 | 1,160 | 2,948 |
| Shuhai Supply Chain | 蜀海供應鏈 | 2,308 | — |
| | | 3,468 | 2,948 |
| Rental expense | 租賃開支 | | |
| Sichuan Haidilao | 四川海底撈 | 2,917 | — |

All the Transactions with related parties were conducted in accordance with the terms of contracts entered into between the Group and the related parties.

31. 重大關聯方交易(續)

下列交易乃於本集團一般業務過程中進行，並基於截至2016年12月31日止年度互相協定的條款釐定。

所有與關聯方的交易亦為2016年3月30日簽訂的協議項下的持續關連交易。

(a) 銷售貨品

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|---------------------|-------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Haidilao Group | 海底撈集團 | 597,546 | 457,753 |
| Shuhai Supply Chain | 蜀海供應鏈 | 4,654 | 4,538 |
| Youdingyou | 優鼎優 | 3,528 | 2,812 |
| Total | 總計 | 605,728 | 465,103 |

(b) 管理服務費、倉庫及租賃開支

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|-------------------------------|--------------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Management service fee | 管理服務費 | | |
| Sichuan Haidilao | 四川海底撈 | — | 2,171 |
| Warehouse expenses | 倉庫開支 | | |
| Sichuan Haidilao | 四川海底撈 | 1,160 | 2,948 |
| Shuhai Supply Chain | 蜀海供應鏈 | 2,308 | — |
| | | 3,468 | 2,948 |
| Rental expense | 租賃開支 | | |
| Sichuan Haidilao | 四川海底撈 | 2,917 | — |

與關聯方的全部交易均根據本集團與關聯方所訂立合約的條款進行。

Notes to the Consolidated Financial Statements

綜合財務報表附註

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(c) Key management compensation

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|--|------------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Salaries, allowance and other benefits | 薪金、津貼及其他福利 | 2,917 | 3,423 |

(d) Year-end balances with related parties were as follows:

| | | As at 31 December 於 12 月 31 日 | |
|---------------------------|--------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Assets | | | |
| Trade receivables | | 貿易應收款項 | |
| - Haidilao Group | - 海底撈集團 | 53,638 | 57,566 |
| - Shuhai Supply Chain | - 蜀海供應鏈 | 341 | 506 |
| - Yondingyou | - 優鼎優 | 245 | 435 |
| Subtotal | 小計 | 54,224 | 58,507 |
| Other receivables | | 其他應收款項 | |
| - An officer of the Group | - 本集團的一名高級職員 | 390 | 450 |
| Total | 總計 | 54,614 | 58,957 |

31. 重大關聯方交易(續)

(c) 主要管理層薪酬

| | | Year ended 31 December 截至 12 月 31 日止年度 | |
|--|------------|---|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Salaries, allowance and other benefits | 薪金、津貼及其他福利 | 2,917 | 3,423 |

(d) 與關聯方的年末結餘如下：

| | | As at 31 December 於 12 月 31 日 | |
|---------------------------|--------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Assets | | | |
| Trade receivables | | 貿易應收款項 | |
| - Haidilao Group | - 海底撈集團 | 53,638 | 57,566 |
| - Shuhai Supply Chain | - 蜀海供應鏈 | 341 | 506 |
| - Yondingyou | - 優鼎優 | 245 | 435 |
| Subtotal | 小計 | 54,224 | 58,507 |
| Other receivables | | 其他應收款項 | |
| - An officer of the Group | - 本集團的一名高級職員 | 390 | 450 |
| Total | 總計 | 54,614 | 58,957 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(d) Year-end balances with related parties were as follows:
(Cont'd)

| | | As at 31 December 於 12 月 31 日 | |
|----------------------------|-------------|------------------------------------|------------------------------------|
| | | 2016 2016 年 RMB'000 人民幣千元 | 2015 2015 年 RMB'000 人民幣千元 |
| Liabilities | 負債 | | |
| Other payables and accrual | 其他應付款項及應計費用 | | |
| – Haidilao Group | – 海底撈集團 | 3,977 | 141,633 |
| – Shuhai Supply Chain | – 蜀海供應鏈 | 64 | — |
| – Yondingyou | – 優鼎優 | 4 | — |
| Total | 總計 | 4,045 | 141,633 |

All the balances with related parties are unsecured, bear no interest and short-term in nature.

(e) Free trademark license agreement

On 1 December 2015, the Group entered into two trademark license agreements with Sichuan Haidilao in respect of certain trademarks which had been registered by the name of Sichuan Haidilao in the PRC and certain trademarks which are in the process of registration by Sichuan Haidilao in the PRC (collectively, the “Trademark License Agreements”), pursuant to which Sichuan Haidilao agreed to license such trademarks for the Group to use in connection with the Group’s operations on an exclusive and royalty-free basis for a perpetual term commencing from 1 January 2007 to the extent permissible under the Listing Rules of HKSE, relevant laws and regulations.

31. 重大關聯方交易(續)

(d) 與關聯方的年末結餘如下：
(續)

| | | As at 31 December 於 12 月 31 日 | |
|----------------------------|-------------|------------------------------------|------------------------------------|
| | | 2016 2016 年 RMB'000 人民幣千元 | 2015 2015 年 RMB'000 人民幣千元 |
| Liabilities | 負債 | | |
| Other payables and accrual | 其他應付款項及應計費用 | | |
| – Haidilao Group | – 海底撈集團 | 3,977 | 141,633 |
| – Shuhai Supply Chain | – 蜀海供應鏈 | 64 | — |
| – Yondingyou | – 優鼎優 | 4 | — |
| Total | 總計 | 4,045 | 141,633 |

與關聯方的所有結餘的性質均屬於無抵押、免息及短期。

(e) 免費商標許可協議

於 2015 年 12 月 1 日，本集團與四川海底撈就四川海底撈已在中國以四川海底撈名義註冊的若干商標和正在中國辦理註冊的若干商標訂立兩份商標許可協議(統稱「商標許可協議」)，據此，四川海底撈同意按獨家及免特許權使用費基準許可本集團在香港聯交所上市規則及相關法律法規允許的情況下於其業務營運永久使用該等商標，自 2007 年 1 月 1 日開始。

32. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

32. 本公司資產負債表及儲備變動

Balance sheet of the Company

本公司資產負債表

| | | As at 31 December 於 12 月 31 日 | |
|---|---------------------|-------------------------------------|-------------------------------------|
| | | 2016 2016 年 RMB' 000 人民幣千元 | 2015 2015 年 RMB' 000 人民幣千元 |
| Assets | 資產 | | |
| Non-current assets | 非流動資產 | | |
| Investments in subsidiaries | 於附屬公司的投資 | 1,130,000 | 1,130,000 |
| Current assets | 流動資產 | | |
| Other receivables | 其他應收款項 | 139,508 | 9,104 |
| Cash and cash equivalents | 現金及現金等價物 | 819,096 | 196,647 |
| Total current assets | 流動資產總值 | 958,604 | 205,751 |
| Total assets | 資產總值 | 2,088,604 | 1,335,751 |
| Equity | 權益 | | |
| Equity attributable to equity holders of the Company | 本公司權益持有人應佔權益 | | |
| Share capital | 股本 | 68 | 31 |
| Reserves | 儲備 | 2,087,922 | 1,149,053 |
| Total equity | 權益總額 | 2,087,990 | 1,149,084 |
| Liabilities | 負債 | | |
| Non-current liabilities | 非流動負債 | | |
| Redeemable convertible preferred shares | 可贖回可轉換優先股 | — | 186,667 |
| | | — | 186,667 |
| Current liabilities | 流動負債 | | |
| Other payables | 其他應付款項 | 614 | — |
| Total liabilities | 負債總額 | 614 | 186,667 |
| Total equity and liabilities | 權益及負債總額 | 2,088,604 | 1,335,751 |

The balance sheet of the Company was approved by the Board of Directors on 28 March 2017 and was signed on its behalf

本公司資產負債表已於 2017 年 3 月 28 日獲董事會批准，並已代其簽署。

DANG CHUNXIANG

黨春香
Director
董事

SUN SHENGFENG

孫勝峰
Director
董事

Notes to the Consolidated Financial Statements

綜合財務報表附註

32. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Cont'd)

32. 本公司資產負債表及儲備變動 (續)

Reserve movement of the Company

本公司儲備變動

| | | Share premium | Treasury shares | Share-based payment reserve 以股份為基礎的 付款儲備 | Capital reserve | Retained earnings | Total |
|---|-----------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|------------------------|
| | | 股份溢價 RMB'000 人民幣千元 | 庫存股份 RMB'000 人民幣千元 | 以股份為基礎的 付款儲備 RMB'000 人民幣千元 | 資本儲備 RMB'000 人民幣千元 | 保留盈利 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| As at 1 January 2015 | 於2015年1月1日 | — | — | — | 1,130,000 | (60) | 1,129,940 |
| Profit for the year | 年內溢利 | — | — | — | — | 1,464 | 1,464 |
| Issuance of new ordinary shares | 發行新普通股 | 17,649 | — | — | — | — | 17,649 |
| As at 31 December 2015 | 於2015年12月31日 | 17,649 | — | — | 1,130,000 | 1,404 | 1,149,053 |
| As at 1 January 2016 | 於2016年1月1日 | 17,649 | — | — | 1,130,000 | 1,404 | 1,149,053 |
| Profit for the year | 年內溢利 | — | — | — | — | 831 | 831 |
| Issuance of new ordinary shares (Note 16 (f)) | 發行新普通股(附註16(f)) | 759,284 | — | — | — | — | 759,284 |
| Capitalisation issue (Note 16 (e)) | 資本化發行(附註16(e)) | (16) | — | — | — | — | (16) |
| Share issuance costs | 股份發行成本 | (39,093) | — | — | — | — | (39,093) |
| Conversion of Redeemable convertible preferred shares | 轉換可贖回可轉換優先股 | 221,927 | — | — | — | — | 221,927 |
| Share-based payment expense (Note 18) | 以股份為基礎的付款 開支(附註18) | — | — | 102 | — | — | 102 |
| Shares repurchased (Note 17 (a)) | 購回股份(附註17(a)) | (4,163) | (3) | — | — | — | (4166) |
| As at 31 December 2016 | 於2016年12月31日 | 955,588 | (3) | 102 | 1,130,000 | 2,235 | 2,087,922 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

33. BENEFITS AND INTERESTS OF DIRECTORS (Cont'd)

The emoluments fell within the following bands:

| | | Number of individuals 人數 | |
|---------------------------|-----------------|-----------------------------|---------------|
| | | 2016 2016年 | 2015 2015年 |
| Emolument bands (in HK\$) | 酬金範圍(港元) | | |
| Nil - HK\$1,000,000 | 零至 1,000,000 港元 | 7 | 4 |

- (b) No directors of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office as director.
- (c) No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking.
- (d) No payment was made to directors as compensation for the early termination of the appointment during the year ended 31 December 2016.
- (e) No payment was made to the former employer of directors for making available the services of them as a director of the Company.
- (f) There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2016.
- (g) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2016.

33. 董事利益及權益(續)

酬金介於以下範圍：

| | | Number of individuals 人數 | |
|---------------------------|-----------------|-----------------------------|---------------|
| | | 2016 2016年 | 2015 2015年 |
| Emolument bands (in HK\$) | 酬金範圍(港元) | | |
| Nil - HK\$1,000,000 | 零至 1,000,000 港元 | 7 | 4 |

- (b) 概無本公司任何董事放棄收取酬金，且本集團並無向本公司任何董事支付任何酬金，作為彼等加入本集團時或加入本集團後的獎勵或作為失去董事職位的補償。
- (c) 概無董事就彼等有關本公司或其附屬公司事務管理的其他服務而收取或應收取任何退休福利。
- (d) 截至2016年12月31日止年度，本公司並無就提前終止任期向董事作出任何付款作為補償。
- (e) 本公司並無就董事提供董事服務而向其前任僱員作出任何付款。
- (f) 截至2016年12月31日止年度，概無以董事、有關董事的受控制法人團體及關聯實體為受益人的貸款、準貸款及其他交易。
- (g) 本公司概無參與訂立或於截至2016年12月31日止年度結束時或截至2016年12月31日止年度任何時間內存續、致使董事擁有重大權益(無論是直接或間接)且與貴集團業務有關的任何重大交易、安排及合約。



颐海國際控股有限公司
YIHAI INTERNATIONAL HOLDING LTD.