



# BaWang International (Group) Holding Limited

## 霸王國際(集團)控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)

Stock Code: 01338  
股票代碼: 01338



## Annual Report 2012

### 2012 年年報

\* for identification purposes only  
僅供識別



The core of the corporate brand is **“Chinese herbal medicine”**. The core of the corporate culture is **“culture of Chinese herbal medicine”**.

Since the creation of the Bawang brand, with its inherited Chinese herbal medicine, the Group has been using its unique knowledge and experience to spread the culture of Chinese herbal medicine and strengthen its brand to extend the influence of Chinese national brand.

The Group has been focusing on the research, development, manufacture and sales of high quality natural Chinese herbal products with good value. The Group strives to capture the essence of the Chinese herbal medicine with a 5,000-year history and introduce to consumers a natural and healthy lifestyle. The Group is aiming to promote its national brand to the global market.

**“中草藥”**是企業品牌的核心，**“中草藥文化”**是企業的核心文化。

從創立品牌至今，霸王集團利用自身在中草藥方面得天獨厚的知識和經驗，秉承傳統中醫藥精髓，立志於弘揚中國的傳統中草藥文化，以振興中華民族品牌為己任。

致力於高價值、高品質的天然中草藥個人消費品的研發、生產和銷售，霸王集團讓具有五千年歷史的中藥國粹發揚光大，給消費者帶來全新的、天然的健康生活方式，為民族品牌走向國際市場貢獻自己的力量。



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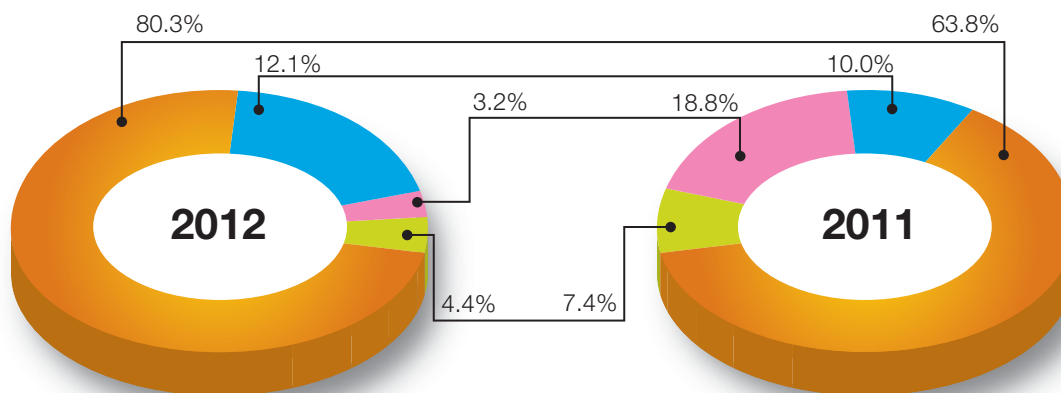


# Financial Highlights

## 財務摘要

		2012 二零一二年 年度 RMB'000 人民幣千元	2011 二零一一年 年度 RMB'000 人民幣千元
Revenue	營業額	555,955	888,909
Cost of Sales	銷售成本	(343,906)	(544,154)
Gross Profit	毛利	212,049	344,755
Selling & distribution costs	銷售及分銷成本	(635,029)	(872,339)
Administrative expenses	行政費用	(88,938)	(102,457)
Loss from operations	營運虧損	(535,549)	(625,287)
Income tax (expense)/credit	所得稅(支出)/抵扣	(82,605)	59,967
Loss attributable to equity shareholders	權益持有人應佔虧損	(617,569)	(558,570)
Loss per share (RMB yuan)	每股基本虧損(人民幣元)	(0.21)	(0.19)
Gross margin	毛利率	38.1%	38.8%
Net loss ratio	淨虧損率	-111.1%	-62.8%

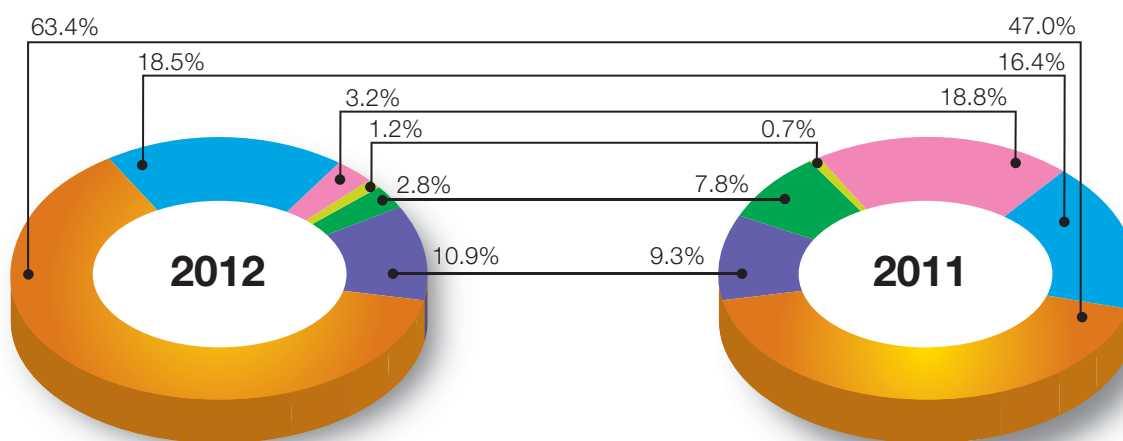
### Revenue by Product Category 收入按產品類別分析



(RMB'000) (人民幣千元)	2H2012 二零一二年 下半年	1H2012 二零一二年 上半年	2H2011 二零一一年 下半年	1H2011 二零一一年 上半年
Shampoo & hair-care products 洗髮護髮產品	225,428	221,238	319,195	248,209
Skincare products 護膚產品	35,400	31,908	47,553	41,507
Herbal tea 涼茶	1,475	16,108	48,947	118,316
Other household and personal care products 其他家用個人護理產品	4,951	19,447	33,371	31,811
Total 合計	267,254	288,701	449,066	439,843

**Financial Highlights**  
**財務摘要**

**Revenue by Brand**  
**收入按品牌分析**



(RMB'000) (人民幣千元)	2H2012 二零一二年 下半年	1H2012 二零一二年 上半年	2H2011 二零一一年 下半年	1H2011 二零一一年 上半年
Bawang 霸王	193,705	159,080	271,239	146,733
Royal Wind 追風	38,946	63,950	60,998	84,770
Herborn 本草堂	31,759	28,935	43,955	38,795
Litao <sup>(1)</sup> 麗濤	(2,413)	17,796	20,329	48,517
Smerry 雪美人	3,782	2,832	3,598	2,712
Bawang Herbal Tea 霸王涼茶	1,475	16,108	48,947	118,316
Total 合計	267,254	288,701	449,066	439,843

Notes:

- The negative turnover in the second half of 2012 represents the value of goods returned to the Group.

附註：

- 二零一二年下半年的收入負數表現為經銷商退貨。

# Corporate Information

## 公司資料

### Directors

#### Executive Directors

CHEN Qiyuan (*Chairman*)  
WAN Yuhua  
SHEN Xiaodi  
WONG Sin Yung

#### Non-executive Director

GUO Jing

#### Independent non-executive Directors

NGAI Wai Fung  
LI Bida  
CHEN Kaizhi

### Audit committee

NGAI Wai Fung *CPA, FCCA, FCIS (Chairman)*  
LI Bida  
CHEN Kaizhi

### Remuneration committee

LI Bida (*Chairman*)  
WAN Yuhua  
CHEN Kaizhi

### Nomination committee

CHEN Qiyuan (*Chairman*)  
LI Bida  
CHEN Kaizhi

### Company Secretary

WONG Sin Yung *CPA*

### 董事

#### 執行董事

陳啟源 (*主席*)  
萬玉華  
沈小笛  
黃善榕

#### 非執行董事

郭晶

#### 獨立非執行董事

魏偉峰  
李必達  
陳開枝

### 審核委員會

魏偉峰 *CPA, FCCA, FCIS (主席)*  
李必達  
陳開枝

### 薪酬委員會

李必達 (*主席*)  
萬玉華  
陳開枝

### 提名委員會

陳啟源 (*主席*)  
李必達  
陳開枝

### 公司秘書

黃善榕 *CPA*

## Corporate Information

### 公司資料

#### Authorized representatives

WAN Yuhua  
WONG Sin Yung *CPA*

#### Registered office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

#### Principal place of business in the PRC

6/F, 181 Tangle Road  
Tangyong Village, Xinshi  
Baiyun District  
Guangzhou  
510410  
PRC

#### Place of business in Hong Kong

Suite B, 16/F  
Ritz Plaza  
122 Austin Road  
Tsimshatsui  
Kowloon  
Hong Kong

#### Cayman Islands principal share registrar and transfer office

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

#### 授權代表

萬玉華  
黃善榕 *CPA*

#### 註冊辦事處

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

#### 中國主要營業地點

中國  
廣州  
白雲區  
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棠樂路181號6樓  
郵編：510410

#### 香港營業地點

香港  
九龍  
尖沙咀  
柯士甸道122號  
麗斯中心  
16樓B室

#### 開曼群島證券過戶登記總處

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Corporate Information

### 公司資料

#### Hong Kong Branch share registrar and transfer office

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

#### 香港證券登記分處

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香港  
灣仔  
皇后大道東183號  
合和中心  
17樓1712–1716室

#### Auditors

KPMG  
Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central  
Hong Kong

#### 核數師

畢馬威會計師事務所  
執業會計師  
香港  
中環  
遮打道10號  
太子大廈8樓

#### Legal advisors on Hong Kong Law

Herbert Smith Freehills  
23rd Floor, Gloucester Tower  
15 Queen's Road Central  
Hong Kong

#### 香港法律顧問

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香港  
皇后大道中15號  
告羅士打大廈23樓

#### Company's website

[www.bawang.com.cn](http://www.bawang.com.cn)

#### 公司網址

[www.bawang.com.cn](http://www.bawang.com.cn)

#### Stock code

01338

#### 股票代號

01338



## Corporate Information

### 公司資料

#### Principal bankers

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

Bank of China Limited  
1073 Jichang Road  
Guangzhou 510180  
PRC

China Merchants Bank Co., Ltd  
China Merchants Bank Tower  
7088 Shennan Boulevard  
Shenzhen 518040  
PRC

#### 主要往來銀行

香港上海滙豐銀行有限公司  
香港  
皇后大道中1號

中國銀行股份有限公司  
中國  
廣州市  
機場路1073號  
郵編：510180

招商銀行股份有限公司  
中國  
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深南大道7088號招商銀行大廈  
郵編：518040

# Chairman's Statement

## 主席報告書



### Dear shareholders of the Company,

On behalf of the board of directors of BaWang International (Group) Holdings Limited (the "Company"), I present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.

The Directors report that the total revenue of the Group for the year ended 31 December 2012 was RMB556.0 million, representing a decrease of 37.5% when compared to 2011. The operating loss of the Group for the year ended 31 December 2012 was RMB535.5 million, representing a decrease of 14.4% when compared to 2011. For the year ended 31 December 2012, the Group has recorded a loss of RMB617.6 million when compared to a loss of RMB558.6 million in 2011. For further details of the operating performance of the Group, please refer to the Financial Review section of this annual report.

### 各位尊敬的本公司之股東：

本人僅代表霸王國際(集團)控股有限公司(「本公司」)之董事會，向全體股東呈報本公司及其附屬公司(統稱「本集團」)截至二零一二年十二月三十一日年度的經審核年度業績。

董事們指出，截至二零一二年十二月三十一日，本集團總收入達人民幣556.0百萬元，較二零一一年度下降了37.5%。截至二零一二年十二月三十一日，本集團經營虧損人民幣535.5百萬元，較二零一一年度下降了14.4%。截至二零一二年十二月三十一日，本集團錄得虧損人民幣617.6百萬元，而二零一一年度錄得虧損人民幣558.6百萬元。本集團經營業績詳情，請參閱本年度報告內財務回顧部份。

## Chairman's Statement 主席報告書

The Directors would like to indicate that we have actually made some improvements in the monthly sales revenue of our core products in the first quarter of 2012 when compared to the corresponding period in 2011. Owing to the overall macroeconomic economy issues, the operating environment became challenging. Additionally, the Group's decision to scale down the operations of Herbal Tea segment resulted in a significant decline in the sales of Bawang Herbal tea products. To cope with the tough operating environments prevailing then, the Directors reviewed the business and operational strategies and identified a series of measures for improving the performance, which include cost controls and expansion of revenue streams. By the end of the year, we could find that the selling and administration expenses further decreased with sales revenue of our core products stabilized.

Looking forward, the strategic directions to sustain and develop our business in the midst of the volatile internal and external operating environments are two folds. In the short run: to regain sales growth and profitability; to continue building up a management team with strong experience in both domestic and global HPC sectors; and to improve investor confidence. In the long run: to build up business model and positioning against both domestic and international competitors; to maintain well-balanced multi-brand and multi-product strategy in HPC sectors; to become a global leader of branded Chinese herbal HPC products operator; and to bring the best return to our investors.

**CHEN Qiyuan**

*Chairman*

Hong Kong, 19 March 2013

董事們需要指出，我們主要產品於二零一二年第一季度的月銷售額較二零一一年同期相比有所增長。但由於整體宏觀經濟問題，經營環境變得頗具有挑戰性。另外，因本集團決定收縮涼茶業務，使得霸王涼茶產品的銷售大幅下滑。為了應付普遍艱難的經營環境，董事們檢討其業務及經營策略並制定了一系列提升業績的措施，包括成本控制及擴大收入來源。到年底為止，我們會發現我們核心產品銷售收入較穩定且銷售及行政費用也進一步下降。

展望未來，在不穩定的內部和外部經營環境中，我們維持和發展業務之戰略方向有以下兩方面。就短期而言，我們需恢復銷售增長和盈利水準；繼續在國內外組建就家庭及個人護理行業擁有豐富經驗的管理團隊；以及提升投資者信心。就長期而言，我們需建立可發展模式迎戰國內外競爭對手；奉行個人護理產品品牌及產品多樣化的均衡策略；成為全球中草藥家庭及個人護理產品領軍企業；以及帶給投資者最好的回報。

**陳啟源**

*主席*

香港，二零一三年三月十九日

# Management Discussion and Analysis

## 管理層討論及分析

### Business Review

During the year under review, the Group took a series of measures and implemented a series of project for maintaining its sustainability and regaining sales growth and profitability of the business.

For the cost control measures, apart from the continuous implementation of the Sales Automation Management System (SAMS) to enhance the operational efficiency and effectiveness, the Group kicked off the “Project Excel (卓越項目)” in July 2012. This project aims at cost reduction whereby the Group has drawn up plans to realign its organizational structure, to optimize the organizational resources through downsizing a substantial number of staff members in sales promotion and logistic support, and to further tighten the budgetary control over the selling and administration expenses. The management reviews and compares the budget with actual operating performance every month, appropriately adjusts the ongoing marketing and promotion strategies where necessary, and reasonably allocates Group’s resources to achieve objectives.



### 業務回顧

於回顧年度內，本集團採取了一系列措施和實施了一系列項目以維持其可持續發展，恢復銷售增長及業務的盈利能力。

對於成本控制措施，除了繼續貫徹銷售自動管理系統(「SAMS」)來增強經營效率及效果，本集團於二零一二年七月開始推行「卓越項目」。這項計劃旨在降低成本，利用擬訂重組集團組織結構，通過縮減促銷及後勤方面的大量員工以優化組織資源，及進一步縮緊銷售及行政費用的預算控制來實現。管理層每月檢討和比較預算與經營情況，必要時適當調整未來推廣及促銷策略，合理配置集團資源，以達成目標。





## Management Discussion and Analysis 管理層討論及分析



To enhance our corporate image and quality of products, our well-designed new Bawang Industrial Complex was inaugurated in August 2012. Following the successful inauguration of the complex, all of our production lines have been upgraded and the quality of our products has been fully enhanced. For the purpose of enhancing the consumers' knowledge about the application and benefits of traditional Chinese medicine, the Group took the opportunity of the inauguration of Bawang Industrial Complex to carry out a Chinese Herbal Cultural Trip for a group of consumers to visit our herbal plantation in Luoding, Guangdong and to see our new industrial complex and new production lines with Mr Han Geng. Through these visits, we hope to show our corporate image and quality of products for consumers and create an image of our industrial complex as "Transparent Factory" so as to enhance our brand image and the consumers' confidence in our products.

為了提升我們的企業形象及產品品質，本集團傾力打造的霸王工業園於二零一二年八月盛大開幕。隨著工業園的成功展開，我們的產品綫得到全面優化，產品品質也得到全面提升。為了增強消費者對傳統中草藥的應用及益處的認知，本集團借著此次工業園開幕典禮的機會還組織了一次中草藥文化之旅的活動，帶領一群消費者參觀了我們位於廣東省羅定市的中草藥種植園並跟韓庚先生一起參觀了我們的新工業園及全新的生產流程。我們也通過此種方式主動向外界展示霸王企業形象及產品品質，為新工業園打造「透明工廠」的形象，增強我們的品牌形象，提升消費者對霸王產品的信心和認可。

## Management Discussion and Analysis

### 管理層討論及分析



For the two core branded shampoo and haircare products, namely Bawang and Royal Wind, the Group's future directions for developing this product segment are through continuous innovation, management excellence and win-win cooperation with business partners. The Group has commenced to execute a new value-chain-oriented business model, known as "Project Win-win (共贏項目)", since October 2012 whereby the whole value chain is split into two parts. Whilst the Group is mainly responsible for the activities in the upper stream such as research and development, manufacturing, and marketing, etc., our business partners, namely distributors and retailers, are responsible for the activities of the lower stream such as channel and in-store management. The Group will provide full supervision and essential supports to business partners. In addition, the Group will offer marketing and promotion allowances, which is calculated as a certain percentage of the sales volumes, to its business partners as a reward for their efforts in taking charge of the lower stream work. To a large extent, the Group has now controlled its marketing expenses within the budget. To enhance the management skills for attainment of sales targets and hence increase the retail sales revenues, the Group will also offer training and development programs for its business partners.

對於霸王和追風這兩個核心品牌的洗髮護髮產品，本集團將通過不斷創新、卓越管理以及與業務合作夥伴實現共贏的方式作為這兩個品牌未來的發展方向。本集團自二零一二年十月起已採用一種新的價值鏈導向的商業模式，該模式被命名為「共贏項目」，整個價值鏈被分成兩部份。本集團主要負責上游的活動，比如研發、生產製造、市場營銷；而我們的業務合作夥伴，即分銷商和零售商，則主要負責下游的活動，比如渠道和門店管理。本集團將為業務合作夥伴提供全面的監管和必要的支援，另外，本集團還將提供市場及促銷補貼以回報業務夥伴接管下游活動，該補貼根據銷售額的一定比例計算得出。在很大程度上，本集團目前已將營銷費用控制在預算範圍內。為了加強管理技能從而幫助他們實現銷售目標及增加銷售收入，我們將為我們的業務合作夥伴提供培訓和發展計劃。



## Management Discussion and Analysis 管理層討論及分析

For expanding the revenue streams generated from Bawang branded product series, the Group speeded up the rollouts of new/enhanced Chinese herbal shampoo products. Consequently, a brand new herbal shampoo series which targets the female customers market, Bawang Anti-hair Fall Shampoo for Ladies and Nutri-repairing Moisturing Conditioner, were rolled out by the Group in August 2012. Furthermore, to boost the sales performance of the existing product series, the Group rolled out a nationwide promotion campaign for Bawang products known as “The Five Key Success Factors that Build up the Premium Quality of Bawang Branded Products” (五大實力，成就霸王冠軍品質). Both Mr. Jackie Chan and Ms. Kim Hui Seon continue to be the brand ambassadors.

As of 31 December 2012, the Bawang brand distribution network comprised approximately 488 distributors and 46 KA retailers, covering 26 provinces and four municipalities. Furthermore, the products are already sold in Hong Kong, Macau, Singapore, Myanmar, Thailand, Malaysia, Brunei, and Australia. The Group expects to export its products to Vietnam and Indonesia in the second half of this year.

為了擴大霸王品牌系列的收入來源，本集團加快新品／升級版中草藥洗髮產品的推出。因此，二零一二年八月，本集團推出了一個新的、專門針對女性消費市場的中草藥洗髮系列，即霸王女士防脫洗髮液和修復潤髮精華素。此外，為了提升現有品牌系列的銷售業績，本集團為霸王產品推出一個名為「五大實力，成就霸王冠軍品質」的全國性促銷宣傳活動。成龍先生和金喜善女士繼續擔任品牌形象大使。

截至二零一二年十二月三十一日，霸王品牌分銷網絡包括大約488個分銷商及46個重點零售商，覆蓋26個省份及四個直轄市。此外，該等產品已在香港、澳門、新加坡、緬甸、泰國、馬來西亞、汶萊和澳大利亞市場銷售。本集團預計將於今年下半年出口產品至越南及印尼。



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In early 2012, the Group rolled out a nationwide promotion campaign for Royal Wind products known as “Whirlwind Action (颶風行動)”. We carried sales and promotional activities and offered the products at a discounted price, which lets the consumers experience Royal Wind products so as to promote its brand recognition. In August 2012, two new products under the Royal Wind shampoo series – Royal Wind Anti-hair Fall Shampoo, and Royal Wind Hydra-fresh Shampoo were rolled out which express the brand positioning of Royal Wind as “Youthful and Trendy Way to Eliminate Dandruff through Traditional Chinese Herbal Medicine” and “Eliminating Dandruff and Nourishing Your Scalp Simultaneously”. Mr. Han Geng continues to be the brand ambassador.

As of 31 December 2012, the Royal Wind brand distribution network comprised approximately 440 distributors and 45 KA retailers, covering 26 provinces and four municipalities. The products are already sold in Singapore.

The Litao (麗濤) range of enhanced products is mainly comprised of shower gels targeting the mid-low end segment

於二零一二年年初，本集團為追風品牌產品推出了一個名為「颶風行動」的全國性促銷宣傳活動。本次活動採用特價促銷的方式，為消費者提供更多體驗追風產品的機會，以推廣該品牌的知名度。二零一二年八月，追風系列旗下的兩個新品相繼推出，即追風防掉髮洗髮露及追風多效水潤洗髮露，更加充分地體現了追風「年輕時尚、中藥去屑」及「去頭屑，養頭皮，一次做到」的品牌定位。韓庚先生繼續擔任品牌形象大使。

截至二零一二年十二月三十一日，追風品牌分銷網絡包括大約440個分銷商及45個重點零售商，覆蓋26個省份及四個直轄市。該等產品已在新加坡市場銷售。

升級版麗濤產品範圍主要包括沐浴露，其主要針對中國傳統渠道市場的中低



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in the traditional channel of the PRC market to achieve the Company's goal of increasing the market coverage. As of 31 December 2012, the Litao brand distribution network comprised approximately 373 distributors, covering 26 provinces and four municipalities.

For the Herborn Chinese herbal skincare products series (本草堂系列), the Group rolled out a new high-end skincare product, Herborn Imperial Series (本草堂貴妃系列), in June 2012. The Group intends to make this new skincare series as our signature product. The internationally renowned celebrity Ms. Faye Wong (王菲) continues to act as the brand ambassador of Herborn to promote its brand image. The Group has been appointed for the third time as exclusive sponsor of skincare products to the Miss World Pageant China Finals in 2012. Apart from providing our Herborn Chinese herbal skincare products for the contestants, we also conducted a series of skincare seminars for the contestants to allow them to understand the concepts and benefits of traditional Chinese medicine. In terms of sales channels, the Group adopted a channel strategy to sell the products mainly through hypermarkets in the first three quarters of 2012, but the sales performance was not satisfactory. Effective from the fourth quarter, the Group have changed its strategy to sell the products through mainly cosmetics specialty shops, to reallocate the resources to different channels, and to provide training and development to the sales and marketing staff as well as the beauty consultants. Consequently, sales of the products has started picking up again.



端領域，以實現本公司擴大消費市場覆蓋面的目標。截至二零一二年十二月三十一日，麗濤品牌分銷網絡包括大約373個分銷商，覆蓋26個省份和四個直轄市。

至於中草藥護膚系列產品 — 本草堂，本集團於二零一二年六月推出了一個新的高端護膚產品系列 — 本草堂貴妃系列。本集團計劃將該項新的護膚系列打造為我們的明星產品。國際著名歌星王菲女士繼續擔任品牌形象大使，以提升本草堂的品牌形象。於二零一二年度，本集團三度成為世界小姐中國區唯一指定護膚品贊助方，除了提供我們本草堂中草藥產品系列給參賽佳麗使用之外，我們也將為參賽佳麗舉辦一系列的護膚培訓會，讓參賽佳麗瞭解傳統中藥機理及益處。在銷售渠道方面，本集團於二零一二年前三個季度實行以百貨大賣場為主的渠道策略，銷售不太理想；自二零一二年第四季度起改變渠道策略，轉為以專賣店為主進行資源配置到不同渠道及提供銷售推廣人員和美容顧問的培訓，使得銷售量有所回升。





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As of 31 December 2012, the Group successfully set up distribution network comprising approximately 108 distributors and 11 KA retailers covering 27 provinces and four municipalities and 77 counters in department stores and/or hypermarkets. The number of counters in cosmetics specialty shops in the PRC substantially increased to approximately 4,200. In addition, the products were sold in Mannings, Watsons, Sasa and Bonjour chain stores in Hong Kong.

During the year under review, we have re-designed the packaging of our natural plant skincare products series, Smerry (雪美人). Its target customers are young females aged between 18 and 28 who pursue a natural and healthy lifestyle. In order to promote its new brand image, the new generation popular idol Ms. Jing Tian (景甜) has been appointed as its brand ambassador. With her pure and natural image, we believe that she will successfully portray the natural plant essence brand positioning of Smerry and increase its brand awareness and recognition.

As for the Chinese herbal beverage product series — Bawang Herbal Tea (霸王涼茶), the Group has taken a prudent approach when operating and developing this business since the beginning of 2012, and has outsourced most of the business operations to selected distributors. The Group has significantly scaled down sales and distribution network in 2012. As of 31 December 2012, the distribution network comprised approximately 172 distributors, covering 22 provinces and four municipalities.

According to a research report released by Euromonitor in July 2012, in terms of retail sales value, Bawang has been the No. 1 Chinese Herbal Shampoo in China from 2007 to 2011. Additionally, Bawang is also the No. 1 Chinese Anti-hair Fall Herbal Shampoo in China for the same period. Based on a certificate awarded to the Group by China National Industrial Information Centre in March 2013, Bawang Herbal Shampoo, in terms of retail sales value, is the No.1 herbal shampoo in China in 2012.

截至二零一二年十二月三十一日，本集團成功的建立分銷網絡，包括大約108個分銷商和11個重點零售商，覆蓋27個省份和四個直轄市，77家百貨及／或超級市場專櫃。在中國境內的化妝品專營店專櫃實質上已增加到約4,200家。此外，該等產品已在香港萬寧、屈臣氏、莎莎及卓悅連鎖店中銷售。

於回顧期間，我們重塑了我們的天然植物護膚產品系列 — 雪美人的包裝。其目標客戶群體是崇尚天然健康的生活方式、年齡介於18歲至28歲的年輕女性。我們委任新生代人氣偶像景甜小姐擔任雪美人品牌形象大使，幫助我們提升其全新的品牌形象。我們相信景甜小姐清純、自然的形象將成功詮釋雪美人天然植物的品牌定位，提高雪美人品牌的市場認知度。

至於中草藥飲料系列產品 — 霸王涼茶，自二零一二年初本集團已採取審慎的方式經營和發展這項業務，並將其外包給選定的分銷商。二零一二年度，本集團已大幅縮減銷售及分銷網絡。截至二零一二年十二月三十一日，其分銷網絡包括大約172個分銷商，覆蓋22個省份和四個直轄市。

根據 Euromonitor 於二零一二年七月發佈的研究報告，按零售銷量統計，霸王品牌於二零零七至二零一一年持續領先所有的中國中草藥洗髮水品牌。此外，同時期的霸王品牌也位居防脫中草藥洗髮水的第一位。根據中國行業企業信息發佈中心於二零一三年三月授予的證書證明，按照零售額統計霸王中草藥洗髮水榮列二零一二年中國中草藥洗髮水銷量第一名。

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### 管理層討論及分析



Since the second quarter in 2012, the Group has formulated and implemented a series of strategic measures to reform and streamline our business operations of each of our core products. The Directors believe that such measures would enable us to strengthen the foundation for our long term development and the sustainability of our business. Please refer to the Outlook section of this announcement for discussions of strategic development plans for the portfolio of our various brands.

In terms of the recognition gained by the Group, on top of those honors and awards which have been mentioned in the Interim Report of 2012, we have further accomplished more honors and awards in 2012.

In May 2012, the “Herborn Whitening & Nourishing Cream” obtained the “2012 China Meiyi Award” from the The China International Beauty & Cosmetics Expo in Shanghai.

In June 2012, Bawang (Guangzhou) Co., Ltd (“Bawang Guangzhou”) was appointed as member of a professional sub-committee in Fragrance, Cosmetic, and Laundry Products of Guangdong Provincial Light Industry Federation.

In October 2012, Bawang Guangzhou was confirmed as Guangzhou Municipal Enterprise Technology Centre by the Guangzhou Municipal Bureau of Economy and Trade. In December 2012, Bawang Guangzhou was validated as Traditional Chinese Medicine Products Key Engineering Technology Research & Development Centre of Guangzhou Municipal by the Guangzhou Municipal Bureau of Science & Communication.

自二零一二年第二季度以來，本集團已經制定並執行了一系列戰略措施，以改革和精簡我們各核心產品的業務運作。董事們相信，這些措施將有助於加強我們業務長遠發展和可持續發展的基礎。關於我們的品牌組合的戰略發展計劃，請參閱本公佈的展望部份。

至於本集團所獲得的榮譽方面，除在二零一二年中期報告中提及的榮譽和獎項外，於二零一二年我們進一步取得了更多榮譽及獎項。

於二零一二年五月，「本草堂紅潤透白養顏菁華霜」榮獲上海國際美容美髮化妝品博覽會授予的「2012年中國美伊獎」。

於二零一二年六月，霸王(廣州)有限公司(「霸王廣州」)被任命為「廣東省輕工業協會香料香精化妝品洗滌用品專業分會」理事單位。

於二零一二年十月，霸王廣州獲得廣州市經貿局認定，成為廣州市「市級企業技術中心」。同年十二月，通過廣州市科信局項目驗收，成為「廣州市中草藥日化重點工作技術研發開發中心」。

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In December 2012, Bawang Guangzhou was appointed as standing member of Guangdong Provincial Food & Drug Assessment & Accreditation Federation of Technology.

These achievements serve as recognition of the Group's strong capability in the research, development and industrialization of Chinese herbal medicine.

From time to time, we submit applications for registration of patents relating to research findings about the application of Chinese herbs on haircare, skincare and healthcare. The successful registration of which will prove to be a further testament to the recognition and breakthrough in our research and development efforts.

## Financial Review

### Revenue

During the year under review, the Group's revenue amounted to RMB556.0 million, representing a decrease of 37.5% as compared to RMB888.9 million in 2011. The decline in revenue in 2012 was principally attributable to the substantial decline in the sales of Bawang Herbal Tea (霸王涼茶). As mentioned earlier, this was due to the Group's strategy to reform and streamline our business operations in our core products, resulting in a significant reduction in the Group's investment in Bawang Herbal Tea. The decline in revenue was also attributable to the decrease in the sales of the Group's shampoo and skincare products, as set out below.

The Group's core brand, Bawang (霸王), generated RMB352.8 million in revenue, which accounted for approximately 63.4% of the Group's total revenue in 2012, and represented a decrease of 15.6% as compared to 2011.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind (追風), generated RMB102.9 million in revenue, which accounted for approximately 18.5% of the Group's total revenue in 2012, and represented a decrease of 29.4% as compared to 2011.

於二零一二年十二月，霸王廣州被任命為「廣東省食品藥品審評認證技術協會常務理事單位」。

這些成就是對本集團在研究、開發中草藥及中草藥產業化方面能力的認可。

我們不時提交一些專利註冊申請，這些專利與應用中草藥於護髮、護膚及衛生保健的研究成果有關。成功註冊這些專利將進一步證明我們在研究和開發上的突破。

## 財務回顧

### 收入

於回顧年度內，本集團收入為人民幣556.0百萬元，較二零一一年度的人民幣888.9百萬元下降了37.5%。二零一二年度收入下降的主要原因是霸王涼茶銷售額的大幅度下降。如上文所述由於本集團的戰略重心轉向改良和鞏固我們核心產品的商業運營，導致本集團大量減少對霸王涼茶業務的投入。銷售額下降的主要原因是本集團洗髮水和護膚品業績的下滑，具體如下所述。

本集團核心品牌——霸王，其收入達人民幣352.8百萬元，約佔二零一二年度本集團總收入的63.4%，比二零一一年度下降了15.6%。

中草藥去屑品牌——追風，於二零一二年度的收入達人民幣102.9百萬元，約佔本集團二零一二年度總收入的18.5%，比二零一一年度下降了29.4%。



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The nature-based branded shampoo and shower gel products series, Litao (麗濤), generated RMB15.4 million in revenue, which accounted for approximately 2.8% of the Group's total revenue in 2012, and represented a decrease of 77.6% as compared to 2011.

The branded Chinese herbal skincare series, Herborn (本草堂), generated RMB60.7 million in revenue, which accounted for approximately 10.9% of the Group's total revenue in 2012, and represented a decrease of 26.7% as compared to 2011.

Smerry (雪美人) generated RMB6.6 million in revenue, which accounted for approximately 1.2% of the Group's total revenue in 2012.

The branded Chinese herbal drink of the Group, Bawang Herbal Tea, generated RMB17.6 million in revenue, which represents approximately 3.2% of the Group's total revenue in 2012, and represented a decrease of 89.5% as compared to RMB167.3 million in 2011.

We were selling our products through extensive distribution and retail networks. During the year under review, sales to our distributors and retailers represented approximately 72.0% and approximately 28.0% of the Group's total revenue respectively.

In 2012, our products were sold in Hong Kong, Macao, Singapore, Myanmar, Thailand, Malaysia, Brunei, and Australia. The sales to these markets outside the PRC accounted for 3.5% of our total revenue for 2012.

### Cost of Sales

Cost of sales for 2012 amounted to RMB343.9 million, representing a decrease of 36.8% compared to RMB544.2 million for 2011. Such change was mainly due to the decrease in sales volume of Bawang Herbal Tea products, and the reversal of write-down of inventories in the amount of RMB29.1 million.

以純天然為基礎的洗髮水和沐浴露產品系列 — 麗濤，這一品牌系列收入達人民幣15.4百萬元，約佔本集團二零一二年總收入的2.8%，比二零一一年度下降了77.6%。

中草藥護膚品牌 — 本草堂，其收入達人民幣60.7百萬元，約佔本集團二零一二年總收入的10.9%，比二零一一年度下降了26.7%。

雪美人的收入達人民幣6.6百萬元，約佔本集團二零一二年總收入的1.2%。

本集團中草藥飲品 — 霸王涼茶，於二零一二年度的收入達人民幣17.6百萬元，約佔本集團總收入的3.2%，比二零一一年度的收入約人民幣167.3百萬元下降了89.5%。

我們一般通過廣泛的分銷商和零售商網絡銷售我們的產品。於回顧年度內，我們通過分銷商和零售商的銷售額分別約佔本集團總收入的72.0%和28.0%。

我們的產品於二零一二年度也在香港、澳門、新加坡、緬甸、泰國、馬來西亞、汶萊和澳大利亞市場上銷售，這些海外市場的銷售額佔本集團總收入的3.5%。

### 銷售成本

二零一二年度的銷售成本達人民幣343.9百萬元，相比二零一一年度的人民幣544.2百萬元，下降了36.8%。此項變化的主要原因是霸王涼茶銷售量的下降，以及沖回的存貨跌價準備人民幣29.1百萬元。

## Management Discussion and Analysis

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#### Gross Profit

During the year under review, the Group's gross profit decreased to RMB212.0 million, representing a decrease of 38.5% as compared to RMB344.8 million for 2011. The gross profit margin decreased from 38.8% for 2011 to 38.1% for 2012. The lower gross profit margin was mainly due to the write-off of inventories, which was included in cost of sales.

#### Selling and Distribution Costs

Selling and distribution costs decreased to RMB635.0 million for 2012, representing a decrease of 27.2% as compared to that for 2011. Such decrease is mainly due to the decrease in advertising fee and the saving achieved in promotion fee through optimizing the resources of promotion staff.

#### Administrative Expenses

Administrative expenses for 2012 amounted to approximately RMB88.9 million, representing a decrease of approximately 13.2% as compared to approximately RMB102.5 million in 2011. Such decrease was mainly due to the decrease in non-capitalizable research and development expenditures, salary and remuneration payments, partially offset by the increases in legal and professional fees arising from litigation.

#### Loss from Operations

The Group recorded an operating loss of RMB535.5 million for 2012, as compared to the operating loss of RMB625.3 million for 2011. The Group's operating profit margin decreased from -70.3% for 2011 to -96.3% for 2012. The decrease was mainly due to the decrease in sales and partially offset by the effective control of selling and administration expenses.

#### Income Tax

The Group had an income tax non-cash charge of RMB82.6 million for 2012 as compared to income tax non-cash credit of RMB60.0 million for 2011. The income tax non-cash charge for 2012 represented the reversal of deferred tax assets in 2012 recognized for the tax losses and temporary differences in previous year.

#### 毛利

於回顧年度內，本集團的毛利下降至人民幣212.0百萬元，與二零一一年度的人民幣344.8百萬元相比下降了38.5%。毛利率從二零一一年的38.8%下降到二零一二年的38.1%。毛利率下降的主要原因是銷售成本中包含報廢存貨的金額。

#### 分銷開支

二零一二年度分銷開支減少至人民幣635.0百萬元，較二零一一年度減少27.2%。其下降的原因主要是廣告費用投入的減少，以及通過優化促銷人力資源節省了促銷費用。

#### 行政開支

二零一二年度行政開支約為人民幣88.9百萬元，較二零一一年度同期的約人民幣102.5百萬元，下降約13.2%。有關下降的主要原因是不能資本化的研發費用支出和工資薪金支出的減少，但部份被上漲的有關訴訟產生的法律及專業人士的費用抵消。

#### 經營虧損

本集團二零一二年度錄得經營虧損人民幣535.5百萬元，而二零一一年度錄得經營虧損人民幣625.3百萬元。本集團經營利潤率從二零一一年的-70.3%下降至二零一二年的-96.3%。其下降的主要原因是營業額的下降，但部份被分銷和行政開支的有效控制減少所抵消。

#### 所得稅

本集團二零一二年所得稅非現金支出約人民幣82.6百萬元，而二零一一年所得稅非現金抵扣金額約人民幣60.0百萬元。二零一二年的所得稅非現金支出指之前年度因納稅虧損和暫時性差異而確認的遞延所得稅資產於二零一二年撥回。

## Management Discussion and Analysis 管理層討論及分析

### Provision for Inventories

Our accounting policy prescribes that inventories are stated at the lower of cost and net realizable value (“NRV”). In the event that NRV falls below cost, the difference is taken as provision for inventories. As at 31 December 2012, the amount of provision for write-down of inventories was RMB25.6 million (31 December 2011: RMB54.7 million). The Group reversed a stock provision of RMB29.1 million in cost of sales for year ended 31 December 2012, as mentioned above.

### Loss for the Year Attributable to the Equity Shareholder

As a combined effect of the above, the Group recorded an attributable loss of RMB617.6 million for 2012, as compared to the attributable loss of RMB558.6 million for 2011.

### Outlook

At the opening of the First Session of the 12th National People’s Congress, Premier Wen Jiabao remarked that China would boost its fiscal spending in 2013 in a bid to deliver economic growth of 7.5 percent for the year. With China gradually steering the focus of its economy from exports and public construction to consumers, the increase in fiscal spending will be used more and more on social projects. These funds will be used to ensure and improve its people’s well-being and maintain support for economic growth and structural adjustment.

As a matter of fact, to cope with the global financial crisis, China has implemented a proactive fiscal policy since 2009. Onto 2013, the Chinese leaders have again decided to continue with a prudent monetary policy and a proactive fiscal policy to prevent the economy from sliding further.

### 存貨撥備

根據會計準則規定，存貨核算按成本與可變現淨值(「NRV」)較低者入賬。若可變現淨值低於成本，即按其差額計提存貨跌價準備。於二零一二年十二月三十一日，為期末存貨餘額計提的存貨跌價準備為人民幣25.6百萬元(二零一一年十二月三十一日：人民幣54.7百萬元)。截至二零一二年十二月三十一日的年度內，本集團在銷售成本中沖回撥備人民幣29.1百萬元，即上文銷售成本中所提到的。

### 權益持有人應佔期內虧損

因上述因素的綜合影響，本集團二零一二年度錄得應佔虧損人民幣617.6百萬元，而二零一一年度錄得應佔虧損人民幣558.6百萬元。

### 展望

在第十二屆全國人民代表大會開幕的首輪會議上，溫家寶總理指出為了實現百分之七點五的年經濟增長率，中國將於二零一三年提高財政支出。隨著中國逐漸其的經濟焦點從出口及公共建設轉向消費者，增加的經濟支出將更多地用於社會項目。這些資金將被用於保障及改善民生及繼續支援經濟增長與結構性調整。

事實上，為了應對全球金融危機，自二零零九年以來中國就已實施積極的財政政策。到了二零一三年，中國領導人再次決定繼續穩健的貨幣政策和積極的財政政策，以防止經濟進一步下滑。

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The Directors are of the view that the increase in fiscal spending would help toward improving people's lives, which would support economic growth. This could in turn help increase the per capita disposable income and living standard, and may spur demand for consumer products. Whilst the Group will continue to be cautious about its recovery progress and take a prudent approach to operate and sustain its business, we hope that the government's fiscal policy would lead to a stable macroeconomic environment which may indirectly facilitate the recovery our business. We outline below our plans and strategies for 2013.

Since the beginning of 2013, the Group has adopted cost control approach supplemented by sales growth operating strategy to run its business i.e. to enhance the sale of anti-hair fall product series with new Bawang Anti-hair Fall for Ladies as main product, and to reinforce the leading brand position of Bawang herbal shampoo. We strive to enhance our brand image through two main themes: sentiment marketing and proof of quality.



For sentiment marketing, we will organize further social publicity campaigns "Shampooing for your love (為愛洗一次頭)". Whilst enhancing our brand image, the audience could feel the atmosphere of love and care and get close to the Bawang brand name. With the help of movie/TV pop stars, the

董事們認為財政支出的增加將帶動改善人民生活，以支持經濟增長，這將支持經濟增長並反過來增加人均可支配收入及提高生活水準及刺激對消費類產品的需求。雖然本集團將繼續謹慎的實施恢復進程及採取審慎的態度運作和維持我們的業務，我們同時亦希望政府的財政政策能令宏觀經濟環境更加穩定，並以此間接地促進我們的業務復蘇。我們在此概述本集團二零一三年的計劃與策略。

自二零一三年起，本集團主要是「以成本控制為主，以銷售增長為輔」的經營策略來運營其業務。做強「防脫類」產品，主推「霸王女士防脫」新品，鞏固霸王中草藥洗髮水的領導品牌地位。本年度我們將通過情感營銷及品質傳播兩條主線，來提升品牌美譽度。



情感營銷方面，我們將大力推廣以「為愛洗一次頭」為主題的公益宣傳活動，在觀眾感受溫情關懷的同時拉近與霸王品牌的距離，提升品牌形象。藉影視明星的幫助，這一活動在選定的節日中進



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campaigns will be held on selected festivals. The purpose is to foster positive response and attitude towards our corporate image, our brands and our products. So far this year, we have already coordinated two campaigns in Beijing and Guangzhou. We found from each of the campaign that the on-site atmosphere aroused the emotions and sentiments of the consumer-audience.

For proof of quality we will continue to organize the Traditional Chinese Medicine Cultural Trip so as to create an image of “Transparent Factory”. We would regularly organize government officials, media, consumers and students to visit our factory, so that they can see our automated production lines and facilities for themselves and to allow them to assess the quality of our products, thereby enhancing our brand image as well as the consumers’ confidence in our products.



In the beginning of 2013, the Group started to implement a performance-based rewards system, whereby the key members in the sales and marketing team have signed up Job Targets and Responsibility Statement (崗位目標責任書). Their year-end bonus will be determined based on how well they have achieved their predetermined sales target.

行。其目的是為本集團的形象、我們的品牌、我們的產品培養正面的反應及態度。今年以來，我們已經分別在北京及廣州開展了兩場活動。我們發現每場現場活動都能激發顧客聽眾的情感和情緒。

品質傳播方面，我們將繼續舉辦中草藥文化之旅，為新工業園打造「透明工廠」的形象。我們將定期向政府部門、媒體、消費者、學生等各個群體開放參觀工業園，向其展示我們自動化的生產流程及設備，以評價我們的產品品質，提升品牌美譽度及消費者對霸王產品的信心和認可。



自二零一三年年初起，本集團開始實施績效考核制度。市場營銷團隊中的高層人員均簽署了「崗位目標責任書」，而他們的年終獎金將與他們在當年度能實現的預定銷售目標程度掛鉤。

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The successful commencement of the operations of our automated production complex in August 2012 is an important steppingstone in the development of our Group, which also strengthened the Group's determination to maintain the uncompromising quality of our products. We can now work on enhancing of various aspects of our production quality management, viz.: new product launch management, our ability to fulfill orders in time, production cost control and inventories control.

For Bawang branded products, leveraging on our core competence in traditional Chinese medicine, we market the theme "Natural and Healthy Way for Hair Regrowing (中藥養發·天然健康)" to pinpoint the difference between our products and those of our competitors. Leveraging on our strong brand recognition, we will work on enhancing our corporate image as well as brand image.

To increase the revenue stream from the Bawang branded products, the Group will further promote the Bawang Anti-hair Fall Shampoo for Ladies and upgrade the Nutri-nourishing series, so as to satisfy the needs of the office ladies who intend to have their hair nourished. Furthermore, the Group will upgrade and re-pack the Natural series. We will also roll out family size packing for Hair-blackening series and Anti-dandruff series. The Group will also develop new sales channels such as online sales and explore the possibility of selling our shampoos through the cosmetic specialty shops. We will also make use of trade fairs to drive revenue growth.

二零一二年八月，我們的自動化工業園盛大開幕，是本集團發展中的一個主要里程碑，也增強了本集團在保持其產品嚴格品質的信心。現在我們能致力於加強各方面的產品質量管理，如新品投放管理，訂單及時滿足率，生產成本、庫存控制。

對於霸王品牌產品系列，憑藉我們在傳統中草藥方面的核心競爭力，及透過在市場上推廣「中藥養髮，天然健康」的概念，我們指出了我們的產品與其他競爭對手之間的差異。憑藉我們強大的品牌認知度，我們致力於提高企業及品牌形象。

為了增加霸王品牌的收入來源，本集團將進一步推進霸王女士防脫系列、升級版滋補系列，以滿足想要滋養秀髮的白領女性的需要。而且，我們將全新升級和重新包裝天然植物系列。我們亦會同時推出家庭裝的烏髮系列及去頭屑系列。本集團將發展新的銷售渠道，例如網絡銷售及通過化妝品專賣店銷售我們洗髮水的可能性。我們還將利用訂貨會來拉動銷售增長。



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For Royal Wind branded products, the Group will continue to promote the brand image and recognition through modern media such as the internet, public transport TV commercials and mobile phone messaging. Combining with promotion and publicity events of the new movie “Dedicating to our Fading Adolescence 《致我們終將逝去的青春》” of our brand ambassador Mr. Han Gen, we would get in the campus for giving out trial packing to the general consumers so as to let the young people feel the experience of “Eliminating dandruff and nourishing your scalp at the same time” offered by Royal Wind, to let them understand the new concept of “The Fresh Traditional Chinese Medicine Haircare Essence” produced by Royal Wind, and to know the new brand image “Young, Trendy and Natural”. We will also focus our resources to enhance the brand recognition and brand image through internet, TV, meeting with the movie stars, give-away and freebies. Similar to Bawang branded product, the Group also plans to roll out online sales for Royal Wind shampoos.



至於追風品牌產品，本集團將繼續通過諸如互聯網、公共交通電視廣告及手機簡訊等現代媒體渠道來提升其品牌形象及市場認知度。另外，我們將結合代言人韓庚先生即將上映的電影《致我們終將逝去的青春》的宣傳檔期，走進校園向廣大消費者派發追風試用裝，讓更多青春洋溢的年輕人親身體驗「去頭屑，養頭皮，一次做到」的追風新品，瞭解追風「新鮮中草藥養護複合原液」的新品概念，認識全新追風「年輕時尚天然」的品牌形象。同時我們還將通過互聯網、電視媒體、明星見面會、買贈活動等，集中資源提升品牌形象和市場認知度。正如我們霸王中草藥洗髮水品牌一樣，我們也計劃推出追風品牌產品網絡銷售平台。

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For Herborn Chinese herbal skincare products, we will continue to enhance its brand image and brand recognition through investing in advertising and marketing campaign. We intend to use the theme “Whitening & Nourishing to Sparkle the Beauty of Chinese Ladies” to build up Herborn Imperial series as one of our signature products in the future. We plan to increase the revenue from Herborn through launching new product series and penetrating the cosmetics specialty shop channel. Similar to our two herbal shampoo branded products, we also plan to roll out online sales for Herborn.



對於本草堂這一中草藥護膚產品系列，我們將繼續通過廣告投放及市場推廣活動來繼續提升其品牌形象和品牌知名度。我們將以「紅潤透白，閃耀中國美」的主題，將本草堂貴妃系列打造成我們未來的明星產品。我們計劃通過推出新產品和深化化妝品專賣店渠道來提高本草堂的銷售收入。正如我們的兩大中草藥洗髮水品牌一樣，我們也計劃推出本草堂網絡銷售平台。



For Bawang Herbal Tea, we will continue to adopt a prudent approach for operating and developing the business with minimum amount of spending. Our main current intention is to maintain the continuity of the brand name.

In relation to the launch of new products, the Group will mainly focus its efforts in strengthening its existing portfolio of brand products as mentioned above. We may expand our existing core products portfolio. We do not have plans for rolling out brand new major product lines for the time being.

對於霸王涼茶，我們將採取最小化支出的審慎態度經營和發展這項業務，目前我們主要是維持最低開支，保持品牌持續。

關於推出新產品方面，本集團將主要集中努力加強上述現有品牌的產品組合。我們可能擴大我們現有的主要產品組合。我們現時還沒有推出全新的主要產品線的計劃。

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In terms of our development plan in overseas markets, the Group will continue to explore the possibility with potential distributors for launching our branded products to other countries. The Group is open to explore all further business opportunities with potential overseas distributors.

The Company does not have any outstanding acquisition opportunity in hand and will not actively explore opportunities that may involve potential acquisition for the time being.

### Liquidity, Financial Resources and Capital Structure

The Group adopts conservative financial management policies and maintains a good and solid financial position. A summary of liquidity and financial resources is set out below:

海外市場發展計劃方面，本集團將繼續開發與潛在經銷商合作的可能性，把我們的品牌推廣至其他國家。本集團將以開放的態度尋找所有與潛在的海外經銷商洽談更多的商業合作機會。

本公司並無任何正在洽談處理的收購事宜，並且暫時不會積極尋找潛在的收購機會。

### 流動資金、財務資源及資本架構

本集團採用保守的理財策略並維持良好穩定的財務狀況。流動資金和財務資源概要列載如下：

		<b>31 December 2012</b>	<b>31 December 2011</b>
		<b>截至二零一二年 十二月三十一日</b>	<b>截至二零一一年 十二月三十一日</b>
		RMB in million	RMB in million
		單位：	單位：
		人民幣百萬元	人民幣百萬元
Cash and cash equivalent	現金及現金等值項目	224.6	602.7
Total bank and other borrowings	銀行及其他借款總額	76.4	Nil
Total assets	集團總資產	752.6	1,246.1
The gearing ratio <sup>1</sup>	資產負債率 <sup>1</sup>	10.2%	Nil

Note:

1. Calculate as interest-bearing borrowings divided by total assets

備註：

1. 資產負債率按計息借貸除以資產總額計算

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#### Pledged Assets

As at 31 December 2012, the Group had pledged machinery and equipment of RMB75.3 million (31 December 2011: Nil) and trade receivables of RMB85.1 million (2011: Nil) for bank borrowings. Details of the pledged assets as at 31 December 2012 are set out in note 19 to the financial statements.

#### Material Acquisition and Disposal

The Group did not engage in any material acquisitions or disposal of any of its subsidiaries or associated companies during the year under review.

#### Exposure to Fluctuations in Exchange Rates and Related Hedge

The operations of the Group are mainly carried out in the PRC, with most transactions settled in Renminbi. The reporting currency of the Group is Renminbi. During the year under review, the Group has exported its goods to Hong Kong and certain overseas countries. The transactions were settled in either Hong Kong Dollars or United States Dollars. The Group's cash and bank deposits are mostly denominated in Renminbi. The Company will pay dividends in Hong Kong Dollars if dividends are declared. In addition, the Group paid certain advertising fees in United States Dollars or Hong Kong Dollars. The Directors are of the view that the Group conducts its business transactions principally in Renminbi and thus the exchange risk at the Group's operational level is not significant. As at 31 December 2012, the Group had not issued any material financial instruments or entered into any material contracts for foreign currency hedging purposes. However, the Directors will continue to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when required.

#### 抵押資產

於二零一二年十二月三十一日，本集團將人民幣75.3百萬元之機器設備(二零一一年十二月三十一日：無)及總額為人民幣85.1百萬元之應收賬款(二零一一年十二月三十一日：無)進行抵押以獲得銀行借貸。有關主要抵押資產詳情載於財務報表附註19內。

#### 重大收購及出售

於回顧年度，本集團並無重大收購或出售其附屬及聯營公司的活動。

#### 匯率波動風險及有關對沖

本集團主要在中國境內經營業務，大部分交易以人民幣結算，本集團的報告貨幣為人民幣。於回顧年度，本集團出口產品銷往香港以及其他海外地區，交易以港幣和美元結算。本集團大部份現金及銀行存款均以人民幣計值。倘若本公司宣派股息時，利息亦將以港元派付。此外，本集團以美元或港幣支付若干廣告費。董事認為本集團從事的業務主要是以人民幣結算的，因此外匯風險對本集團的日常經營影響並不重大。於二零一二年十二月三十一日，本集團並沒有發行任何重大金融工具或訂立任何重大合約作外匯對沖用途。然而，董事將繼續監察外匯風險，並準備在需要時採取審慎的措施，例如對沖。

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### Contingent Liabilities

On 5 September 2012, a court session was held by Guangzhou Baiyun District Law Court regarding a lawsuit filed by a distributor (the “claimant”) against Bawang Guangzhou in connection with a disputed amount of reimbursement for promotion fees of RMB6.4 million.

The claimant alleged that an outstanding reimbursement for promotion fees is liable to be repaid by BaWang Guangzhou pursuant to an agreement entered into between it and BaWang Guangzhou on 12 April 2010. However, the Directors suspect that the invoice for promotion fees that the claimant is relying on is false and the claim is fraudulent. The claimant’s case is therefore without bases. BaWang Guangzhou is defending this action vigorously.

The PRC legal counsel acting on behalf of the Group is of the view that the allegations relating to reimbursement of promotion fee are entirely without merit. The court case is now in progress, Bawang Guangzhou has submitted the essential documents to the court.

Given the current status of the litigation, the group is unable to predict the outcome of the case, or reasonably estimate a range of possible loss. As such, no accrual has been recorded by the Group as of 31 December 2012 in respect of the case.

### Capital Commitment

As at 31 December 2012, the capital commitment of the Group was amounted to RMB30.1 million.

### 或然負債

於二零一二年九月五日，廣州白雲區法院開庭審理了某經銷商（「原告」）要求霸王廣州支付一筆存在爭議的促銷費用合共約人民幣6.4百萬元的案件。

原告聲稱根據其與霸王廣州於二零一零年四月十二日簽訂的協議，霸王廣州有補償未償付的促銷費用的責任。然而，董事們懷疑原告要求賠償的促銷費用發票是虛假的，涉嫌欺詐。因此，原告的訴訟要求並無依據。霸王廣州正在積極應對。

本集團中國地區的法律顧問認為關於賠償促銷費用的指控是完全沒有依據的。本案件目前正在審理中，霸王廣州已經向法院提交了相關文件。

根據現階段的訴訟情況，本集團無法預測案件審理結果或合理估計可能的損失金額。因此，於二零一二年十二月三十一日，本集團未針對此案件計提任何準備。

### 資本承擔

於二零一二年十二月三十一日，本集團資本承擔總額為人民幣30.1百萬元。



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#### Human Resources

As of 31 December 2012, the Group employed approximately 5,075 employees (31 December 2011: 11,041), consisting of full-time employees and contract personnel in the PRC and Hong Kong. Of which, the Group also engaged approximately 2,551 salespersons (31 December 2011: 5,967) through contract personnel agency to help with our marketing and promotional activities. The total personnel expenses, comprising wages, salaries and benefits, and equity-settled share-based payments, amounted to RMB233.5 million for 2012 (31 December 2011: RMB269.6 million).

The following table sets forth a breakdown of the total headcount of our employees and outsourcing personnel as of 31 December 2011 and 2012:

#### 人力資源

截止二零一二年十二月三十一日，本集團僱用大約5,075名員工(二零一一年十二月三十一日：11,041)，其中包括在中國和香港的全職員工以及合約僱員。其中，本集團通過勞務派遣公司聘用約2,551名合約促銷人員(二零一一年十二月三十一日：5,967)，以幫助我們的營銷及推廣活動。總人事開支包括工資、薪金和福利以及以權益結算之股份支付款項，於二零一二年為233.5百萬元(二零一一年：人民幣269.6百萬元)。

下表載列於二零一二年十二月三十一日及二零一一年十二月三十一日我們的總僱員及外包人員的明細：

		<b>31 December 2012 截至二零一二年 十二月三十一日</b>	<b>31 December 2011 截至二零一一年 十二月三十一日</b>
Full-time employees	全職僱員	632	792
Contract personnel	合約僱員		
— Salespersons	— 促銷員	2,551	5,967
— Others	— 其他	1,629	3,025
<b>Total employees</b>	<b>總僱員人數</b>	<b>4,812</b>	<b>9,784</b>
Outsourcing personnel	外包人員		
— Salespersons	— 促銷員	263	1,257
<b>Total headcount</b>	<b>總人數</b>	<b>5,075</b>	<b>11,041</b>



## Management Discussion and Analysis

### 管理層討論及分析

The employees' remuneration, promotion and salary review are based on individual job responsibilities, work performances, professional experiences and the prevailing industry practices.

Our employees in the PRC and Hong Kong joined social insurance contribution plans and mandatory provident fund scheme respectively. Other benefits include performance-based incentive bonus scheme and share options granted or to be granted under the share option schemes.

The Directors believe that the Group's human resources policies play a crucial part in the further development of the Group. Promising career prospects, good staff remuneration and benefits as well as pleasant working environment are essential factors for maintenance of a stable workforce for the Group.

本集團的員工薪酬、晉升及工資是按照各人的工作責任、工作表現、專業經驗及行業標準來釐定的。

本集團於中國及香港的員工分別參加社會保障計劃和香港強制性公積金計劃。其他福利包括按工作表現釐定的獎金花紅計劃和購股權計劃下已授出或將會授出的購股權。

董事們深信本集團之人力資源政策對集團未來發展擔當着重要角色。良好的職業前景、優厚的員工薪酬福利以及舒適的工作環境，可以使本集團維持一支穩定的工作團隊。

# Directors and Senior Management

## 董事及高層管理人員

### Directors

The Board consists of eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets forth certain information in respect of our Directors:

Name 姓名	Age 年齡	Position/Title 職位／職銜
Mr. CHEN Qiyuan 陳啟源先生	51	Chairman and Executive Director 主席兼執行董事
Ms. WAN Yuhua 萬玉華女士	47	Chief Executive Officer (“CEO”) and Executive Director 首席執行官兼執行董事
Mr. SHEN Xiaodi 沈小笛先生	47	Vice-CEO and Executive Director 首席副執行官兼執行董事
Mr. WONG Sin Yung 黃善榕先生	58	Chief Financial Officer and Executive Director 首席財務官兼執行董事
Ms. GUO Jing 郭晶女士	46	Non-executive Director 非執行董事
Mr. NGAI Wai Fung 魏偉峰先生	51	Independent non-executive Director 獨立非執行董事
Mr. LI Bida 李必達先生	72	Independent non-executive Director 獨立非執行董事
Mr. CHEN Kaizhi 陳開枝先生	72	Independent non-executive Director 獨立非執行董事

### Executive Directors

**Mr. CHEN Qiyuan** (陳啟源), aged 51, is the co-founder of our Group, our chairman and has been our executive Director since 12 November 2007. Mr. CHEN is responsible for the overall strategic planning and management of our Group. Mr. CHEN has extensive experience in the Chinese herbal HPC product industry, having been engaged in the consumer chemical product business for over 18 years. Mr. CHEN and Ms. WAN entered the HPC product business by establishing Guangzhou Bawang Cosmetics Co., Ltd. (the predecessor entity of the Company) in 1994, to enter the HPC product business in the PRC. Mr. CHEN was engaged in the trading of pesticides in the PRC before the establishment of Guangzhou Bawang Cosmetics Co., Ltd.. In November of 2010, Mr. CHEN Qiyuan was recognised as the “Representative Successor of Chinese Herbal Tea Culture” by the Guangdong Provincial Bureau of Culture. Mr. CHEN is the spouse of Ms. WAN.

### 董事

董事會由八名董事組成，包括四名執行董事、一名非執行董事及三名獨立非執行董事。下表載列關於董事的若干資料：

### 執行董事

**陳啟源先生**，51歲，為本集團共同創辦人、我們的主席，並自二零零七年十一月十二日出任我們的執行董事。陳先生負責本集團整體策略規劃及管理。陳先生從事日化產品行業方面的業務超過18年，在中草藥家用個人護理產品行業擁有豐富經驗。考慮到中國市場的家用個人護理產品業務，陳先生及萬女士於一九九四年成立廣州霸王化妝品有限公司（本公司的前身實體）以進軍家用個人護理產品業務。創立廣州霸王化妝品有限公司之前，陳先生曾參與中國農藥貿易生意。二零一零年十一月，陳啟源先生被認定為涼茶傳統技藝的「廣東省非物質文化遺產項目代表性傳承人」。陳先生為萬女士的配偶。

## Directors and Senior Management 董事及高層管理人員

**Ms. WAN Yuhua (萬玉華)**, aged 47, is the co-founder of our Group, our CEO and has been our executive Director since 12 November 2007. Ms. WAN is responsible for the overall strategic planning, marketing planning, sales and distribution and research and development of our Group. Ms. WAN has extensive experience in the Chinese herbal HPC product industry. She has over 17 years experience in the consumer chemical product industry in the PRC. She also has extensive experience in the sales and corporate management. Prior to the establishment of Guangzhou Bawang Cosmetics Co., Ltd. (the predecessor entity of the company), Ms. WAN worked in South China Botanical Garden, Chinese Academy of Sciences (中國科學院華南植物研究所) as an engineer. Ms. WAN has been serving as the deputy head of the Chamber of Beauty Culture & Cosmetics of All-China Federation of Industry & Commerce (中華全國工商業聯合會美容化妝品業商會) since 2008. She was also elected Charismatic Leader in Chinese Herbal Consumer Chemical Industry in China (中國中藥日化行業魅力領軍人物) by The Election Committee of the National Industry Leading Brand (全國行業領先企業品牌推選組委會) in 2008. Ms. WAN obtained Guangzhou Overseas Chinese Entrepreneurship Award (廣州新僑回國創業貢獻獎) in 2008 from Guangzhou Personnel Bureau (廣州人事局), a government body, and Guangzhou Overseas Chinese Federation (廣州市歸國華僑聯合會). Ms. WAN was elected Ten Excellent Entrepreneurs for Chinese Brand Building (中國品牌建設十大優秀企業家) by China Enterprise Culture Improvement Association in 2006. She obtained a bachelor's degree in plant genetics from South China Agricultural University (華南農業大學) in 1998. Ms. WAN is the spouse of Mr. CHEN.

萬玉華女士，47歲，為本集團共同創辦人、我們的首席執行官，並自二零零七年十一月十二日出任我們的執行董事。萬女士負責本集團的整體策略規劃、營銷規劃、銷售和分銷及研究與開發。萬女士在中草藥家用個人護理產品行業擁有豐富經驗。彼在中國日化產品行業方面擁有超過17年經驗。彼對銷售及企業管理有豐富經驗。創立廣州霸王化妝品有限公司(本公司的前身實體)前，萬女士在中國科學院華南植物研究所工作，擔任工程師。自二零零八年，萬女士任中華全國工商業聯合會美容化妝品業商會副會長。彼亦於二零零八年獲全國行業領先企業品牌推選組委會選為「中國中藥日化行業魅力領軍人物」。萬女士於二零零八年取得廣州人事局(為政府機關)及廣州市歸國華僑聯合會頒發的「廣州新僑回國創業貢獻獎」。彼於二零零六年更獲中國企業文化促進會選為「中國品牌建設十大優秀企業家」。萬女士於一九九八年在華南農業大學取得植物遺傳學學士學位。萬女士為陳先生的配偶。

## Directors and Senior Management

### 董事及高層管理人員

**Mr. SHEN Xiaodi** (沈小笛), aged 47, is our vice-CEO and executive Director. Mr. SHEN joined our Group in January 2008 and was appointed as our executive Director on 10 December 2008. Mr. SHEN is responsible for the implementation of our Group's strategic plans and the daily operations and management of our Group. Prior to joining our Group, Mr. SHEN held a number of senior management roles, such as deputy chief engineer in high technology enterprises in the PRC and deputy general manager in asset management companies. He has more than 10 years experience in technology management, introduction of foreign capital and management of enterprises, which could benefit the Group by (i) efficiently and effectively managing the operation of the Group; (ii) implementing the new ERP systems; and (iii) facilitating the Group's future fund-raising activities and strategic investments. Mr. SHEN obtained a bachelor's degree in engineering in 1986 and a master's degree in engineering in 1989, both from Xi'an Jiaotong University (西安交通大學). He also obtained a doctorate degree in engineering and a post-doctor's research certificate in mathematics from Chinese Academy of Sciences (中國科學院) in 1994 and 1995, respectively. He was conferred a professional qualification as a deputy researcher by Institute of Applied Mathematics of Chinese Academy of Sciences (中國科學院應用數學研究所) in 1995. Mr. SHEN is the spouse of Ms. GUO Jing, our non-executive Director.

沈小笛先生，47歲，為我們的首席副執行官兼執行董事。沈先生於二零零八年一月加入本集團，並於二零零八年十二月十日獲委任為我們的執行董事。沈先生負責執行本集團的策略計劃及本集團的日常營運及管理。於加入本集團之前，沈先生曾擔任多個高級管理層職位，例如在中國高科技企業擔任副總工程師及在資產管理公司擔任副總經理。彼在科技管理、外資引入及企業管理方面擁有超過10年的經驗，能通過(i)有效管理本集團的經營；(ii)實施新ERP系統；及(iii)協助本集團日後籌集資金的活動及策略投資而令本集團受益。沈先生於一九八六年取得西安交通大學工學學士學位，並於一九八九年取得西安交通大學工學碩士學位。彼亦分別於一九九四年及一九九五年取得中國科學院工學博士學位及數學學科博士後證書。於一九九五年，彼獲頒授中國科學院應用數學研究所副研究員的專業資格。沈先生為我們的非執行董事郭晶女士的配偶。



## Directors and Senior Management 董事及高層管理人員

**Mr. WONG Sin Yung (黃善榕)**, aged 58, is our chief financial officer and executive Director. Mr. WONG joined our Group in April 2008 and was appointed as our executive Director on 10 December 2008. He is responsible for the finance management and control, accounting, auditing, company secretarial and investor relations of our Group. Prior to joining our Group, Mr. WONG was an executive director of China Ting Group Holdings Limited (華鼎集團控股有限公司) (03398), from 2005 to 2008, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. WONG was the chief accountant and finance manager of Mark Wong & Associates (Industrial Consultants) Limited from 1988 to 1992 and from 1994 to 2003 respectively. He also worked for a certified public accountant firm from 1992 to 1994. Mr. WONG has over 28 years experience in corporate finance, accounting, auditing, corporation administration, and project consulting. He is an associate member of Hong Kong Institute of Certified Public Accountants. Mr. WONG obtained a master’s degree in human resource management from Macquarie University in 1996 and a master’s degree in business administration from the University of Hong Kong in 1999.

黃善榕先生，58歲，為我們的首席財務官兼執行董事。黃先生於二零零八年四月加入本集團，並於二零零八年十二月十日獲委任為我們的執行董事。彼負責本集團的財務管理及監控、會計、審核、公司秘書及投資者關係。加入本集團之前，黃先生於二零零五年至二零零八年曾為華鼎集團控股有限公司(03398)(其股份於香港聯合交易所有限公司(以下簡稱「聯交所」)上市)的執行董事。於一九八八年至一九九二年及一九九四年至二零零三年期間，黃先生在 Mark Wong & Associates (Industrial Consultants) Limited 擔任總會計師及財務經理。彼亦於一九九二年在一家執業會計師事務所工作。黃先生在企業融資、會計、審核、公司管理及項目諮詢方面擁有超過28年的經驗。彼為香港會計師公會會員。黃先生於一九九六年獲麥格理大學的人力資源管理碩士學位，於一九九九年獲香港大學工商管理碩士學位。

## Directors and Senior Management 董事及高層管理人員

### Non-executive Director

**Ms. GUO Jing (郭晶)**, aged 46, was appointed as our non-executive Director on 10 December 2008. Prior to joining our Group, Ms. GUO was a senior accountant in a chartered accountants firm in Canada since 2006. From 2002 to 2005, she was a finance manager of FutureWay Enterprise Services Inc., a company providing business consulting, accounting and taxation services. From 1992 to 2001 Ms. GUO held various senior management positions including finance manager, deputy chief accountant, and chief accountant in Beijing Dali Integrated Business Company (北京市大力綜合商業公司). She has more than 15 years experience in strategic planning, corporate finance, internal financial control and management, professional accounting, and taxation services, which could benefit the Group by offering professional advice to the Board on the overall financial control and management of the Group. Ms. GUO obtained a bachelor's degree in biomedical engineering and instrumentation from Xi'an Jiaotong University (西安交通大學) in 1987 and a master's degree in internal combustion engineering from Beijing Institute of Technology (北京理工大學) in 1992. She was awarded a vocational qualification as an accountant by the PRC Ministry of Finance (中國財政部) in 1997. She is a member of Certified General Accountants Association of Canada. Ms. GUO is the spouse of Mr. SHEN Xiaodi, our executive Director.

### 非執行董事

**郭晶女士**，46歲，於二零零八年十二月十日獲委任為我們的非執行董事。在加入本集團前，郭女士自二零零六年起為加拿大一家特許會計師事務所的高級會計師。於二零零二年至二零零五年期間，擔任 FutureWay Enterprise Services Inc. (一家提供業務諮詢、會計及稅務服務的公司) 的財務經理。一九九二年至二零零一年期間，郭女士曾在北京市大力綜合商業公司擔任多項高級管理職位，包括出任財務經理、副總會計師及總會計師。彼於策略規劃、企業財務、內部財務監控及管理、專業會計及稅務服務擁有超過15年經驗，其經驗使彼能就本集團的整體財務監控及管理向董事會提供專業意見，此舉將會令本集團受益。郭女士於一九八七年獲西安交通大學工學學士學位，主修生物醫學工程及儀器專業，並於一九九二年獲北京理工大學工學碩士學位，主修內燃工程專業。一九九七年，彼獲中國財政部頒授的會計師職業資格。彼是加拿大註冊會計師協會會員。郭女士為我們的執行董事沈小笛先生的配偶。

## Directors and Senior Management 董事及高層管理人員

### Independent Non-executive Directors

**Dr. NGAI Wai Fung** (魏偉峰), aged 51, was appointed as our independent non-executive Director on 10 December 2008. He is currently the Managing Director of MNCOR Consulting Limited, a speciality corporate and compliance services provider to Companies in pre-IPO and post-IPO. Dr. Ngai is also Chief Executive Officer of SW Corporate Services Group Limited, of which MNCOR Consulting Limited is a major shareholder. Dr. Ngai has recently been appointed by the Chief Executive of The Hong Kong Special Administrative Region as a member of Work Group on Professional Services under the Economic Development Commission. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He is and has been a vice president of the Hong Kong Institute of Chartered Secretaries since 2002. He is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors, a member of Hong Kong Securities and Investment Institute, the Adjunct Professor of Law of Hong Kong Shue Yan University and a member of Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants. He obtained a doctor's degree in Finance from Shanghai University of Finance and Economics in 2011, a master's degree in corporate finance from Hong Kong Polytechnic University in 2002 and a master's degree in business administration from Andrews University of Michigan in 1992. Dr. NGAI has over 20 years of senior management experience, most of which is in the areas of finance, accounting, internal control and regulatory compliance for issuers including major red chip companies. Dr. NGAI was an independent non-executive director and a member of the audit committee of China Life Insurance Company Limited (中國人壽保險股份有限公司) (02628) from 2006 to 2009 and Fransion Properties (China) Limited (方興地產(中國)有限公司) (0817) from 2007 to 2011), and is currently an independent non-executive director and a member of the audit committee of China Railway Construction Corporation Limited (中國鐵建股

### 獨立非執行董事

**魏偉峰**博士、51歲，於二零零八年十二月十日獲委任為我們的獨立非執行董事。彼現任一家為公司上市前及上市後提供專業合規諮詢服務的公司—萬年高顧問有限公司的董事總經理及信永方圓企業服務集團有限公司(萬年高顧問有限公司為其主要股東)的行政總裁。魏博士最近獲香港特別行政區行政長官委任為經濟發展委員會專業服務業工作小組非官守成員。在此之前，彼曾擔任獨立運作綜合企業服務公司的董事兼上市服務部主管。彼自二零零二年起擔任香港特許秘書公會副會長。彼為英國特許公認會計師公會資深會員、香港會計師公會會員、特許秘書及行政人員公會資深會員及香港特許秘書公會資深會員、香港證券及投資學會會員、香港樹仁大學法律系兼任教授及香港會計師公會專業資格及考試評議會委員會成員。彼於二零一一年取得上海財經大學金融學博士學位，於二零零二年取得香港理工大學企業金融學碩士學位，於一九九二年獲得美國密茲根州安德魯大學工商管理碩士學位。魏博士擁有超過20年高級管理層經驗，其中絕大部分經驗與上市公司(包括大型紅籌公司)的財務、會計、內部控制與合規工作相關。魏博士於二零零六年至二零零九年曾擔任中國人壽保險股份有限公司(02628)的獨立非執行董事及審核委員會成員，於二零零七年至二零一一年曾擔任方興地產(中國)有限公司(0817)的獨立非執行董事及審核委員會成員，而目前為中國鐵建股份有限公司(01186)、中國中煤能源股份有限公司(01898)及海豐國際控股有限公司(01308)的獨立非執行董事及審核委員會成員，以及波司登國際控股有限公司(03998)、寶龍地產控股有限公司(01238)、三一重裝國際控股有限公司(0631)、合生元國際控股有限公司(01112)及賽維LDK太陽能

## Directors and Senior Management

### 董事及高層管理人員

份有限公司) (01186), China Coal Energy Company Limited (中國中煤能源股份有限公司) (01898), SITC International Holdings Company Limited (海豐國際控股有限公司) (01308) and an independent non-executive director and the chairman of the audit committee of Bosideng International Holdings Limited (波司登國際控股有限公司) (03998), Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司) (01238), Sany Heavy Equipment International Holdings Limited (三一重裝國際控股有限公司) (0631), Biostime International Holdings Limited (合生元國際控股有限公司) (01112) and LDK Solar Co. Ltd (LDK), shares of which are listed on the Stock Exchange and/or the Shanghai Stock Exchange and/or the New York Stock Exchange.

高科技有限公司(LDK)的獨立非執行董事及審核委員會成員／主席，上述公司的股份於聯交所及／或上海證券交易所及／或紐約證券交易所上市。



## Directors and Senior Management 董事及高層管理人員

**Mr. LI Bida (李必達)**, aged 72, was appointed as our independent non-executive Director on 10 December 2008. Prior to joining our Group, Mr. LI was the head of Department of Lawyers, the Ministry of Justice of the PRC (中國司法部律師司), currently known as Department of Directing Lawyers and Notarization, Ministry of Justice (司法部律師公証工作指導司), from 1988 to 1992. He was also an arbitrator in China International Economics and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) from 1989 to 1990. From 1992 to 1995, he served as standing deputy head of State Trademark Bureau (國家商標局). From 1992 to 2001, he held various positions in State Administration of Industry and Commerce (國家工商行政管理總局) including the head of the Fair Trading Bureau (公平交易局) and the head of Registration Bureau (企業註冊局). He was a consultant with a number of companies, including Galanz Group (格蘭仕集團) from 2001 to 2003, Perfect (China) Co., Ltd. (完美(中國)日用品有限公司) and Nanfong Lee Kum Kee Co., Ltd. (南方李錦記有限公司) from 2001 to 2005, Ricoh China Co., Ltd. (理光(中國)投資有限公司) from 2005 to 2006, and NU Skin (China) Co., Ltd. (如新(中國)日用保健品有限公司) from 2006 to 2007. He is currently a member of the board of directors of Intellectual Property Institute of Peking University (北京大學知識產權學院), professor of Renmin University of China Law School (中國人民大學法律學院) and Capital University of Economics and Business (首都經濟貿易大學). Mr. LI obtained a bachelor's degree in law from Hubei University (湖北大學) in 1965.

李必達先生，72歲，於二零零八年十二月十日獲委任為我們的獨立非執行董事。在加入本集團之前，李先生於一九八八年至一九九二年期間為中國司法部律師司司長(現稱為司法部律師公証工作指導司)。彼於一九八九年至一九九零年期間為中國國際經濟貿易仲裁委員會仲裁員。於一九九二年至一九九五年期間，彼任職國家商標局常務副局長。一九九二年至二零零一年期間，彼在國家工商行政管理總局擔任不同職位，包括公平交易局局長及企業註冊局局長。彼曾為多家公司的顧問，包括二零零一年至二零零三年期間擔任格蘭仕集團的顧問、二零零一年至二零零五年期間擔任完美(中國)日用品有限公司及南方李錦記有限公司的顧問、二零零五年至二零零六年期間擔任理光(中國)投資有限公司的顧問及於二零零六至二零零七年期間擔任如新(中國)日用保健品有限公司的顧問。彼目前擔任北京大學知識產權學院董事會董事、中國人民大學法律學院及首都經濟貿易大學教授。李先生於一九六五年獲湖北大學法學學士學位。

## Directors and Senior Management

### 董事及高層管理人員

**Mr. CHEN Kaizhi** (陳開枝), aged 72, was appointed as our independent non-executive Director on 8 April 2009. Prior to joining us, he held various governmental positions in Guangdong province from 1964 to 1998. He was promoted to executive vice mayor of Guangzhou in 1992 and deputy secretary of the Leading Party Group of Guangzhou Municipal Government (廣州市政府黨組副書記) in 1993. From 1998 to 2005, he was the chairman and secretary of the Leading Party Group of Guangzhou Political Consultative Conference (廣州市政協主席及黨組書記). Since his retirement from his governmental position in 2005, he held the position of vice president of China Foundation for Poverty Alleviation (中國扶貧基金會), a charitable organization in the PRC. He obtained a bachelor's degree in political education from South China Normal College (華南師範學院), which is the predecessor of South China Normal University (華南師範大學), in 1964.

陳開枝先生，72歲，於二零零九年四月八日獲委任為我們的獨立非執行董事。在加入本集團之前，彼於一九六四年至一九九八年期間在廣東省擔任多個政府職位。彼於一九九二年晉升為廣州市常務副市長，並於一九九三年晉升為廣州市政府黨組副書記。自一九九八年至二零零五年，彼為廣州市政協主席及黨組書記。於二零零五年退任政府職位後，彼擔任中國扶貧基金會（一家中國的慈善機構）的副會長。彼於一九六四年取得華南師範學院（華南師範大學前身）政治教育專業學士學位。

# Corporate Governance Report

## 企業管治報告

### Code on corporate governance practices

The Company is committed to enhancing the corporate governance of the Group, and the Board reviews and updates all such necessary measures in order to promote good corporate governance.

The Company has applied the principles set out in the former Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the new Corporate Governance Code (the “Code”) during the period from 1 April 2012 to 31 December 2012 as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

In the opinion of the Board, the Company has complied with the code provisions set out in the Code throughout the year ended 31 December 2012, save and except for the deviation from code provision A.6.7. Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized below.

### Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as contained in Appendix 10 to the Listing Rules as the standards for the directors' dealings in the securities of the Company. Having made specific enquiry with all Directors, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the year ended 31 December 2012.

### 企業管治常規守則

本公司致力提高本集團的企業管治水平，而董事會則檢討及更新為促進良好企業管治的一切必要措施。

本公司自二零一二年一月一日至二零一二年三月三十一日期間採用載於聯交所證券上市規則(「上市規則」)附錄十四的前企業管治常規守則所載的原則，而自二零一二年四月一日至二零一二年十二月三十一日期間則採用載於上市規則附錄十四的新企業管治常規守則(「守則」)所載的原則。

董事會認為，本公司於截至2012年12月31日止年度一直遵守所有守則條文，惟對守則條文第A.6.7條的偏離除外。本公司主要企業管治原則及常規以及有關上述偏離的詳情在下文概述。

### 董事進行證券交易

本公司已經採用香港上市規則附錄十所載上市公司董事進行證券交易的標準守則(「標準守則」)作為各董事買賣本公司證券的交易標準。本公司在向各董事作出特定查詢後確認，截至二零一二年十二月三十一日年度，各董事均遵從標準守則訂明的標準。

## Board of directors

The Board comprises eight members, including Chairman, Chief Executive Officer (“CEO”), Vice-CEO, Chief Financial Officer, one Non-executive Director and three Independent Non-executive Directors. Biographical details of the Directors are set out in the section headed Directors and Senior Management Profiles on pages 32 to 40 of this annual report.

The Board is responsible for approving and monitoring the Group’s strategies and policies, approving annual budgets and business plans, evaluating the performance of the Group and supervising the work of management. The management is responsible for the daily operations of the Group under the leadership of the CEO.

The Board has delegated a schedule of responsibilities to the executive directors and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company.

For a Director to be considered independent, the Board must determine that the Director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of Directors.

The roles of the Chairman and the CEO are separated in order to reinforce their independence and accountability. The CEO, Ms. WAN is the spouse of Mr. CHEN Qiyuan and non-executive Director Ms. GUO is the spouse of Vice-CEO, Mr. SHEN. Save as disclosed above, the Directors are not otherwise related to each other.

Five board meetings were held in 2012. Each of Mr. CHEN, Ms. WAN, Mr. SHEN, Mr. WONG, Ms. GUO, Mr. NGAI, Mr. LI Bida and Mr. CHEN Kaizhi has attended all five meetings.

## 董事會

董事會由八位成員組成，其中包括主席、首席執行官、首席副執行官、首席財務官、一位非執行董事及三位獨立非執行董事。各董事之履歷載於第32頁至第40頁董事及高級管理層簡介。

董事會負責批准及監察本集團的整體策略及政策，批准年度預算及業務計劃，評估本集團表現，以及監督管理層的工作。管理層在行政總裁的領導下，負責集團日常業務。

董事會已將一部分責任轉授予本公司執行董事及高級管理層。該等責任包括：執行董事會的決定，指示及協調本公司的日常運作及管理。

董事須經董事會確定與集團並無任何直接或間接的重大關係，方會被視為具獨立性。董事會按照上市規則的規定，確定董事的獨立性。

主席及首席執行官職責分開，以加強他們的獨立性和問責性。除首席執行官萬玉華女士是主席陳啟源先生的配偶，非執行董事郭晶女士是首席副執行官沈小笛先生的配偶外，董事之間概無其他關係。

二零一二年期間，召開五次董事會會議。陳先生、萬女士、沈先生、黃先生、郭女士、魏偉峰先生、李必達先生及陳開枝先生均有出席上述五次會議。



## **Remuneration of Directors and Senior Management**

Details of the remuneration of each director and the remuneration of the members of the senior management by band for the year ended 31 December 2012 are set out in note 8 and 9 to the financial statements.

## **Directors' Training**

Under code provision A.6.5, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2012, all directors of the Company received regular updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient laws and regulations applicable to the Group were provided to the Directors. Directors are requested to provide their records of training they received to the Company Secretary for record.

## **Remuneration Committee**

The remuneration committee comprises our executive Director, Ms. WAN Yuhua, and our two independent non-executive Directors, Mr. LI Bida and Mr. CHEN Kaizhi. Mr. LI Bida is the chairperson of the remuneration committee. The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensures none of our Directors determine their own remuneration.

Two remuneration committee meetings were held in 2012. During the meetings, the committee members reviewed the Group's remuneration policy and made recommendations to the Board. All committee members attended these two meetings.

## **董事及高級管理層成員薪酬**

於截至二零一二年十二月三十一日止年度有關各董事薪酬的詳情及高級管理層成員薪酬區間的詳情載於財務報表附註8和9。

## **董事培訓**

根據守則條文第A.6.5條，董事須參與合適的持續職業發展，以提高及更新其知識及技能，以確保繼續在具備全面資訊及切合所需的情況下向董事會作出貢獻。本公司將會於適當時為董事安排內部用簡報，並就有關主題刊發閱讀材料。本公司鼓勵所有董事參加相關培訓課程，費用由本公司支付。

截至二零一二年十二月三十一日止年度，本公司全體董事均定期接收有關本集團業務、營運、風險管理及企業管治事宜的簡報及更新。董事獲提供適用於本集團的新訂重點法律及條例或重要法律及條例之變動。董事須向公司秘書提供彼等所接受培訓的記錄以作記錄。

## **薪酬委員會**

薪酬委員會由我們的執行董事萬玉華女士及兩名獨立非執行董事，即李必達先生及陳開枝先生組成。李必達先生為薪酬委員會主席。薪酬委員會的主要職責乃就本集團全體董事及高級管理人員的整體薪酬政策及架構向董事會作出推薦建議；審閱通過表現而釐定的薪酬；以及確保我們的董事概無釐訂本身的薪酬。

二零一二年期間，薪酬委員會召開兩次會議。會議期間，本委員會成員已審閱本集團薪酬政策並向董事會提出建議。所有委員都有出席上述兩次會議。

### **Nomination Committee**

The nomination committee comprises our executive Director, Mr. CHEN Qiyuan, and our two independent non-executive Directors, Mr. LI Bida and Mr. CHEN Kaizhi. Mr. CHEN is the chairperson of the nomination committee. The primary duties of the nomination committee are to review the structure, size and composition of the Board and to make recommendations to the Board regarding candidates to fill vacancies on the Board and the re-election of Directors.

Two nomination committee meetings were held in 2012. During the meetings, the committee members review the senior management structure of the Group. All committee members attended these two meetings.

### **Audit Committee**

The audit committee comprises three Independent non-executive Directors and one of whom possesses the appropriate business and financial experience and skills to understand the accounts of the Group. The audit committee is chaired by Mr. NGAI Wai Fung and other members are Mr. LI Bida and Mr. CHEN Kaizhi. The audit committee was formed in compliance with Rule 3.21 of the Listing Rules and to review and supervise the financial reporting process and internal controls of the Company.

The written terms of reference which describes the authority and duties of the audit committee were prepared and adopted with reference to the Code. The audit committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of internal controls of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determines necessary and to perform investigations.

### **提名委員會**

提名委員會由我們的執行董事陳啟源先生及兩名獨立非執行董事，即李必達先生及陳開枝先生組成。陳啟源先生為提名委員會主席。提名委員會的主要職責為檢討董事會架構、人數和組成及就填補董事會空缺及重選向董事會作出推薦建議。

二零一二年期間，提名委員會召開兩次會議。會議期間，本委員會成員已審閱本集團高級管理層架構。所有委員都有出席上述兩次會議。

### **審核委員會**

審核委員會包括三位獨立非執行董事，他們其中一人具備了解財務報表所需的商業與財務技巧與經驗。委員會由魏偉峰先生擔任主席，其他成員為李必達先生與陳開枝先生。審核委員會根據上市條例第3.21條成立，負責審閱及監督本公司財務報告程序及內部監控。

審核委員會之書面職權範圍列明審核委員會之權力與職責，乃參照守則而編製和採納的。審核委員會之職責，其中包括監察與外聘核數師的關係、審閱集團的中期業績與年度業績、檢討集團內部控制的範疇、規限與有效性，審閱集團所採用的會計政策及慣例，在認為有需要時委聘獨立的法律或其他顧問，以及進行調查。

## Corporate Governance Report 企業管治報告

During the year, the audit committee has performed the following:

- Met with the external auditor to discuss the general scope and findings of their annual audit and interim review work;
- Reviewed and recommended to the Board for approval of the external auditor's remuneration;
- Made recommendations to the Board on the reappointment of the external auditor;
- Reviewed the external auditor's independence, objectivity and the effectiveness of the auditing process;
- Reviewed the annual and interim reports and annual and interim results announcements of the Company;
- Discussed auditing, internal control, risk management and financial reporting matters of the Company before recommending them to the Board for approval; and
- Reviewed the connected transactions entered into by the Group

The audit committee has reviewed the annual report with the management and the external auditors and recommended its adoption by the Board.

All issues raised by the external auditor and the audit committee have been addressed by the senior management of the Company. The work and findings of the audit committee have been reported to the Board. During the year, no issues were brought to the attention of the senior management of the Company and the Board of sufficient significance for disclosure in the annual report.

Three audit committee meetings were held in 2012. Each of Mr. NGAI Wai Fung, Mr. LI Bida and Mr. CHEN Kaizhi have attended all three meetings.

在本年度內，審核委員會進行了下列各項：

- 與外聘核數師討論其年度核數和中期審閱工作的一般範疇和結果；
- 檢討外聘核數師酬金並建議董事會予以批准；
- 就重新委任外聘核數師事宜，向董事會提出建議；
- 檢討外聘核數師的獨立性、客觀性和核數程序的有效性；
- 審閱本公司年報和中期報告以及年度和中期業績公告；
- 就本公司審核、內部監控、風險管理制度和財務報告事項，於建議董事會予以批准前進行討論；及
- 審閱本集團訂立的關連交易。

審核委員會已與管理層和外部核數師審閱年度報告，並建議董事會採納。

高級管理層已就外聘核數師和審核委員會提出的所有問題作出回應。審核委員會的工作和結果已經向董事會匯報。本年度內，需要高級管理層和董事會注意的問題之重要性不足以在年報內作出有關披露。

二零一二年期間，審核委員會召開三次會議。魏偉峰先生、李必達先生及陳開枝先生均有出席上述三次會議。

## Corporate Governance Functions

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

Up to the date of this annual report, the Audit Committee met once to review the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and the compliance of the Company with the Code and disclosure in this Corporate Governance Report.

## Directors' responsibilities for financial statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company, and for ensuring that the financial statements are prepared in accordance with applicable statutory requirements and accounting standards.

A statement from the auditor of the Company about their reporting responsibilities on the financial statements of the Group for the year ended 31 December 2012, is set out on pages 65 to 66 of the annual report.

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

## Internal control and risk management

The Board and the management of the Group maintain a sound and effective system of internal control of the Group so as to ensure the effectiveness and efficiency of operations of the Group in achieving the established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

## 企業管治職能

審核委員會負責履行守則第D.3.1條所載的職能。

截至本年報日期，審核委員會曾舉行一次會議，審閱本公司的企業管治政策及常規、董事及高級管理層的培訓及持續職業發展、本公司在遵守法律及監管規定方面的政策及常規及遵守守則的情況以及於本企業管治報告內的披露。

## 董事對財務報表的責任

董事知悉須負責編製本公司財務報表，確保財務報表遵照適用的法定要求及會計準則編製。

本公司核數師就其對本集團截至二零一二年十二月三十一日年度合併財務報表的申報責任所做的聲明載於本年報第65至66頁。

並無若干事項或情況之重大不明朗因素可能對本公司持續經營的能力產生重大疑問。

## 內部監控及風險管理

本集團董事會與管理層負責維持本集團的內部監控制度穩健妥善而且有效，以確保本集團有效地以高效率營運，藉以達成企業目標、保障本集團資產、提供可靠的財務申報以及遵守適用的法律及規例。於回顧年內，董事會已審閱本公司內部監控系統的有效性。



## Corporate Governance Report 企業管治報告

The Board is also responsible for making appropriate assertions on the adequacy of internal control and procedures. Through the audit committee of the Group, the Board review the effectiveness of these systems on a regular basis.

### Investor relations and communication with shareholders

The Company establishes different communication channels with Shareholders and investors: (i) dispatching printed copies of corporate communication documents to Shareholders; (ii) the annual general meeting provides a forum for Shareholders to raise comments and exchange views with the Board; (iii) latest and key information of the Group are available on the website of the Company; (iv) regular press conferences and briefing meetings with investors, Shareholders and analysts are set up from time to time on updated information of the Group, and; (v) the Company's registrars serve the Shareholders respecting all share registration matters. The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. The Chairman of the Board as well as the Chairmen and/or other members of the Audit Committee and Remuneration Committee will normally attend the annual general meetings and other shareholders' meetings of the Company to answer questions raised.

Save for the disclosure below, all the Directors, namely Mr. CHEN, Ms. WAN, Mr. SHEN, Mr. WONG, Mr. NGAI and Mr. LI Bida have attended the annual general meeting of the Company.

Code provision A.6.7 stipulates that independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, one of the independent non-executive directors, Chen Kaizhi was unable to attend the annual general meeting of the Company held on 1 June 2012 due to his unavoidable business engagement.

董事會亦負責對財務申報的內部監控是否充分以及披露監控和程序是否有效，作出適當的聲明，並透過轄下的審核委員會定期檢討該等制度是否有效。

### 投資者關係及股東通訊

本公司與股東及投資者建立不同的通訊途徑：(i)送遞公司通訊文件之印刷本予股東；(ii)股東可於股東週年大會上發表建議及與董事交換意見；(iii)本公司網頁載有集團之最新及重要資訊；(iv)本公司不時召開新聞發佈會，及投資者、股東和分析員簡佈會以提供本集團最新資料，及(v)本公司之股份過戶處就股份登記事宜為股東提供服務。董事會歡迎股東提出意見，並鼓勵彼等出席股東大會以直接就其對董事會或管理層的任何存疑作出提問。董事會主席及審核委員會及薪酬委員會主席及／或其他成員一般會出席本公司股東週年大會及其他股東大會，解答股東的提問。

除以下所述外，所有董事，即陳先生、萬女士、沈先生、黃先生、魏偉峰先生及李必達先生均有出席公司的股東週年大會。

守則條文第A.6.7條規定，獨立非執行董事亦應出席股東大會，對公司股東的意見有公正的了解。然而，一名獨立非執行董事，陳開枝因要務在身不得已缺席本公司於二零一二年六月一日舉行的股東週年大會。

## Shareholders' Rights

Pursuant to the Articles of Association, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the Company Secretary.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company.

Contact details are as follows:

Address: Suite B, 16/F Ritz Plaza,  
122 Austin Road,  
Tsimshatsui, Kowloon, HongKong  
(For the attention of Mr. WONG Sin Yung,  
Company Secretary)  
Fax: +852 3114 8819  
Email: IR@1338.hk

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

## Auditors' Remuneration

The remuneration paid/payable to the Company's independent external auditor, KPMG, for the year ended 31 December 2012 in relation to audit service are RMB1.60 million.

## 股東權利

根據組織章程，持有不少於十分之一本公司附有股東大會投票權的繳足股本的股東可要求本公司召開股東特別大會，方法為向董事會或公司秘書發出書面要求。

股東可向本公司寄發書面查詢或建議以向本公司董事會作出任何查詢。

聯絡詳情如下：

地址：香港九龍尖沙咀  
柯士甸道122號  
麗斯中心16樓B室  
(收件人為公司秘書  
黃善榕先生)  
傳真：+852 3114 8819  
電子郵件：IR@1338.hk

在回顧年內，本公司並無對其組織章程作出任何變動。組織章程的最新版本可在本公司網站及聯交所網站查閱。股東亦可參考組織章程以取得有關其權利的詳情。

## 核數師薪酬

截至二零一二年十二月三十一日年度，本公司已付／應付外聘獨立核數師畢馬威會計師事務所有關核數服務的薪酬為人民幣1.60百萬元。

# Report of the Directors

## 董事會報告

The Directors submit the Report of Directors together with the audited consolidated financial statements for the year ended 31 December 2012.

### Principal activities

The principal activities of the Group are the designing, manufacturing, trading and distribution of Chinese herbal products, including shampoo products, hair-care products, skin-care products, herbal tea products and household cleaning products. The principal activities and other particulars of the subsidiaries are set out on pages 121 to 122 of this annual report.

### Dividends

The Board does not recommend the payment of any final dividends in respect of the year ended 31 December 2012.

### Results and Appropriations

The results of the Group for the year ended 31 December 2012 are set out in the consolidated profit and loss account on page 67 of this annual report.

### Reserves

Details of the movements in the reserves of the Company and the Group during the financial year 2012 are set forth in note 22(d) to the financial statements of this annual report.

### Distributable reserves

As at 31 December 2012, the Company's reserves available for distributions amounted to RMB1,307.4 million.

### Major customers and suppliers

During the financial year ended 31 December 2012, sales made to the Group's top five customers and the largest customer accounted for approximately 15.1% and 5.1% respectively of the total sales of the Group. The Group purchased approximately 34.9% and 13.9% respectively of its goods and services from its five largest suppliers and the largest suppliers.

董事呈列董事會報告，連同截至二零一二年十二月三十一日財政年度的經審核財務報表。

### 主要業務

本集團之主要業務是設計、製造、銷售中草藥產品，包括洗髮產品、護髮產品、護膚產品、中草藥飲品以及家庭清潔產品。各附屬公司之主要業務及其他詳情載列於本年報第121至122頁。

### 派息

董事會不建議派發關於截至二零一二年十二月三十一日的任何末期股息。

### 業績及分配

本年度截至二零一二年十二月三十一日年度之集團業績載於第67頁之合併損益表內。

### 儲備

有關本公司及本集團於二零一二年財政年度的儲備變動，詳情載於本年報財務報表附註22(d)。

### 可供分派儲備

於二零一二年十二月三十一日，本公司的可供分派儲備為人民幣1,307.4百萬元。

### 主要客戶及供應商

截至二零一二年十二月三十一日財政年度，本集團向五大客戶及最大客戶銷售所得的銷售額分別佔本集團總銷售額約15.1%及5.1%。本集團向五大供應商及最大供應商採購的貨物及服務分別佔其採購的34.9%和13.9%。

## Report of the Directors

### 董事會報告

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

### Financial summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 171 of this annual report.

### Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in note 12 to the financial statements.

### Share capital and share options

Details of the movements in the share capital of and the share options granted by the Company are set forth in note 22(c) and note 20 to the financial statements.

### Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association (the "Articles") or the laws of Cayman Islands which oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

### Purchase, sale or redemption of the company's listed securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

本公司之董事、彼等之聯繫人士或任何股東(據董事所知持有本公司股本5%以上者)概無於本年度任何時間擁有該等主要客戶或供應商之任何權益。

### 財務概要

本集團於最近五個財政年度之業績及資產與負債概要載於本年報第171頁。

### 物業、廠房及設備

有關本集團物業、廠房及設備的變動，詳情載於財務報表附註12。

### 股本及購股權

有關本公司股本及已授出購股權的變動，詳情載於財務報表附註22(c)及附註20。

### 優先購買權

本公司組織章程細則或本公司註冊成立地點開曼群島之法律均無有關優先購買權的規定。

### 購入、出售或贖回本公司之上市證券

於本年度內，本公司或其任何附屬公司概無購入、出售或贖回本公司之任何上市證券。

## Report of the Directors 董事會報告

### Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this annual report, the Company has maintained the prescribed public float during the year ended 31 December 2012 and up to the date of this annual report as required under the Listing Rules.

### Charitable donations

Charitable donations made by the Group during the year ended 31 December 2012 amounted to RMB1.0 million.

### Management Contracts

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

### Directors

The Directors during the financial year were:

#### Executive Directors

Mr. CHEN Qiyuan (*Chairman*)  
Ms. WAN Yuhua  
Mr. SHEN Xiaodi  
Mr. WONG Sin Yung

#### Non-Executive Director

Ms. GUO Jing

#### Independent Non-Executive Directors

Mr. NGAI Wai Fung  
Mr. LI Bida  
Mr. CHEN Kaizhi

Details of the Directors' biographies have been set out on pages 32 to 40 of the annual report.

### 足夠公眾持股量

按本公司可公開獲得之資料及就董事所知，於本報告刊發前之最後可行日期，本公司於截至二零一二年十二月三十一日的年度內及截至本報告日期一直維持上市規則指定數額之公眾持股量。

### 慈善捐款

截至二零一二年十二月三十一日，本集團的慈善捐款為人民幣1.0百萬元。

### 管理合約

年內概無訂立或存在任何有關管理及經營本公司全部或任何重大部份業務的合約。

### 董事

於本財政年度內之董事如下：

#### 執行董事

陳啟源先生(主席)  
萬玉華女士  
沈小笛先生  
黃善榕先生

#### 非執行董事

郭晶女士

#### 獨立非執行董事

魏偉峰先生  
李必達先生  
陳開枝先生

本公司董事之履歷詳情載於本年報第32至40頁。



## Report of the Directors

### 董事會報告

In accordance with 84(1) of the Articles, Ms. WAN Yuhua, Ms. GUO Jing and Mr. CHEN Kaizhi will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

### Directors' Service Contracts

Each of our executive Directors has entered into a director's service agreement with the Company for a term of three years from 4 July 2012.

Each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years from 4 July 2012.

Save as disclosed above, none of the Directors of the Company has entered into any service contract with the Company which cannot be terminated by the Company within one year without payment of compensation, other than statutory compensation.

### Directors' Emoluments

The directors' emoluments are determined by the Board, in consultation with the Remuneration Committee, with reference to their duties, responsibilities and performance and the results of the Group.

### Confirmation of independence

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

根據本公司組織章程細則第84(1)條，萬玉華女士、郭晶女士和陳開枝先生於應屆股東大會上退任，彼等符合資格並願意應選連任。

### 董事服務合約

各執行董事已與本公司訂立董事服務協議，由二零一二年七月四日起，為期三年。

各非執行董事和獨立非執行董事與本公司已簽訂委任函件，由二零一二年七月四日起，為期三年。

概無任何董事與公司簽訂任何服務協議而根據該服務協議公司不能在付賠償金的情況下(法定賠償金除外)於一年內終止該協議。

### 董事酬金

董事酬金由董事會經與薪酬委員會協商及參考彼等職務、責任及表現以及本集團的業績釐定。

### 獨立性之確認

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出之年度獨立性確認書。並仍認為全體獨立非執行董事均為獨立。

## Report of the Directors 董事會報告

### Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company

As at 31 December 2012, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (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 had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

### Long Positions in shares, underlying shares and debentures of the Company

董事及最高行政人員於本公司及其相聯法團的股份、相關股份或債權證中擁有的權益及／或淡倉

截至二零一二年十二月三十一日，董事及本公司行政人員於本公司及其相聯法團（按證券及期貨條例第XV部的涵義的股份、相關股份或債券證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及／或淡倉（包括彼等更具上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉），(b)或根據證券及期貨條例第352條規定須登記於需存置的登記冊內的權益及淡倉，(c)或根據上市規則規定須知會本公司及香港聯交所的權益及淡倉如下：

### 於本公司及其相聯法團的股份和相關股份中之權益

Name of director 董事名稱	Long/Short position in Ordinary Shares 普通股中之好／淡倉	Nature of interest 權益性質	Number of shares/ underlying shares held 股份及相關 股份數目	Approximate percentage of issued share capital 持股百分比
CHEN Qiyuan 陳啟源	Long 好倉	Corporate (Note 1) 公司(附註1)	1,900,840,000	65.30%
WAN Yuhua 萬玉華	Long 好倉	Corporate (Note 2) 公司(附註2)	1,900,840,000	65.30%
SHEN Xiaodi 沈小笛	Long 好倉	Personal (Note 3) 個人(附註3)	2,100,000	0.07%
WONG Sin Yung 黃善榕	Long 好倉	Personal (Note 3) 個人(附註3)	2,100,000	0.07%

## Report of the Directors

### 董事會報告

#### Notes:

1. CHEN Qiyuan is deemed to be interested in the shares held by Fortune Station Ltd. by virtue of Fortune Station Ltd. being controlled by CHEN Qiyuan and WAN Yuhua.
2. WAN Yuhua is deemed to be interested in the shares held by Fortune Station Ltd. by virtue of Fortune Station Ltd. being controlled by WAN Yuhua and CHEN Qiyuan.
3. Including 840,000 shares and 630,000 shares, which would be allotted and issued to SHEN Xiaodi and WONG Sin Yung respectively upon the exercise in full of the share options granted to the relevant director under the Pre-IPO Share Option Scheme of the Company. For details, please refer to section headed "Share Option Scheme" below.

Other than as disclosed above, as at 31 December 2012, so far as known to any Directors or chief executive of the Company, neither the Directors nor the chief executive of the Company, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

#### 附註：

1. 憑藉 Fortune Station Ltd. 為陳啟源及萬玉華所控制，陳啟源被視為擁有 Fortune Station Ltd. 所持有的股份的權益。
2. 憑藉 Fortune Station Ltd. 為萬玉華及陳啟源所控制，萬玉華被視為擁有 Fortune Station Ltd. 所持有的股份的權益。
3. 包括840,000股和630,000股分別被配發及發行給沈小笛和黃善榕。根據本公司首次公開發售前購股權計劃，有關董事行使購股權後，該等股份將被配發及發行給有關董事。有關詳情，請參閱下文「購股權計劃及首次公開發售前購股權計劃」一節。

除上述披露的人員之外，截至二零一二年十二月三十一日，目前所知的任何董事及本公司最高行政管理人員，無論是董事或者是本公司行政人員，於本公司及其相連法團（按證券及期貨條例第XV部的涵義）的股份、相關股份或債券證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及／或淡倉（包括彼等更具上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉），(b)或根據證券及期貨條例第352條規定須登記於需存置的登記冊內的權益及淡倉，(c)或根據上市規則規定須知會本公司及香港聯交所的權益及淡倉。

## Interests and short positions of substantial shareholders of the Company

As at 31 December 2012, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of the SFO were as follows:

<b>Name of shareholder</b> <b>股東名稱</b>	<b>Nature of interest</b> <b>權益性質</b>	<b>Number of shares held</b> <b>股份數目</b>	<b>Approximate percentage of issued share capital</b> <b>持股百分比</b>
Fortune Station Ltd. Fortune Station Ltd.	Corporate 公司	1,900,840,000 (L)	65.30%
CHEN Qiyuan 陳啟源	Corporate (Note 1) 公司(附註1)	1,900,840,000 (L)	65.30%
WAN Yuhua 萬玉華	Corporate (Note 2) 公司(附註2)	1,900,840,000 (L)	65.30%

(L) — Long Position, (S) — Short Position

Notes:

- CHEN Qiyuan is the beneficial owner of 51.0% of the issued share capital of Fortune Station Ltd. and is deemed to be interested in the shares held by Fortune Station Ltd. CHEN Qiyuan, the spouse of WAN Yuhua, is deemed to be interested in WAN Yuhua's interests in Fortune Station Ltd.
- WAN Yuhua is the beneficial owner of 49.0% of the issued share capital of Fortune Station Ltd. and is deemed to be interested in the shares held by Fortune Station Ltd. WAN Yuhua, the spouse of CHEN Qiyuan, is deemed to be interested in CHEN Qiyuan's interests in Fortune Station Ltd.

## 本公司主要股東的權益及淡倉

截至二零一二年十二月三十一日，以下人士(非本公司董事或最高行政人員)於股份或相關股份中擁有根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉：

<b>Name of shareholder</b> <b>股東名稱</b>	<b>Nature of interest</b> <b>權益性質</b>	<b>Number of shares held</b> <b>股份數目</b>	<b>Approximate percentage of issued share capital</b> <b>持股百分比</b>
Fortune Station Ltd. Fortune Station Ltd.	Corporate 公司	1,900,840,000 (L)	65.30%
CHEN Qiyuan 陳啟源	Corporate (Note 1) 公司(附註1)	1,900,840,000 (L)	65.30%
WAN Yuhua 萬玉華	Corporate (Note 2) 公司(附註2)	1,900,840,000 (L)	65.30%

L — 好倉，S — 淡倉

附註：

- 陳啟源為 Fortune Station Ltd. 已發行股本的 51.0% 實益擁有人，並被視為於 Fortune Station Ltd. 持有的股份中擁有權益。萬玉華的配偶陳啟源被視為於萬玉華在 Fortune Station Ltd. 的權益中擁有權益。
- 萬玉華為 Fortune Station Ltd. 已發行股本的 49.0% 實益擁有人，並被視為於 Fortune Station Ltd. 持有的股份中擁有權益。陳啟源的配偶萬玉華被視為於陳啟源在 Fortune Station Ltd. 的權益中擁有權益。

## Report of the Directors

### 董事會報告

Other than as disclosed above, as at 31 December 2012, the Company has not notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

### Share option scheme and Pre-IPO share option scheme

The Company has adopted two share option schemes, a share option scheme dated on 20 May 2009 (the "Share Option Scheme") and the Pre-IPO Share Option Scheme dated on 10 December 2008, the purpose of which is to give the Directors, senior management and employees an opportunity to have a personal stake in the Company and help motivate its employees to optimise their performance and efficiency, and also to retain employees whose contributions are important to the long-term growth and profitability of the Group.

#### Share Option Scheme

The Share Option Scheme became effective on 20 May 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company, must not, in aggregate, exceed 30.0% (or such other percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time. The maximum number of Shares issuable to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1.0% of the Shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

截至二零一二年十二月三十一日，除上文所披露人士之外本公司沒有任何人士（非本公司董事或最高行政人員）於股份或相關股份中擁有根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉。

### 購股權計劃及首次公開發售前購股權計劃

本公司已經採用了兩種股權激勵計劃，也就是於二零零九年五月二十日採納的購股權計劃（「購股權計劃」）和於二零零八年十二月十日採納的首次公開發售前購股權計劃，目的在於為公司董事、高級管理人員和僱員提供一個機會擁有公司股票，以激勵他們表現地更好及更有效率，並以此挽留那些為集團的長遠增長及盈利能力做出重大貢獻的員工。

#### 購股權計劃

購股權計劃於二零零九年五月二十日起生效，除非另行取消或修訂，從已獲接納之日起生效，有效期為10年。

因行使根據購股權計劃及本公司任何其他計劃授出而尚未行使的所有購股權而發行的股份總數，不能超過本公司已發行總股份的30.0%（或根據上市規則可獲准的其他百分比）。購股權計劃的每個合資格參與者在任何十二個月期間內發行股份的最大數目不得超過在任何時間本公司已發行總股份的1.0%。任何授出的購股權超過此限額的須經股東在股東大會上批准。



## Report of the Directors 董事會報告

Share options granted to a connected person (or its associates) of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5.0 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted, upon payment of an option price to be determined by the Board from time to time. The exercise period of the share options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options.

The exercise price of share options is determinable by the Board, but shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

As at 31 December 2012, an aggregate of 2,880,000 shares options were granted to three employees by the Company under the Share Option Scheme, but all of them have been forfeited.

### Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 10 December 2008. As at 31 December 2012, options to subscribe for an aggregate of 14,532,000 Shares were granted, representing approximately 0.5% of the issued share capital of the Company as at the latest practicable date. No further options will be granted under the Pre-IPO Share Option Scheme.

授予本公司之關連人士(或其聯營公司)或彼等之任何聯繫人之購股權，須事先獲得獨立非執行董事批准。此外，在任何十二個月期間，任何授予本公司主要股東或獨立非執行董事，或彼等之任何聯繫人之購股權超過本公司已發行股份之0.1%的，以及其總價值(以本公司授出之日之股票價格為基礎計算)超過港幣5.0百萬元的，須經股東在股東大會上事先批准。

經董事會釐定不時支付之購股權價格後，授出購股權之要約方可被接受。授出購股權的行使期由董事會釐定，並經過一定的行權等待期間開始，但結束日期不能超過授出購股權之日起十年。

購股權之行使價由董事會釐定，但應至少是以下價格之最高者(i)為要約日(必須是一個營業日)當天聯交所每日報價表所列股份之收市價；(ii)要約日前五個營業日聯交所每日報價表所列股份之收市價的平均值；及(iii)股份面值。

截至二零一二年十二月三十一日，本公司已根據購股權計劃授予三名僱員總共2,880,000股股份的購股權，但已經全部喪失。

### 首次公開發售前購股權計劃

首次公開發售前購股權計劃於二零零八年十二月十日起生效。截至二零一二年十二月三十一日，已授予總共14,532,000股的購股權，大約占本公司截至最後實際可行日期已發行股份之0.5%。沒有根據首次公開發售前購股權計劃授出的其他購股權。

## Report of the Directors 董事會報告

The above options have been conditionally granted to 42 participants by the Company at a consideration of HK\$1.0 each. The subscription price of the pre-IPO share options would be at par value or at HK\$1.19.

A total of 4,200,000 pre-IPO share options were granted to two executive Directors on 8 June 2009, which was partially exercised up to 31 December 2012. Movement of these share options during the year ended 31 December 2012 are as follows:

上述購股權被本公司有條件地以每人港幣1.0元授予42名參與者，其認購價格分別是面值或港幣1.19元。

於二零零九年六月八日，公司授予兩名執行董事合共4,200,000股的首次公開發售前購股權，截至二零一二年十二月三十一日，該購股權已部分被行使。這些首次公開發售前購股權截至二零一二年十二月三十一日止年度明細如下：

Name of director 董事名稱	Date of grant 授權日	Exercise price (HKD) 行權價 (港元)	Number of share options 股份期權數目				Outstanding as at 31 December 2012 截至 二零一二年 十二月三十一日 尚未行使	Approximate percentage of issued share capital of the Company (%) 佔本公司已發行股本 的概約百分比 (%)	Exercise Period 行權期間
			Outstanding as at 1 January 2012 截至 二零一二年 一月一日 尚未行使	Granted during the year 於年內 授予數目	Exercised during the year 於年內 行權數目	Forfeited during the year 於年內失效			
SHEN Xiaodi 沈小笛	8 June 2009 二零零九年 六月八日	Par Value 面值	420,000	–	420,000	–	840,000	0.03	4 July 2012 to 8 June 2019 二零一二年七月四日至 二零一二年六月八日
		Par Value 面值	420,000		–	–			4 July 2013 to 8 June 2019 二零一三年七月四日至 二零一二年六月八日
		Par Value 面值	420,000		–	–			4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一二年六月八日
WONG Sin Yung 黃善榕	8 June 2009 二零零九年 六月八日	Par Value 面值	315,000	–	315,000	–	630,000	0.02	4 July 2012 to 8 June 2019 二零一二年七月四日至 二零一二年六月八日
		Par Value 面值	315,000		–	–			4 July 2013 to 8 June 2019 二零一三年七月四日至 二零一二年六月八日
		Par Value 面值	315,000		–	–			4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一二年六月八日
Total 合計			2,205,000	–	735,000	–	1,470,000	0.05	

## Report of the Directors 董事會報告

Apart from the above, options to subscribe for totalling 10,332,000 Shares under the Pre-IPO Share Option Scheme were granted to 40 employees of the Group on 8 June 2009. Of which, options to subscribe for totalling 2,714,880 Shares previously granted to thirteen employees were forfeited during the past three years. As at 31 December 2012, there was a balance of unexpired and unexercised options to subscribe for 4,376,400 Shares. Except for the options which had been granted, no further options were granted as at 31 December 2012. Details of the valuation of Pre-IPO Share Option Scheme are set out in Note 20 under the section headed “Notes to the Financial Statements” to this annual report. The value of options are subjective and uncertain as such values are subject to a number of assumptions and limitations of the valuation model.

### Continuing connected transactions

For the year ended 31 December 2012, the Group had the following non-exempt connected transactions and had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

1. Production and Office Premises Lease Agreement  
Bawang (Guangzhou) Co., Ltd (“Bawang Guangzhou”) entered into a production and office premises lease agreement with Guangzhou Bawang Cosmetics Co., Ltd (“Guangzhou Bawang”) dated 22 January 2008, pursuant to which Bawang Guangzhou agreed to lease from Guangzhou Bawang a production premises and an office premises, both located in Baiyun District, Guangzhou, the PRC (the “Production and Office Premises Lease Agreement”). The term of the Production and Office Premises Lease Agreement is three years commencing from 4 December 2007. The monthly rent is approximately RMB184,083 and is fixed throughout the term of the lease. We have also been granted a right of first refusal to purchase the production premises and office premises under the Production and Office Premises Lease Agreement. The Production and Office Premises Lease Agreement is renewable at the option of Bawang Guangzhou by giving one month notice prior to the expiry of the lease. The agreement has been renewed on 4 December 2010 for a term of three years commencing from 4 December 2010 to 4 December 2013 on the same terms as the original Production and Office Premises Lease Agreement.

除此以外，在二零零九年六月八日，根據首次公開發售前購股權計劃，總共有10,332,000股股份的購股權分配給了本集團40名僱員。其中，之前授予十三名僱員總共2,714,880股股份的購股權，於過去三年內被取消。截至二零一二年十二月三十一日，尚未到期並未被行使的購股權餘額是4,376,400股。除了上述已經授出的購股權，截至二零一二年十二月三十一日，再無任何購股權授出。股份期權計劃的估值詳見財務報告附註20。該估值相當主觀和難以預計，要視乎所用的多項假設，也受計算模式的限制。

### 持續關連交易

根據上市規則第14A條，截至二零一二年十二月三十一日，本集團有下列非豁免關連交易。

1. 生產廠房及辦公樓租賃協議  
霸王(廣州)有限公司(以下簡稱「霸王廣州」)於二零零八年一月二十二日與廣州霸王化妝品有限公司(以下簡稱「廣州霸王」)訂立一份生產廠房及辦公樓租賃協議(「生產廠房及辦公樓租賃協議」)。根據該生產廠房及辦公樓租賃協議，霸王廣州同意向廣州霸王租用位於中國廣州白雲區的生產廠房及辦公樓，其租期自二零零七年十二月四日起，為期三年。月租約為人民幣184,083元，並在租賃期內保持不變。根據生產廠房及辦公樓租賃協議，我們亦獲授購買生產廠房及辦公樓的優先權。生產廠房及辦公樓租賃協議可由霸王廣州於租賃屆滿前發出一個月通知予以續約。該合同於二零一零年十二月四日簽署續租三年從二零一零年十二月四日至二零一三年十二月三日，條件與原有的生產廠房及辦公樓租賃協議相同。

## Report of the Directors

### 董事會報告

For the year ended 31 December 2012, pursuant to the Production and Office Premises Lease Agreement, the annual rent paid by Bawang Guangzhou to Guangzhou Bawang was approximately RMB2.2 million.

Mr. CHEN Qiyuan and Ms. WAN Yuhua are directors of the Company. Guangzhou Bawang is company beneficially owned by Mr. CHEN Qiyuan and Ms. WAN Yuhua. The transactions contemplated under the Production and Office Premises Lease Agreement therefore constitutes continuing connected transactions under the Listing Rules.

#### 2. Office Premises Lease Agreement

Bawang Guangzhou and Guangzhou Bawang entered into a tenancy agreement on 28 December 2011, pursuant to which Bawang Guangzhou agreed to lease from Guangzhou Bawang office premises located at Baiyun District, Guangzhou, the PRC (the "Office Premises Lease Agreement"). The term of the Office Premises Lease Agreement is three years commencing from 1 January 2012 and the monthly rental payable is RMB182,000. The monthly rental is fixed throughout the term of the tenancy. We have a right to terminate the Office Premises Lease Agreement by giving a three months' prior notice to Guangzhou Bawang. Accordingly, we enjoy the flexibility to relocate to another site or premises at any time should we consider the office premises no longer suitable for our use or no longer cost competitive. The Office Premises Lease Agreement is renewable at the option of Bawang Guangzhou by giving one month's notice prior to the expiry of the lease. We have also been granted a first right of refusal to purchase the Office Premises. Should Bawang Guangzhou decide to exercise the first right of refusal in the future, it shall comply with all the applicable requirements under the Listing Rules.

For the year end 31 December 2012, pursuant to the Office Premises Lease Agreement, the annual rent paid by Bawang Guangzhou to Guangzhou Bawang was approximately RMB2.2 million.

截至二零一二年十二月三十一日，根據生產廠房及辦公樓租賃協議，霸王廣州支付廣州霸王的年度租金約人民幣2.2百萬元。

陳啟源先生和萬玉華女士均是本公司董事，而廣州霸王實質上由陳啟源先生和萬玉華女士共同擁有。根據上市規則規定，該生產廠房及辦公樓租賃協議下進行的交易構成持續關連交易。

#### 2. 辦公場所租賃協議

霸王廣州於二零一一年十二月二十八日與廣州霸王訂立一份辦公場所租賃協議（「辦公場所租賃協議」）。根據該辦公場所租賃協議，霸王廣州同意向廣州霸王租用位於中國廣州白雲區的辦公室，其租期自二零一二年一月一日起，為期三年，月租為人民幣182,000元。於租期內，月租固定不變。我們擁有提前三個月通知廣州霸王終止該辦公場所租賃協議的權力。因此，當我們認為租賃的辦公場所不再適合我們使用或不再具備成本競爭力的時候，我們享有隨時搬遷到其他地點或場所的靈活性。霸王廣州可於租期屆滿前一個月通知要求重續該辦公場所租賃協議。我們亦獲得購買該辦公場所的優先權。倘若霸王廣州在未來決定行駛優先購買權時，應遵守上市規則的相關規定。

截至二零一二年十二月三十一日，根據辦公場所租賃協議，霸王廣州支付廣州霸王年度租金約人民幣2.2百萬元。

## Report of the Directors 董事會報告

Mr. Chen Qiyuan and Ms. Wang Yuhua are directors of the Company. Guangzhou Bawang is company beneficially owned by Mr. Chen Qiyuan and Ms. Wang Yuhua. The transactions contemplated under the Production and Office Premises Lease Agreement therefore constitutes continuing connected transactions under the Listing Rules.

### 3. Packaging Material Supply Agreement

On 28 March 2009, Bawang Guangzhou entered into a packaging material supply agreement with Guangzhou Chenming Paper Products Company Limited (“Chenming Paper”), pursuant to which Chenming Paper agreed to supply packaging material to Bawang Guangzhou from time to time at fixed unit prices for a term of three years commencing from 1 January 2009 (the “Packaging Material Supply Agreement”). Bawang Guangzhou and Chenming Paper will review the prices offered by Chenming Paper at least once annually to ensure that they are at market prices or at prices no less favourable than those offered to Bawang Guangzhou by independent third-parties. The supply agreement has been renewed on 28 December 2011 for a term of three years commencing from 1 January 2012 and on the same terms as the original Packaging Material Supply Agreement.

For the year ended 31 December 2012, pursuant to the Packaging Material Supply Agreement, the annual transaction amount for the supply of packaging material by Chenming Paper to Bawang Guangzhou was approximately RMB9.1 million.

Mr. CHEN Qiyuan is a director of the Company. Chenming Paper is wholly owned by Mr. CHEN Qiwen, who is Mr. CHEN Qiyuan’s brother. The transactions contemplated under the Packaging Material Supply Agreement therefore constitutes continuing connected transactions under the Listing Rules.

陳啟源先生和萬玉華女士均是本公司董事，而廣州霸王實質上由陳啟源先生和萬玉華女士共同擁有。根據上市規則規定，該辦公場所租賃協議下進行的交易構成持續關連交易。

### 3. 包裝物料供應協議

霸王廣州與廣州晨明紙品有限公司（以下簡稱「晨明紙品」）於二零零九年三月二十八日訂立一份包裝物料供應協議。據此，晨明紙品同意不時以固定單位價格向霸王廣州供應包裝物料，自二零零九年一月一日起，為期三年（「包裝物料供應協議」）。霸王廣州及晨明紙品將每年至少一次評審晨明紙品提供的價格，以確保有關價格符合市價或不遜於由獨立第三方向霸王廣州所提供的價格。該供應協議於二零一一年十二月二十八日簽署續約，自二零一二年一月一日起為期三年，條件與原有的包裝物料供應協議相同。

截至二零一二年十二月三十一日，根據包裝物料供應協議，霸王廣州與廣州晨明紙品有限公司全年交易額約為人民幣9.1百萬元。

陳啟源先生是本公司的董事。廣州晨明紙品有限公司由陳啟文先生全資擁有，而陳啟文先生是陳啟源先生的弟弟。根據上市規則規定，包裝物料供應協議項下進行的交易構成持續關連交易。



4. Toothpaste Container Supply Agreement

On 28 March 2009, Bawang Guangzhou entered into a toothpaste container supply agreement with Guangzhou Qiancai Packaging Material Co., Ltd. ("Qiancai Packaging"), pursuant to which Qiancai Packaging agreed to supply toothpaste containers to Bawang Guangzhou from time to time at fixed unit prices for a term of three years commencing from 1 January 2009 (the "Toothpaste Container Supply Agreement"). Bawang Guangzhou and Qiancai Packaging will review the prices offered by Qiancai Packaging at least once annually to ensure that they are at market prices or at prices no less favourable than those offered to Bawang Guangzhou by independent third-parties.

For the year ended 31 December 2012, the annual transaction amount for the supply of toothpaste containers by Qiancai Packaging to Bawang Guangzhou was nil.

Mr. CHEN Qiyuan is a director of the Company. A majority equity interest in Qiancai Packaging is owned by Ms. WU Xiaotao, who is Mr. CHEN's sister-in-law. The transactions contemplated under the Toothpaste Container Supply Agreement therefore constitute continuing connected transactions under the Listing Rules.

The Toothpaste Container Supply Agreement has been renewed on 28 December 2011 for a term of three years commencing from 1 January 2012 and on the same terms as the previous Toothpaste Container Supply Agreement. As the Directors expect that the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Toothpaste Container Supply Agreement will be less than 0.1%, the transactions contemplated under the Toothpaste Container Supply Agreement constitute exempt continuing connected transactions of the Company under the Listing Rules.

4. 牙膏軟管供應協議

霸王廣州與廣州倩采包裝材料有限公司(以下簡稱「倩采包裝材料」)於二零零九年三月二十八日訂立一份牙膏軟管供應協議。據此，倩采包裝材料同意不時以固定單位價格向霸王廣州供應牙膏軟管，自二零零九年一月一日起，為期三年(「牙膏軟管供應協議」)。霸王廣州及倩采包裝材料將每年至少一次評審倩采包裝材料提供的價格，以確保有關價格乃符合市價或不遜於由獨立第三方向霸王廣州所提供的價格。

截至二零一二年十二月三十一日，根據牙膏軟管供應協議，霸王廣州與倩采包裝材料全年交易額為零。

陳啟源先生是本公司的董事。倩采包裝的絕大多數權益由吳女士擁有，而吳女士是陳啟源先生的弟媳。根據上市規則規定，牙膏軟管供應協議項下進行的交易構成持續關連交易。

該牙膏軟管供應協議於二零一一年十二月二十八日簽署續約，自二零一二年一月一日起為期三年，條件與原有的牙膏軟管供應協議相同。由於董事預期的牙膏軟管供應協議每年的最高交易價值之有關百分比率少於0.1%，因此根據上市規則構成本公司之獲豁免持續關連交易。

## Report of the Directors 董事會報告

### Confirmations

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions were entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole, and the respective annual caps are fair and reasonable and in the interests of the Shareholders as a whole.

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

### Directors' interests in contracts of significance

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the financial year.

### Directors' and Controlling Shareholders' interest in competing business

As at 31 December 2012, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders of the Company (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group.

### 確認

獨立非執行董事認為，上述非豁免持續關連交易乃於本公司的一般及日常業務過程中，按一般商業條款訂立，屬公平合理，並符合股東的整體利益，而相關年度上限為公平合理，並符合股東的整體利益。

本公司核數師已獲聘請根據香港會計師公會頒佈的鑒證業務準則第3000號《審核或審閱歷史財務資料以外的鑒證業務》，及參考執業指引第740號《根據香港上市規則出具的持續關連交易核數師函件》以滙報本集團的關連交易。核數師已根據香港聯合交易所有限公司證券上市規則第14A.38條出具無保留意見函件，該函件載有核數師對本集團已披露的持續關連交易的發現和結論。本公司已將有關之核數師函件副本呈交至香港聯合交易所有限公司。

### 董事之合約權益

本財政年度內，在本公司、其控股公司或其任何附屬公司亦屬訂約方之一的合約中，無任何董事於其中直接或者間接有重大權益。

### 董事及控股股東於競爭業務的權益

於二零一二年十二月三十一日，董事及其各自的聯繫人(定義見上市規則)或本公司控股股東(定義見上市規則)概無在與本集團業務構成競爭或可能構成競爭的業務中擁有任何權益。

## Report of the Directors

### 董事會報告

#### Retirement schemes

The Group participates in several defined contribution retirement plans which cover the Group's eligible employees in the PRC, and a Mandatory Provident Fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in note 2(l) to the consolidated financial statements of this annual report.

#### Corporate governance

In respect of the year ended 31 December 2012, save as disclosed in the corporate governance report on pages 41 to 48 of the annual report, all the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules were met by the Company.

#### Audit Committee

The Company has established the audit committee in compliance with the Rule 3.21 of the Listing Rules. The Company has also complied with Rules 3.10(1) and 3.10(2) of the Listing Rules and appointed three independent non-executive Directors including one with financial management expertise. The primary duties of the audit committee (inter alia) are to review the financial reporting process and internal control system of the Group. The audit committee also provides advice and suggestions to the Board. The audit committee has reviewed the audited annual financial statements of the Group contained in this annual report with the management of the Company and the Company's independent auditors and recommended its adoption by the Board.

#### Auditors

KPMG retired and, being eligible, offered themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

**CHEN Qiyuan**

*Chairman*

Hong Kong, 19 March 2013

#### 退休計畫

本集團為本集團之合資格中國員工參與多種定額供款退休計劃及為香港員工參與強制性公積金計劃，該等退休計劃之詳情載於本年報合併財務報表附註2(l)。

#### 企業管治

截至二零一二年十二月三十一日，除本年報第41至48頁企業管治報告另有披露外，本公司已遵守上市規則附錄14所載的企業管治常規守則所列的原則。

#### 審核委員會

本公司已按上市規則第3.21條規定成立審核委員會。本公司亦已遵守上市規則第3.10(1)及第3.10(2)條，委任三名獨立非執行董事，其中一位擁有財務管理專業知識。其主要職責包括審查本集團的財務申報程序和內部控制制度並向董事會提供建議及意見。審核委員會已與本公司的管理層及獨立核數師審閱本年報所載的本集團年度經審核的財務報表，並建議董事會將其採納。

#### 核數師

畢馬威會計師事務所任滿告退，惟願應聘連任。在即將召開之股東周年大會上將提呈議案，議決續聘畢馬威會計師事務所為本公司之核數師。

董事會代表

**陳啟源**

*主席*

香港，二零一三年三月十九日

# Independent Auditor's Report

## 獨立核數師報告



Independent auditor's report to the shareholders of  
**BaWang International (Group) Holding Limited**  
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of BaWang International (Group) Holding Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 67 to 170, which comprise the consolidated and company balance sheets as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the consolidated financial statements

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

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made 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.

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

致霸王國際(集團)控股有限公司股東之  
獨立核數師報告  
(於開曼群島註冊成立的有限公司)

我們已審計列載於第67至170頁霸王國際(集團)控股有限公司(「貴公司」)及其子公司(以下合稱「貴集團」)的合併財務報表，其中包括於二零一二年十二月三十一日的合併及公司資產負債表、截至該日止年度的合併綜合收益表、合併權益變動表和合併現金流量表，以及主要會計政策概要及其他說明附註。

### 董事對合併財務報表的責任

貴公司董事負責按照國際會計準則委員會頒佈的國際財務報告準則及香港《公司條例》的披露要求編製真實公允的合併財務報表，並負責落實其認為編製財務報表所必要的內部控制，以確保合併財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

### 核數師的責任

我們的責任是根據我們的審核對該等合併財務報表作出意見，並僅向整體股東報告，除此以外，我們的報告不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

我們已根據香港會計師公會頒佈的香港核數準則進行審核。該等準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等合併財務報表是否不存在任何重大錯誤陳述。

## Independent Auditor's Report

### 獨立核數師報告

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### KPMG

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

19 March 2013

審核工作包括執程序以獲取有關合併財務報表所載金額及披露事項的審核憑證。所選擇的程序取決於核數師的判斷，包括對由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述風險評估。在評估該等風險時，核數師考慮與該公司編製真實公允的合併財務報表相關的內部控制，以設計適當的審核程序，但並非對公司的內部控制的有效性發表意見。審核亦包括評估董事所採用的會計政策的恰當性及所作出的會計估計的合理性，以及評估合併財務報表的整體呈列方式。

我們相信，我們獲取的審核憑證是充足及適當地為我們的審核意見提供基礎。

### 意見

我們認為，該等合併財務報表已按照國際財務報告準則真實公允地反映 貴公司及 貴集團於二零一二年十二月三十一日的財務狀況和 貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露要求妥為編製。

#### 畢馬威會計師事務所

執業會計師  
香港中環  
遮打道10號  
太子大廈8樓

二零一三年三月十九日



# Consolidated Income Statement

## 合併損益表

For the year ended 31 December 2012  
(Expressed in Renminbi)  
截至二零一二年十二月三十一日止年度  
(以人民幣列示)

		Note 附註	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<b>Turnover</b>	<b>營業額</b>	5	<b>555,955</b>	888,909
Cost of sales	銷售成本		<b>(343,906)</b>	(544,154)
<b>Gross profit</b>	<b>毛利</b>		<b>212,049</b>	344,755
Changes in fair value less costs to sell of biological assets	生物資產公允價值減 銷售成本的變動損益		<b>(665)</b>	1,462
Other revenue	其他收益		<b>36</b>	2,451
Other net (losses)/income	其他(虧損)/收入淨額		<b>(23,002)</b>	841
Selling and distribution costs	銷售及分銷成本		<b>(635,029)</b>	(872,339)
Administrative expenses	行政費用		<b>(88,938)</b>	(102,457)
<b>Loss from operations</b>	<b>經營虧損</b>		<b>(535,549)</b>	(625,287)
Finance income	財務收入	6(a)	<b>1,316</b>	10,860
Finance costs	財務費用	6(a)	<b>(731)</b>	(4,110)
<b>Net finance income</b>	<b>財務收入淨額</b>		<b>585</b>	6,750
<b>Loss before taxation</b>	<b>除所得稅前虧損</b>	6	<b>(534,964)</b>	(618,537)
Income tax (expense)/credit	所得稅(支出)/抵扣	7(a)	<b>(82,605)</b>	59,967
<b>Loss for the year attributable to the equity shareholders of the Company</b>	<b>本公司權益持有人 應佔年內虧損</b>		<b>(617,569)</b>	(558,570)
<b>Loss per share (RMB yuan)</b>	<b>每股虧損(人民幣元)</b>			
Basic	基本	11(a)	<b>(0.21)</b>	(0.19)
Diluted	攤薄	11(b)	<b>(0.21)</b>	(0.19)

The notes on pages 75 to 170 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in Note 22(b).

第75至170頁的附註為本財務報表的一部分。應付本公司權益持有人股息的詳情載於附註22(b)。

# Consolidated Statement of Comprehensive Income

## 合併綜合收益表

For the year ended 31 December 2012  
(Expressed in Renminbi)  
截至二零一二年十二月三十一日止年度  
(以人民幣列示)

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<b>Loss for the year attributable to the equity shareholders of the Company</b>	本公司權益持有人 應佔年內虧損	<b>(617,569)</b>	(558,570)
<b>Other comprehensive income for the year</b>	年內其他綜合收益		
Exchange differences on translation of the financial statements of the operations outside the PRC	換算中國境外業務之 財務報表所產生的滙兌差異	<b>(629)</b>	(5,178)
<b>Total comprehensive income for the year attributable to the equity shareholders of the Company</b>	本公司權益持有人 應佔年內綜合收益總額	<b>(618,198)</b>	(563,748)

The notes on pages 75 to 170 form part of these financial statements.

第75頁至170頁的附註為本財務報表的一部分。

# Consolidated Balance Sheet

## 合併資產負債表

At 31 December 2012  
(Expressed in Renminbi)  
於二零一二年十二月三十一日  
(以人民幣列示)

		Note	2012	2011
		附註	二零一二年	二零一一年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	12	321,619	184,555
Prepaid advertising fee	預付廣告費用		1,454	3,875
Biological assets	生物資產	13	142	1,297
Deferred tax assets	遞延稅項資產	21(b)	—	82,605
			<b>323,215</b>	<b>272,332</b>
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	15	64,801	112,159
Biological assets	生物資產	13	1,836	949
Trade and other receivables	貿易及其他應收款項	16	138,161	257,972
Cash and cash equivalents	現金及現金等價物	17	224,608	602,672
			<b>429,406</b>	<b>973,752</b>
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and other payables	貿易及其他應付款項	18	247,785	201,825
Bank loans and overdrafts	銀行貸款及透支	19	76,390	—
Amounts due to related parties	應付關聯方款項	26(b)(i)	4,090	3,730
Income tax payable	應付即期所得稅	21(a)	9,656	9,656
			<b>337,921</b>	<b>215,211</b>
<b>Net current assets</b>	<b>流動資產淨值</b>		<b>91,485</b>	<b>758,541</b>
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>414,700</b>	<b>1,030,873</b>

The notes on pages 75 to 170 form part of these financial statements.

第75頁至170頁的附註為本財務報表的一部分。

## Consolidated Balance Sheet (continued)

### 合併資產負債表(續)

At 31 December 2012  
(Expressed in Renminbi)  
於二零一二年十二月三十一日  
(以人民幣列示)

	Note 附註	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Deferred tax liabilities	遞延稅項負債 21(c)	2,031	2,031
<b>Net assets</b>	<b>資產淨值</b>	<b>412,669</b>	1,028,842
<b>Capital and reserves</b>	<b>資產及儲備</b>		
Share capital	股本 22(c)	256,639	256,511
Reserves	儲備 22(d)	156,030	772,331
<b>Total equity</b>	<b>權益總額</b>	<b>412,669</b>	1,028,842

Approved and authorised for issue by the board of directors of the Company on 19 March 2013.

本公司董事會已於二零一三年三月十九日批准及授權刊發。

Director  
董事  
**CHEN Qiyuan**  
陳啟源

Director  
董事  
**WAN Yuhua**  
萬玉華

The notes on pages 75 to 170 form part of these financial statements.

第75頁至170頁的附註為本財務報表的一部分。

# Balance Sheet

## 資產負債表

At 31 December 2012  
(Expressed in Renminbi)  
於二零一二年十二月三十一日  
(以人民幣列示)

		Note 附註	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<b>Non-current assets</b>	<b>非流動資產</b>			
Interest in subsidiaries	於附屬公司的投資	14	1,496,625	—
<b>Current assets</b>	<b>流動資產</b>			
Other receivables	其他應收款項	16	—	1,422,577
Cash and cash equivalents	現金及現金等價物	17	1,034	85,408
			1,034	1,507,985
<b>Current liabilities</b>	<b>流動負債</b>			
Other payables	其他應付款項	18	4,885	3,922
Net current (liabilities)/assets	流動(負債)/資產淨額		(3,851)	1,504,063
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		1,492,774	1,504,063
<b>Net assets</b>	<b>資產淨值</b>		1,492,774	1,504,063
<b>Capital and reserves</b>	<b>資產及儲備</b>			
Share capital	股本	22(c)	256,639	256,511
Reserves	儲備	22(a)	1,236,135	1,247,552
<b>Total equity</b>	<b>權益總額</b>		1,492,774	1,504,063

Approved and authorised for issue by the board of directors of the Company on 19 March 2013.

本公司董事會已於二零一三年三月十九日批准及授權刊發。

Director  
董事  
**CHEN Qiyuan**  
陳啟源

Director  
董事  
**WAN Yuhua**  
萬玉華

The notes on pages 75 to 170 form part of these financial statements.

第75頁至170頁的附註為本財務報表的一部分。



# Consolidated Statement of Changes in Equity

## 合併權益變動表

For the year ended 31 December 2012  
(Expressed in Renminbi)  
截至二零一二年十二月三十一日止年度  
(以人民幣列示)

		Attributable to equity shareholders of the Company							
		本公司權益持有人應佔							
		PRC							
		Share Capital	Share premium	statutory reserves	Capital reserve	Merger reserve	Translation reserve	Accumulated losses	Total equity
		股本	股本溢價	中國法定儲備	準備儲備	合併儲備	滙兌儲備	累計虧損	權益總額
		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
		(Note 22(c))	(Note 22(d))	(Note 22(d))	(Note 22(d))	(Note 22(d))	(Note 22(d))		
<b>Balance at 31 December 2010 and 1 January 2011</b>	於二零一零年十二月三十一日及二零一一年一月一日結餘	256,380	1,348,639	49,887	9,668	8,468	(13,651)	(69,991)	1,589,400
<b>Changes in equity for 2011:</b>	二零一一年權益變動：								
Total comprehensive income for the year	年內綜合收益總額	-	-	-	-	-	(5,178)	(558,570)	(563,748)
Shares issued under share option scheme (Note 22(c))	根據購股權計劃發行的股份 (附註22(c))	131	3,051	-	(3,051)	-	-	-	131
Equity settled share-based transactions (Note 22(d))	以權益結算的股份支付交易 (附註22(d))	-	-	-	3,059	-	-	-	3,059
<b>Balance at 31 December 2011 and 1 January 2012</b>	於二零一一年十二月三十一日及二零一二年一月一日結餘	256,511	1,351,690	49,887	9,676	8,468	(18,829)	(628,561)	1,028,842
<b>Changes in equity for 2012:</b>	二零一二年權益變動：								
Total comprehensive income for the year	年內綜合收益總額	-	-	-	-	-	(629)	(617,569)	(618,198)
Shares issued under share option scheme (Note 22(c))	根據購股權計劃發行的股份 (附註22(c))	128	3,052	-	(3,052)	-	-	-	128
Equity settled share-based transactions (Note 22(d))	以權益結算的股份支付交易 (附註22(d))	-	-	-	1,897	-	-	-	1,897
<b>Balance at 31 December 2012</b>	於二零一二年十二月三十一日結餘	256,639	1,354,742	49,887	8,521	8,468	(19,458)	(1,246,130)	412,669

The notes on pages 75 to 170 form part of these financial statements.

第75頁至170頁的附註為本財務報表的一部分。

# Consolidated Cash Flow Statement

## 合併現金流量表

For the year ended 31 December 2012  
(Expressed in Renminbi)  
截至二零一二年十二月三十一日止年度  
(以人民幣列示)

	Note 附註	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<b>Cash flows from operating activities</b>	<b>經營活動產生的現金流量</b>		
Loss before taxation	除所得稅前虧損	(534,964)	(618,537)
Adjustments for:	經下列各項調整：		
Depreciation	折舊 12	22,094	15,490
Net loss/(gain) on disposal of property, plant and equipment	物業、廠房及設備的處置淨損失／(收益) 12	25,065	(58)
Net loss on disposal of inventories	存貨處理淨損失 6(c)	63,841	—
Changes in fair value less costs to sell of biological assets	生物資產公允價值減銷售成本的變動損益	665	(719)
Impairment loss for bad and doubtful debts	呆壞賬減值損失 6(c)	3,840	1,725
Write-down of inventories	存貨跌價準備 15(b)	(29,107)	43,899
Net finance income	財務收入淨額 6(a)	(585)	(6,750)
Unrealised foreign exchange losses	未實現滙兌損失	(529)	(4,688)
Equity-settled share-based payment transactions	以權益結算的股份支付交易 22(a)	1,897	3,059
Investment income	投資收益 4(b)	(36)	(2,451)
Subtotal	小計	(447,819)	(569,030)
Change in inventories	存貨變動	18,908	(71,841)
Change in biological assets — current portion	生物資產變動 — 流動部份	(887)	(949)
Change in trade and other receivables	貿易及其他應收款項變動	91,192	190,071
Change in trade and other payables	貿易及其他應付款項變動	34,172	(23,757)
Change in amounts due to related parties	應付關聯方款項變動	361	367
Change in prepaid advertising fee	預付廣告費變動	2,421	(1,438)
<b>Cash used in operating activities</b>	<b>經營活動所用的現金</b>	<b>(301,652)</b>	<b>(476,577)</b>
Refund of prepaid income tax	退回預付所得稅	—	26,999
<b>Net cash used in operating activities</b>	<b>經營活動所用的現金淨額</b>	<b>(301,652)</b>	<b>(449,578)</b>
<b>Cash flows from investing activities</b>	<b>投資活動產生的現金流量</b>		
Interest received	已收利息 6(a)	1,206	10,860
Acquisition of property, plant and equipment	購買物業、廠房及設備	(153,847)	(147,927)
Plantation expenditure of biological assets — non-current portion	生物資產種植支出 — 非流動部份	(443)	(578)
Proceeds from disposal of property, plant and equipment	處置物業、廠房及設備的所得款項 12	110	154
Proceeds from sales of other investments	出售其他投資的所得款項	62,036	1,689,451
Acquisition of other investments	取得其他投資	(62,000)	(1,687,000)
<b>Net cash used in investing activities</b>	<b>投資活動所用現金淨額</b>	<b>(152,938)</b>	<b>(135,040)</b>

The notes on pages 75 to 170 form part of these financial statements.

第75頁至170頁的附註為本財務報表的一部分。

## Consolidated Cash Flow Statement (continued)

### 合併現金流量表(續)

For the year ended 31 December 2012  
(Expressed in Renminbi)  
截至二零一二年十二月三十一日止年度  
(以人民幣列示)

	Note 附註	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<b>Cash flows from financing activities</b>	<b>融資活動產生的現金流量</b>		
Proceeds from issuing of new shares	發行新股所得款項 22(c)	128	131
Proceeds from new bank loans and overdrafts	銀行貸款及透支所得現金 19	76,390	—
Repayment of bank loans and overdrafts	償還銀行貸款及透支	—	(207,090)
Interest expenses paid	已付利息	—	(6,811)
Decrease in pledged deposits	抵押存款減少	—	220,000
<b>Net cash generated from financing activities</b>	<b>融資活動產生現金淨額</b>	<b>76,518</b>	<b>6,230</b>
<b>Net decrease in cash and cash equivalents</b>	<b>現金及現金等價物減少淨額</b>	<b>(378,072)</b>	<b>(578,388)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>於一月一日的現金及金等價物</b> 17	<b>602,672</b>	<b>1,186,544</b>
Effect of exchange rate fluctuations on cash held	滙率波動對持有現金的影響	8	(5,484)
<b>Cash and cash equivalents at 31 December</b>	<b>於十二月三十一日的現金及現金等價物</b> 17	<b>224,608</b>	<b>602,672</b>

The notes on pages 75 to 170 form part of these financial statements.

第75頁至170頁的附註為本財務報表的一部分。

# Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 1 Reporting entity

BaWang International (Group) Holding Limited (the “Company”) was incorporated in the Cayman Islands on 11 December 2007 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 its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as “Group”). The Group is primarily engaged in the manufacturing and sales of household and personal care products. The Group is also engaged in the sales of herbal tea products since June 2010.

### 2 Significant accounting policies

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”). A summary of the significant accounting policies adopted by the Group is set out below.

### 1 報告實體

霸王國際(集團)控股有限公司(「本公司»)於二零零七年十二月十一日根據開曼群島公司法第22章(一九六一年法例3，經綜合及修訂)在開曼群島註冊成立為獲豁免的有限公司。其註冊辦事處的地址為 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

截至二零一二年十二月三十一日止年度的合併財務報表包括本公司及其附屬公司(統稱「本集團»)。本集團主要從事製造及銷售家用個人護理產品業務。本集團從二零一零年六月起從事銷售涼茶產品業務。

### 2 主要會計政策

#### (a) 合規聲明

本財務報表乃按照國際會計準則委員會(「國際會計準則委員會»)頒佈的國際財務報告準則(「國際財務報告準則»)編製，國際財務報告準則包括所有適用的個別國際財務報告準則、國際會計準則(「國際會計準則»)及相關詮釋。本財務報表亦符合香港《公司條例》的披露規定及香港聯合交易所有限公司(「香港聯交所»)證券上市規則的適用披露條文。本集團所採用的主要會計政策概述如下。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (a) Statement of compliance (continued)

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation

The Group incurred a net loss of RMB617,569,000 and reported a net cash outflow from operating activities of RMB301,652,000 for the year ended 31 December 2012, and had cumulative losses of RMB1,246,130,000 as at 31 December 2012. Based on the cash flow projections of the Group and having taken into account the available financial resources of the Group, the directors have concluded that the Group is able to continue as a going concern and to meet their liabilities as and when they fall due in the foreseeable future, having regards to the following:

## 2 主要會計政策(續)

### (a) 合規聲明(續)

國際會計準則委員會頒佈了若干新訂及經修訂的國際財務報告準則，這些準則於本集團和本公司本會計期間首次生效或可以提早採納。附註3列示了因首次採用這些與本集團有關的準則而反映於本財務報表當期及以前會計期間的會計政策變更。

### (b) 編製準則

本集團於截至二零一二年十二月三十一日止年度虧損淨額為人民幣617,569,000元及經營活動現金流出人民幣301,652,000元，於二零一二年十二月三十一日的累計虧損為人民幣1,246,130,000元。在考慮預期的經營現金流入以及集團可利用的財務資源後，董事認為本集團能夠持續經營以及償還到期的債務。董事考慮的因素主要包括：



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (b) Basis of preparation (continued)

(i) The Group had cash and cash equivalents of RMB224,608,000 and net current assets of RMB91,485,000 as at 31 December 2012. In order to strengthen the Group's capital base and liquidity in the foreseeable future, the Group has obtained the following external fund sources:

- The Group obtained a short-term trade financing facility of RMB80,000,000 from Bank of China ("BOC facility") on 21 August 2012, with an effective period till 7 August 2013. The Group has also obtained a consent from China Merchants Bank, which agreed to provide a financing facility of RMB80,000,000 under the same terms and conditions of the BOC facility upon its expiry, so that the Group's short-term financing facility could be extended by twelve more months;

## 2 主要會計政策(續)

### (b) 編製準則(續)

(i) 本集團於二零一二年十二月三十一日持有現金及現金等價物人民幣224,608,000元，淨流動資產人民幣91,485,000元。為了強化集團的資本基礎及流動性，本集團取得了以下的外部資金：

- 於二零一二年八月二十一日從中國銀行取得有效期為一年的人民幣80,000,000元的貿易融資額度(「中國銀行融資額度」)，該貿易融資額度有效期至二零一三年八月七日。本集團亦已經獲得了招商銀行的確認，同意於中國銀行融資額度到期時，以相同的條件及條款向本集團提供人民幣80,000,000元的融資額度。因此，本集團的短期融資額度可延長十二個月；以及：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (b) Basis of preparation (continued)

- The Controlling Shareholders of the Group and Guangzhou Bawang Cosmetics Co., Ltd. (“Guangzhou Bawang”), an entity wholly owned by the Controlling Shareholders, have undertaken to provide a long-term loan facility to the Group in an amount up to RMB140,000,000 for a period from 15 March 2013 to 31 December 2015.

The Group will also consider obtaining additional funding when necessary in the future.

## 2 主要會計政策(續)

### (b) 編製準則(續)

- 本集團控股股東及其全資擁有的公司—廣州霸王化妝品有限公司(「廣州霸王」)已經同意向本集團提供最多人民幣 140,000,000 元的長期貸款額度供本集團使用，期限由二零一三年三月十五日至二零一五年十二月三十一日。

未來如有需要，本集團將會考慮進一步向外融資。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (b) Basis of preparation (continued)

(ii) The directors have been taking measures to optimise the Group's operations and improve the cost structure, which include the following:

- Having reviewed the Group's business strategy, identified various initiatives and implemented certain plans which include gradually scaling down herbal tea business, which is not expected to become profitable in near future, and focusing on the operations of two core business segments, hair-care product and skin-care product segments;
- For the above-mentioned two core business segments, adopting measures to expand the revenue stream through the launch of enhanced or new products series and promotion of certain existing product lines of higher margin; and
- Adopting various cost control measures to tighten the costs of operations and various general and administrative expenses, including but not limited to adopting more cost-effective advertising and promotion channels and reducing the staff headcounts.

The directors are continuously reviewing strategic plans to attain profitable and positive cash flow operations in the long run.

## 2 主要會計政策(續)

### (b) 編製準則(續)

(ii) 董事已經採取一系列措施，以優化集團經營及改善成本結構，這些措施主要包括：

- 董事已審閱本集團業務發展戰略，並識別出可以扭轉本集團經營狀況的各項措施以及執行一些計劃，包括逐步縮小於可見將來還未能為集團帶來利潤的涼茶產品業務，及集中經營兩個核心產品系列：護髮產品及護膚產品；
- 對於上述兩個核心產品系列，集團正在採取措施，例如通過推出產品升級或者推出新產品，或加大宣傳部分毛利比較高的產品系列，用以擴大收入來源；以及
- 實施各種成本控制措施，用以壓縮經營成本及各類一般行政費用，包括但不限於採取更有成本效益的廣告及宣傳渠道以及減少員工數量。

董事將持續審閱業務發展戰略，以實現本集團盈利以及產生現金淨流入的長遠目標。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (c) Basis of measurement

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (“functional currency”). The financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand except per share data.

The measurement basis used in the preparation of the financial statements is historical cost basis except the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- biological assets (see Note 2(ii))

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## 2 主要會計政策(續)

### (c) 計量準則

本集團各公司的財務報表項目以最能反映與該公司相關的事項及環境的經濟特徵之貨幣(「功能貨幣」)計量。除每股股份數據外，財務資料已約整至最接近千元的人民幣(「人民幣」)呈列。

除了以下在會計政策說明的按公允價值列賬的資產及負債外，本財務報表乃按歷史成本基準而編製：

- 生物資產(附註2(ii))

### (d) 所用估計及判斷

管理層按照國際財務報告準則編製財務報表時，須作出影響會計政策應用和所呈報資產、負債及收支金額的判斷、估計和假設。該等估計及相關假設乃根據過往經驗及管理層相信於相關情況下屬合理的多項其他因素作出，所得結果乃用作判斷目前顯然無法直接通過其他來源獲得的資產及負債賬面值的基準。實際結果可能有別於該等估計。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (d) Use of estimates and judgements

(continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 29.

### (e) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-Group balances and transactions and any unrealised profits arising from intra-Group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-Group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(k)).

## 2 主要會計政策(續)

### (d) 所用估計及判斷(續)

本集團會持續審閱各項估計及相關假設。會計估計的修訂會在修訂估計期間及受影響的任何未來期間確認。

管理層應用國際財務報告準則時所作出的對財務報表有重大影響的判斷以及估計不明朗因素的主要來源於附註29述。

### (e) 附屬公司

附屬公司乃由本集團控制的實體。若本集團有權直接或間接控制實體的財務及經營政策，並藉此從其業務中取得利益，則該實體將視為受本集團控制。在評估控制權時，會考慮目前可行使的潛在投票權。

於附屬公司的投資自控制開始當日起至控制結束當日止計入合併財務報表。集團內部結餘和交易，以及這些交易所產生的任何未實現利潤，會在編製合併財務報表時予以抵銷。集團內部交易所產生的未實現虧損則僅在無出現減值跡象的情況下以與抵銷未實現利潤相同的方式予以抵銷。

於附屬公司的投資在本公司資產負債表中乃按成本扣除減值虧損列賬(見附註2(k))。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (f) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The assets and liabilities of operations with functional currency in foreign currency are translated into RMB at the exchange rates ruling at the balance sheet date. The income and expenses of operations with functional currency in foreign currency are translated to RMB at exchange rates ruling at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

### (g) Financial instruments

#### (i) Non-derivative financial assets

A non-derivative financial asset is recognised if the Group becomes a party to the contractual provisions of the instrument.

## 2 主要會計政策(續)

### (f) 外幣交易

外幣交易按交易當日匯率換算為本集團各公司的相關功能貨幣。於資產負債表日，以外幣計值的貨幣資產及負債則按資產負債表日匯率重新換算為功能貨幣。重新換算產生的滙兌差額於損益確認。按歷史成本以外幣計值的非貨幣資產及負債按交易日的匯率換算。

以外幣作為功能貨幣核算的業務資產及負債按資產負債表日的匯率換算為人民幣。以外幣作為功能貨幣核算的業務收支按交易當日的匯率換算為人民幣。滙兌差額確認為其他綜合收益，並在權益中的滙兌儲備呈列。

### (g) 金融工具

#### (i) 非衍生金融資產

非衍生金融資產於本集團成為金融工具合約條文的訂約方時確認。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (g) Financial instruments (continued)

#### (i) Non-derivative financial assets

(continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Group comprise trade and other receivables and cash and cash equivalents.

#### *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 2(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

## 2 主要會計政策(續)

### (g) 金融工具(續)

#### (i) 非衍生金融資產(續)

倘若本集團有關金融資產現金流量的合約權利到期或本集團將該金融資產收取現金流量的合約權利轉讓予另一方，而使該資產所有權上的所有風險及報酬已實質上發生轉移，則終止確認該金融資產。本集團將轉讓金融資產所產生或保留的利益分別確認為資產或負債。

本集團只有在確有法律權利可將金融資產和負債相互抵銷，且擬以淨額償付或同時取得資產和償還債務時，才能將有關的資產和負債相互抵銷後以淨額於資產負債表中呈列。

非衍生金融資產包括貿易及其他應收款項以及現金及現金等價物。

#### *貿易及其他應收款項*

貿易及其他應收款項初始按公允價值確認，其後使用實際利率法按攤銷成本減呆賬減值撥備列賬(附註2(k)(i))，但給予關聯方免息及無固定還款期的貸款，或者折現影響不重大的應收款項除外。在此情況下，應收款項則按成本減呆賬減值撥備列賬。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (g) Financial instruments (continued)

#### (i) Non-derivative financial assets

(continued)

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

#### (ii) Non-derivative financial liabilities

Non-derivative financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: interest-bearing borrowings, trade and other payables, and amounts due to related parties.

## 2 主要會計政策(續)

### (g) 金融工具(續)

#### (i) 非衍生金融資產(續)

##### *現金及現金等價物*

現金及現金等價物包括銀行存款、庫存現金、銀行或其他財務機構的通知存款、及持有期限短、流動性強、易於轉換為已知金額現金、價值變動風險很小、且於購入時起三個月內到期的投資。按通知償還的銀行透支是本集團現金管理的一部分，包括於合併現金流量表中的現金及現金等價物。

#### (ii) 非衍生金融負債

非衍生金融負債於本集團成為金融工具合約條文的訂約方時初次確認。

本集團在有關合約責任解除或取消或到期時終止確認金融負債。

本集團只有在確有法律權利可將金融資產和負債相互抵銷，且擬以淨額償付或同時取得資產和償還債務時，才能將相關的資產和負債相互抵銷後以淨額於資產負債表中呈列。

本集團的非衍生金融負債包括付息借貸、貿易及其他應付款項及應付關聯方款項。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (g) Financial instruments (continued)

#### (ii) Non-derivative financial liabilities

(continued)

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

##### *Trade and other payables and amounts due to related parties*

Trade and other payables and amounts due to related parties are initially recognised at fair value. Trade and other payables and amounts due to related parties are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### (iii) Ordinary Share

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### (h) Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (Note 2(k)(ii)).

## 2 主要會計政策(續)

### (g) 金融工具(續)

#### (ii) 非衍生金融負債(續)

##### *付息借貸*

付息借貸初始按公允價值減交易成本確認。於初次確認後，付息借貸以攤銷成本列賬，初次確認金額與贖回價值之間的差額跟任何利息及應付費用以實際利率法於借貸期間確認為損益。

##### *貿易及其他應付款項及應付關聯方款項*

貿易及其他應付款項及應付關聯方款項以公允價值初次確認，其後按攤銷成本列賬；如折現影響不重大，則可按成本列賬。

#### (iii) 普通股

普通股作為權益列示。與發行普通股直接相關的成本以及購股權成本在考慮稅務影響後自權益中扣減。

### (h) 物業、廠房及設備

#### (i) 確認及計量

物業、廠房及設備項目按成本減累計折舊及減值虧損(附註2(k)(ii))計量。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (h) Property, plant and equipment (continued)

#### (i) Recognition and measurement

(continued)

Cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located when the Group has an obligation to remove the asset or restore the site. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the different between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Construction in progress represents property, plant and equipment under construction, and is stated at cost less impairment losses (Note 2(k)(ii)).

Cost comprises direct costs of construction during the construction period. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when all of the activities necessary to prepare the assets for their intended use are substantially complete.

## 2 主要會計政策(續)

### (h) 物業、廠房及設備(續)

#### (i) 確認及計量(續)

成本包括購入資產有關的直接開支。自建資產成本包括材料成本、直接人工費用、任何將資產投入其擬定用途所需的其他直接成本、拆卸及搬遷項目以及恢復資產所在地原貌的成本(當該集團有義務對資產進行搬遷及恢復資產所在地原貌時)。如外購的計算機軟件為有關設備不可缺少的組成部分，則其成本作為有關設備價值的一部分。

倘若物業、廠房及設備項目各組成部分的可使用年限不同，則會將物業、廠房及設備項目的這些組成部分(主要部分)分開入賬。

物業、廠房及設備項目各組成部分的任何處置收益或損失均計入損益。(計算方法為處置淨收入與項目賬面的價值的差異)

在建工程指在建物業、廠房及設備，按成本減減值虧損(附註2(k)(ii))入賬。

成本包括建築期間的直接建築成本。當將資產投入擬定用途所需的所有準備工作大致完成時，該等成本的資本化將終止，而在建工程便會轉入廠房及設備。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (h) Property, plant and equipment (continued)

#### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day serving of property, plant and equipment are recognised in profit and loss as incurred.

#### (iii) Depreciation

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using straight-line method over their estimated useful lives as follows:

• Buildings	20 years
• Leasehold improvements	10 years
• Machinery	10 years
• Motor vehicles	5–8 years
• Office equipment and others	5 years
• Display furniture	2 years

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use. Upon completion and commissioning for operation, depreciation will be provided at the appropriate rates specified above.

Depreciation methods, useful life and residual value are reassessed at the balance sheet date.

## 2 主要會計政策 (續)

### (h) 物業、廠房及設備 (續)

#### (ii) 日後成本

與更換物業、廠房及設備某組成部分相關的支出，如果其日後經濟利益可能流入本集團，且其成本能可靠計量，則該支出計入有關組成部分的賬面值。物業、廠房及設備的日常服務成本於產生時在損益確認。

#### (iii) 折舊

折舊是基於物業、廠房及設備的成本金額減去預計淨殘值后於估計的以下可使用年限內按直線法於損益確認。

• 建築物	20年
• 租賃改良	10年
• 機器	10年
• 運輸工具	5–8年
• 辦公室設備及 其他	5年
• 展示專櫃	2年

在建工程不計提折舊，直至當資產實質上達到可使用狀態。當其落成及投入運作時，將按上文所載適當比率開始計提折舊。

本集團會於每個資產負債表日審閱折舊方法、可使用年限及進行剩餘價值重估。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (i) Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognized in profit or loss. Costs to sell include all incremental costs directly attributable to the sale of the biological assets, excluding finance costs and income taxes.

### (j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of the production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## 2 主要會計政策(續)

### (i) 生物資產

生物資產以公允價值減銷售成本計量，其任何變動均在損益中確認。銷售成本包括直接因為銷售生物資產而所增加的各项費用，不包括財務費用及所得稅。

### (j) 存貨

存貨以成本與可變現淨值的較低者計量。存貨成本按加權平均成本原則計算，並包括購入存貨及將其運送至現有地點及狀況所產生的開支。就製成品及在製品而言，成本包括按正常產能計算，並按照適當比例分配的生產製造費用。可變現淨值為日常業務過程中的估計售價減估計完工成本及銷售開支。

存貨撇減至可變現淨值之減幅及所有存貨虧損均於撇減或虧損產生期間確認為開支。任何存貨撇減或撥回金額，在作為撥回期間內確認為減少已確認為開支的存貨金額。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (k) Impairment of assets

#### (i) Financial assets

A financial asset is impaired if there is objective evidence of impaired as a result of one or more events (that occurred after the initial recognition of the asset, and that loss events) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

#### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

## 2 主要會計政策(續)

### (k) 資產減值

#### (i) 金融資產

倘若初步確認一項金融資產後發生一項或多項事件導致存在客觀減值證據(虧損事件)，而該虧損事件對該項金融資產之估計未來現金流量所造成之影響能可靠地估計，則該金融資產會被視為減值。

按攤銷成本計量的金融資產減值虧損以其賬面值與按原訂實際利率折現的估計未來現金流量現值的差額計算。

各項主要金融資產會個別接受減值測試。餘下的金融資產則按同類信貸風險特色分類，以進行集體評估。

所有減值虧損均於損益確認。

倘若撥回可客觀地與減值虧損確認後所發生的事件相關連，則可撥回減值虧損。按攤銷成本計量的金融資產，撥回時於損益確認。

#### (ii) 非金融資產

本集團的非金融資產(存貨除外)的賬面值於各資產負債表日進行審閱，以釐定有否減值跡象。如有任何上述跡象，則會估計該資產的可收回金額。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (k) Impairment of assets (continued)

#### (ii) Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (“CGU”) exceeds its recoverable amount. A CGU is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and Groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (Group of units) on a pro-rata basis.

The recoverable amount of assets or CGU is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets or CGU.

## 2 主要會計政策(續)

### (k) 資產減值(續)

#### (ii) 非金融資產(續)

倘若資產或其現金產生單位的賬面值超過其可收回金額，則會確認減值虧損。現金產生單位是最基本的可識別資產類別，所產生的現金流量大致獨立於其他資產及類別。減值虧損於損益確認。就現金產生單位確認的減值虧損會先作分配，以減少該單位獲分配的任何商譽賬面值，然後按比例減少該單位(或一組單位)中的其他資產賬面值。

資產或現金產生單位的可收回金額為其使用價值或公允價值減銷售成本兩者的較高者。評估使用價值時，估計未來現金流量按照可反映當時市場對貨幣時間價值及該資產或現金產生單位特有風險的評估的除稅前折現率折現至其現值。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (k) Impairment of assets (continued)

#### (ii) Non-financial assets (continued)

Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (l) Employee benefits

#### (i) Short term employee benefits

Salaries, wages, annual bonuses and staff welfare are accrued in the year in which the associated services are rendered by employees of the Group.

#### (ii) Defined contribution retirement plans

Obligations for contributions to local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and Hong Kong are recognised as an expense in profit or loss when they are due, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

## 2 主要會計政策(續)

### (k) 資產減值(續)

#### (ii) 非金融資產(續)

過往期間確認的減值虧損於各資產負債表日進行評估以釐定有否任何跡象顯示虧損已減少或不再存在。倘若釐定可收回金額的估計有變時，則撥回減值虧損。減值虧損僅於資產賬面值不超過在並無確認減值虧損的情況下應有的賬面值(已扣除折舊或攤銷)時方可撥回。

### (l) 僱員福利

#### (i) 短期僱員福利

薪金、工資、年度花紅及員工福利均計入本集團僱員提供有關服務的年度內。

#### (ii) 界定供款退休計劃

根據中國及香港有關勞動規則及規例，對當地界定供款退休計劃的供款責任於到期時在損益中確認為開支，惟已計入尚未確認為開支的存貨成本內則除外。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (I) Employee benefits (continued)

#### (iii) Share-based payment transactions

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

## 2 主要會計政策(續)

### (I) 僱員福利(續)

#### (iii) 以權益結算的股份支付交易

授予僱員的購股權的公允價值確認為僱員成本，並相應增加權益中的資本儲備。公允價值於授予日按二項模型計量，並考慮購股權的授予條款及條件。倘若僱員須符合可行權條件方能無條件地享有購股權，則經考慮購股權可行權的可能性後，購股權的估計公允價值總額會在整個行權等待期內分攤。

於行權等待期內，須審閱預期可行權的購股權數目。除非原有僱員開支合資格確認為資產，否則任何對過往年度已確認累計公允價值所作之調整於審閱當年的損益賬內扣除／計入，同時對資本儲備作出相應調整。於可行權日，已確認為開支的金額會作出調整，以反映購股權的實際行權數目（相應調整資本儲備），惟僅於未能達到有關本公司股份市價的可行權條件時方會放棄之購股權除外。權益金額於資本儲備確認，直至購股權獲行權（屆時有關金額轉撥至股本溢價賬）或購股權到期（屆時有關金額直接撥至留存溢利）為止。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (m) Provisions and contingent liabilities

Provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (n) Turnover

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates and excluding value added tax or other sales taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of contract of sales.

## 2 主要會計政策(續)

### (m) 撥備及或然負債

倘若本集團須就過往事件承擔能可靠估計的法定或推定責任，並且很可能需要經濟利益流出以履行責任，則會確認撥備。撥備按照可反映當時市場對貨幣時間價值及該負債特有風險的評估的除稅前折現率，折現預期未來現金流量來釐定。

如果需要經濟利益流出的可能性較低，或無法可靠估計有關數額，該責任則披露為或然負債，惟倘若經濟利益流出的可能性極低則除外。倘若本集團的責任須視乎一項或多項未來事件是否發生方能確定是否存在，則該責任亦會披露為或然負債，惟倘若經濟利益流出的可能性極低則除外。

### (n) 營業額

銷售貨品的收益按已收或應收代價的公允價值，扣除退貨及折讓、銷售折扣及按銷量計算的返利(不包括增值稅或其他銷售稅)計量。當與貨品所有權相關的重大風險及回報轉移至買家，並很大可能收回代價，貨品的有關成本及可能退貨金額能可靠估計且對貨品並無持續監管權時，方會確認收益。

風險及回報的轉移視乎銷售合約的個別條款而有所變化。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (o) Operating lease payment

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

### (p) Finance income and finance costs

Finance income comprises interest income on deposits in banks and net foreign exchange gain. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and net foreign currency losses.

### (q) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

## 2 主要會計政策(續)

### (o) 經營租賃付款

經營租賃付款乃於租期內按直線法在損益確認。已獲得的租金優惠於租期內確認為租金開支總額一部分。

### (p) 財務收入及費用

財務收入包括銀行存款的利息收入及滙兌收益淨額。利息收入以實際利率法在應計時確認。

財務費用包括借貸利息支出及滙兌損失淨額。

### (q) 研究開發成本

研究成本於其產生期間確認為費用。研發成本包括與研發活動直接相關的成本，或可合理分配至該等活動的一切費用。鑒於本集團研發活動之性質，有關成本一般於項目開發後期方符合資產確認條件，而這時候餘下的開發成本金額並不重大。因此，研究成本及開發成本一般於其產生期間確認為費用。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

### (s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

## 2 主要會計政策(續)

### (r) 借貸成本

因收購、建設或生產一項需要相當長時間才可投入擬定用途或出售的資產而直接產生的借貸成本確認作該等資產的部分成本。其他借貸成本於其產生期間確認為費用。

當資產開支、借貸成本已經發生及為使資產達至預定可使用或可銷售狀態所必要的準備工作已經開始進行時，借貸成本即開始資本化作為合資格資產的部份成本。為使資產達至擬定可使用或可銷售狀態的準備工作被中斷或大致完成時，該等借貸成本則停止資本化。

### (s) 所得稅開支

所得稅開支包括即期稅項和遞延稅項資產和負債的變動。即期稅項和遞延稅項資產及負債的變動於損益中確認，惟在其他綜合收益或直接在權益中確認的相關項目除外，其相關稅項金額分別在其他綜合收益或在權益中確認。

即期稅項乃按本年度應課稅收入，根據在呈報日期已實施或實質上已實施的稅率計算的預期應付稅項，並加上以往年度應付稅項的任何調整。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (s) Income tax (continued)

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary difference arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (t) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.

## 2 主要會計政策(續)

### (s) 所得稅開支(續)

遞延稅項以資產負債表方法確認，按財務報告所用資產與負債賬面值與這些資產負債的計稅基礎之間的暫時性差異作出撥備。如果不屬於企業合併交易，在交易發生時既不影響會計利潤，也不影響應納稅所得額，則該交易所產生的資產、負債的初始確認金額與其計稅基礎的暫時性差異，不確認相應的遞延稅項。根據於資產負債表日已實施或實質上實施的法例，遞延稅項乃按預期於暫時性差異轉回時適用的稅率計量。

在可能獲得未來應課稅溢利以用作抵銷暫時性差異的情況下，方會確認遞延稅項資產。遞延稅項資產於各資產負債表日進行審閱，並將扣減已不再可能實現的相關稅項利益。

### (t) 關聯方

- (a) 該名人士須符合以下條件時，該名人士或與該名人士關係密切的家庭成員方與本集團有關聯：
- (i) 對本集團擁有控制權或共同控制權；
  - (ii) 對本集團擁有重大影響；或
  - (iii) 為本集團或本集團母公司之主要管理層人員。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (t) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 2 主要會計政策(續)

### (t) 關聯方(續)

(b) 實體於適用以下任何條件之一時，與本集團方有關聯：

- (i) 實體與本集團為同一集團成員，即母公司、附屬公司及同系附屬公司各自彼此相互關聯。
- (ii) 某一實體為另一實體之聯營公司或合營公司，或為另一實體所屬集團成員之聯營公司或合營公司。
- (iii) 實體均為同一第三方之合營公司。
- (iv) 實體為第三實體之合營公司，而另一實體為該第三實體之聯營公司。
- (v) 實體為本集團或與本集團有關之實體之僱員福利設立離職後福利計劃。
- (vi) 實體受(a)所界定人士控制或共同控制。
- (vii) (a)(i)所界定人士對實體擁有重大影響或為實體或該名實體母公司之主要管理人員。

與該名人士關係密切的家庭成員是指預期將會影響該名人士與實體的交易或於交易時受該名人士影響的有關家族成員。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 2 Significant accounting policies (continued)

### (u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 3 Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 7, *Financial instruments: Disclosures — Transfers of financial assets*
- Amendments to IAS 12, *Income taxes — Deferred tax: Recovery of underlying assets*

The adoption of the new and revised IFRSs has no significant impact on the Group's financial statements.

## 2 主要會計政策(續)

### (u) 分部報告

本集團定期向最高級別執行管理層提供有關財務信息，以便其分配資源和評估各項業務和各地區的經營業績。本集團根據上述提供給最高級別執行管理層的財務資料識別出經營分部及每個分部於財務報表所列報的金額。

除非該等分部擁有相類似的經濟特點、產品及服務性質、生產過程、客戶類別、分銷產品或提供服務的方法、所受規管環境的性質，否則個別主要經營分部不會在財務報告中合併呈報。經營分部倘個別而言並不重大，且符合上述大部分條件，則可合併呈報。

## 3 會計政策變更

國際會計準則委員會已頒佈於本集團及本公司本會計期間首次生效之多項國際財務報告準則之修訂以及一項新詮釋。其中，下列會計政策變動與本集團財務報表有關：

- 國際財務報告準則第七條修訂，*金融工具：披露 — 金融資產的轉移*
- 國際會計準則第十二條修訂，*所得稅 — 遞延稅款：相關資產的轉回*

採納以上新訂及經修訂國際財務報告準則對本集團財務報告並無重大影響。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

### 3 Changes in accounting policies (continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4 Segment reporting

The Group manages its business by a mixture of both product lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments:

- Hair-care products (mainland China and overseas)
- Herbal tea products (mainland China)
- Skin-care products (mainland China and overseas)
- Other household and personal care products (mainland China)

#### (a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of products, assistance provided by one segment to another, including sharing assets, is not measured.

### 3 會計政策變更(續)

本集團並未應用任何於本會計期間尚未生效之新準則或詮釋。

### 4 分部報告

本集團以產品類別及地區分部的組合來管理其業務。與應向本集團最高級別執行管理層呈報以作資源分配及業績評估之內部報告之呈列形式一致，本集團現識別下列四個可報告分部：

- 護髮產品(中國大陸及海外)
- 涼茶產品(中國大陸)
- 護膚產品(中國大陸及海外)
- 其他家用個人護理產品(中國大陸)

#### (a) 分部業績，資產及負債

為了評估分部表現及於分部間分配資源，本集團之高級執行管理層會按下列基準監察各可報告分部之業績：

收益及開支乃參考該等分部所產生之銷售及該等分部所產生之開支或該等分部應佔資產折舊或攤銷所產生之其他開支分配至可報告分部。然而，除了所披露的涼茶產品分部間銷售收入外，某一分部向另一分部提供之協助(包括共用資產)並不計算在內。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 4 Segment reporting (continued)

### (a) Segment results, assets and liabilities (continued)

The measure used for reporting segment profit is “adjusted loss from operations”. To arrive at adjusted loss from operations, the Group’s loss is further adjusted for the items not specifically attributed to individual segments, such as directors’ remuneration and other head office or corporate administration expenses. The Group’s senior executive management is provided with segment information concerning segment revenue and segment loss. Segment assets and liabilities are not reported to the Group’s senior executive management regularly.

Information regarding the Group’s reportable segments as provided to the Group’s senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2012 and 2011 is set out as below:

		Hair-care products		Herbal tea products		Skin-care products		Other household and personal care products		Total	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
		RMB'000	RMB'000	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	人民幣千元	人民幣千元
<b>Reportable segment revenue</b>	<b>可報告分部收入</b>										
Revenue from external customers	來自外界客戶之收入	446,666	567,404	17,583	167,263	67,308	89,060	24,398	65,182	555,955	888,909
Inter-segment revenue	分部間銷售收入	—	2	25	4,296	—	1	—	—	25	4,299
		446,666	567,406	17,608	171,559	67,308	89,061	24,398	65,182	555,980	893,208
<b>Reportable segment loss</b>	<b>可報告分部虧損</b>										
Adjusted loss from operations	經調整經營虧損	(336,681)	(482,694)	(98,506)	(86,851)	(68,752)	(38,912)	(9,380)	(1,919)	(513,319)	(610,376)

## 4 分部報告(續)

### (a) 分部業績，資產及負債(續)

報告分部溢利的計量方法為「經調整經營虧損」。為達至經調整經營虧損，本集團的虧損就並非指定屬於個別分部的項目作進一步調整，如董事酬金以及其他總部或公司行政開支。本集團高級執行管理層獲提供有關分部收入及分部虧損之分部資料。分部資產及負債並無定期向本集團高級執行管理層報告。

截至二零一二年及二零一一年十二月三十一日止年度，有關向本集團高級執行管理層提供之資源分配及分部表現評估之本集團可報告分部之資料分別載列如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

#### 4 Segment reporting (continued)

##### (b) Reconciliations of reportable segment revenue and results

###### Revenue

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Reportable segment revenue	可報告分部收入	555,980	893,208
Elimination of inter-segment revenue	抵銷各分部間收入	(25)	(4,299)
Consolidated turnover	合併營業額	555,955	888,909

###### Results

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Reportable segment loss	可報告分部虧損	(513,319)	(610,376)
Elimination of inter-segment (profits)/losses	抵銷各分部間(溢利)/虧損	(9)	130
Changes in fair value less costs to sell of biological assets	生物資產公允價值減銷售成本的變動損	(665)	1,462
Other revenue	其他收益	36	2,451
Other net income	其他收入淨額	944	841
Unallocated head office and corporate expenses	未分攤之總部與公司行政開支	(22,536)	(19,795)
Finance income	財務收入	1,316	10,860
Finance costs	財務費用	(731)	(4,110)
Consolidated loss before taxation	合併除稅前虧損	(534,964)	(618,537)

#### 4 分部報告(續)

##### (b) 可報告分部收入及業績的對賬

###### 收入

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Reportable segment revenue	可報告分部收入	555,980	893,208
Elimination of inter-segment revenue	抵銷各分部間收入	(25)	(4,299)
Consolidated turnover	合併營業額	555,955	888,909

###### 業績

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Reportable segment loss	可報告分部虧損	(513,319)	(610,376)
Elimination of inter-segment (profits)/losses	抵銷各分部間(溢利)/虧損	(9)	130
Changes in fair value less costs to sell of biological assets	生物資產公允價值減銷售成本的變動損	(665)	1,462
Other revenue	其他收益	36	2,451
Other net income	其他收入淨額	944	841
Unallocated head office and corporate expenses	未分攤之總部與公司行政開支	(22,536)	(19,795)
Finance income	財務收入	1,316	10,860
Finance costs	財務費用	(731)	(4,110)
Consolidated loss before taxation	合併除稅前虧損	(534,964)	(618,537)

## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 4 Segment reporting (continued)

#### (c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, non-current portion of prepaid advertising fee and biological assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and biological assets, and the location of the operation to which they are allocated, in the case of the non-current portion of prepaid advertising fee.

		Revenues from external customers 來自外部客戶的收入		Specified non-current assets 指定的非流動資產	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
PRC (place of domicile)	中國(集團基地)	536,555	866,469	321,233	187,626
Hong Kong	香港	14,221	13,813	1,982	2,101
Singapore	新加坡	1,614	2,388	—	—
Malaysia	馬來西亞	428	705	—	—
Myanmar	緬甸	—	1,148	—	—
Thailand	泰國	3,137	3,482	—	—
Australia	澳大利亞	—	904	—	—
		19,400	22,440	1,982	2,101
		555,955	888,909	323,215	189,727

### 4 分部報告(續)

#### (c) 地區資料

下表載列(i)本集團來自外部客戶的收入及(ii)本集團的固定資產及非一年內到期部分的預付廣告費用及生物資產(「指定的非流動資產」)的地區資料。客戶的所在地區乃根據提供服務或交付貨品的位置釐定。指定的非流動資產的地理位置乃根據資產實際所在位置(如屬物業、廠房及設備，以及生物資產)及經營業務所在位置(如屬非一年內到期部分的預付廣告費用)而釐定。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 5 Turnover

The Group is principally engaged in the manufacturing and sales of the household and personal care products including hair-care and skin-care products. The Group has also started the sales of herbal tea products since June 2010.

Turnover represents the sales value of goods supplied to customers. Turnover excludes value added taxes and is after deduction of any trade discounts and business taxes and surcharges. The amounts of each significant category of revenue recognised in turnover during the years are as follows:

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Hair-care products	護髮產品	446,666	567,404
Herbal tea products	涼茶產品	17,583	167,263
Skin-care products	護膚產品	67,308	89,060
Other household and personal care products	其他家用個人護理產品	24,398	65,182
		<b>555,955</b>	888,909

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenues.

## 5 營業額

本集團主要從事製造及銷售家用個人護理產品，包括護髮及護膚產品。本集團從二零一零年六月起從事銷售涼茶產品業務。

營業額指向客戶供應的貨品的銷售價值。營業額不包括增值稅，並已扣除任何銷售折扣和營業稅金及附加。已於本年度營業額中確認的各項重大收入類別的金額如下：

本集團客戶基礎分散，並無與單一客戶的交易佔本集團總營業額10%以上。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 6 Loss before taxation

Loss before taxation is arrived at after charging/crediting:

### (a) Finance income and costs

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<i>Finance income</i>	<i>財務收入</i>		
Interest income on bank deposits	銀行存款利息收入	1,206	10,860
Net foreign exchange gains	滙兌收益淨額	110	—
		1,316	10,860
<i>Finance costs</i>	<i>財務費用</i>		
Interest expense on bank borrowings	銀行貸款利息支出	(731)	(3,154)
Net foreign exchange losses	滙兌損失淨額	—	(956)
		(731)	(4,110)
Net finance income	財務收入淨額	585	6,750

### (b) Staff costs\*

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	224,796	258,172
Equity-settled share-based payment expenses (Note 20)	以權益結算的股份支付費用 (附註20)	1,896	3,059
Contributions to defined contribution retirement plan	界定供款退休計劃供款	6,829	8,362
		233,521	269,593

## 6 除所得稅前虧損

除所得稅前虧損已扣除／計入下列各項：

### (a) 財務收入及費用

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<i>Finance income</i>	<i>財務收入</i>		
Interest income on bank deposits	銀行存款利息收入	1,206	10,860
Net foreign exchange gains	滙兌收益淨額	110	—
		1,316	10,860
<i>Finance costs</i>	<i>財務費用</i>		
Interest expense on bank borrowings	銀行貸款利息支出	(731)	(3,154)
Net foreign exchange losses	滙兌損失淨額	—	(956)
		(731)	(4,110)
Net finance income	財務收入淨額	585	6,750

### (b) 員工成本\*

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	224,796	258,172
Equity-settled share-based payment expenses (Note 20)	以權益結算的股份支付費用 (附註20)	1,896	3,059
Contributions to defined contribution retirement plan	界定供款退休計劃供款	6,829	8,362
		233,521	269,593



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

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## 6 Loss before taxation (continued)

### (b) Staff costs\* (continued)

Staff costs included directors' remuneration (Note 8(a)).

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in a defined contribution retirement benefit scheme (the "Scheme") organised by the local authority whereby the PRC subsidiaries are required to make contributions to the Scheme based on certain percentages of the eligible employee's salaries. The local government authority is responsible for the entire pension obligations payable to the retired employees.

The Group also maintains a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on the relevant income of the relevant employee and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

The Group has no other obligations for payment of retirement and other post-retirement benefits of employees other than the contribution described above.

## 6 除所得稅前虧損(續)

### (b) 員工成本\*(續)

員工成本包括董事酬金(附註8(a))。

根據中國有關勞動規則及規例，中國附屬公司參與當地政府部門設立的界定供款退休福利計劃(「該計劃」)，據此，中國附屬公司須按合資格僱員薪金的若干百分比向該計劃作出供款。地方政府部門負責向退休僱員支付全數退休金。

本集團亦向所有香港合資格僱員提供強制性公積金計劃(「強積金計劃」)。根據強制性公積金計劃條例及有關規定，本集團及其僱員均須按相關僱員的相關收入作出供款。

除上述供款外，本集團並無其他為僱員退休及其他退休後福利供款的責任。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 6 Loss before taxation (continued)

### (c) Other items

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Depreciation (i)	折舊(i)	22,094	15,490
Auditors' remuneration	核數師酬金	1,600	1,380
Cost of inventories (i)	存貨成本(i)	343,906	544,154
Impairment loss for bad and doubtful debts (Note 16(b))	呆壞賬減值虧損 (附註16(b))	3,840	1,725
Losses on disposal of property, plant and equipment (ii)	處理事業、廠房及 設備損失(ii)	25,065	162

(i) Cost of inventories includes RMB47,876,000 (2011: RMB46,355,000) relating to staff costs and depreciation, whose amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses. Cost of inventories also included RMB63,841,000 relating to losses on disposal of inventories, which are comprised of RMB57,556,000 of inventory costs (Note 15(b)) and RMB6,285,000 of related non-deductible input value-added-tax ("VAT"). During the year ended 31 December 2012, the Group launched upgrading of certain product series and allowed distributors to return the unsold old series products to the Group. In line with the Group's strategy to promote the sales of upgraded product series, the Group disposed of all the returned old series products and charged the costs of returned goods and related non-deductible input VAT to the consolidated income statement.

## 6 除所得稅前虧損(續)

### (c) 其他項目

(i) 存貨成本包括與員工成本及折舊有關的款項合共人民幣47,876,000元(二零一一年：人民幣46,355,000元)，有關款項亦已計入上文或附註6(b)個別披露的各類開支總額。存貨成本還包括存貨處置損失人民幣63,841,000(其中包括存貨成本人民幣57,556,000元(附註15(b))以及相關的不可抵扣的增值稅(「增值稅」)進項稅人民幣6,285,000元)。於截至二零一二年十二月三十一日止年度內，本集團推出某些升級產品，並允許經銷商將未售的舊系列產品退回。按照推廣升級產品的戰略，本集團將退回的全部舊品進行了處置，並將相關存貨的成本以及不可抵扣的增值稅進項稅計入了合併損益表。

## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 6 Loss before taxation (continued)

#### (c) Other items (continued)

- (ii) During the year ended 31 December 2012, the Group gradually migrated certain production processes from the old production plant to the new production plant and disposed of certain facilities and machineries in the old production plant, which were not expected to be used in future production. In addition, the Group also disposed of certain display furniture in connection with the promotion of skin-care products in view of the change in marketing strategy. All the disposal losses were charged to the consolidated income statement.

### 7 Income tax (expense)/credit

#### (a) Income tax (expense)/credit in the consolidated income statement represents:

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
<b>Current tax – PRC income tax</b>	<b>即期稅項 — 中國所得稅</b>		
Over-provision in respect of prior years	以往年度多計提的稅額撥備	—	509
<b>Current tax – Hong Kong income tax</b>	<b>即期稅項 — 香港利得稅</b>		
Over-provision in respect of prior years	以往年度的計提的稅額撥備	—	3,942
<b>Deferred tax – PRC income tax</b>	<b>遞延稅項 — 中國所得稅</b>		
Reversal and origination of temporary differences	暫時性差異的產生和轉回	(82,605)	55,516
<b>Income tax (expense)/credit</b>	<b>所得稅(支出)/抵扣</b>	<b>(82,605)</b>	<b>59,967</b>

### 6 除所得稅前虧損(續)

#### (c) 其他項目(續)

- (ii) 於截至二零一二年十二月三十一日止年度內，本集團逐步將部分生產程序從舊生產工廠移至新的生產工廠，並相應的處置了部分預期未來無法繼續使用的舊工廠內之機器設備。此外，考慮到有關護膚產品推廣方面未來市場戰略的變化，本集團還處置了部分展示專櫃。所有處置損失已計入合併損益表內。

### 7 所得稅(支出)/抵扣

#### (a) 合併損益表內的所得稅(支出)/抵扣指：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 7 Income tax (expense)/credit (continued)

### (a) Income tax (expense)/credit in the consolidated income statement represents: (continued)

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) Bawang (Guangzhou) Co., Ltd. (“Bawang Guangzhou”), a PRC subsidiary of the Group, is subject to a unified income tax rate of 25%.

The PRC Corporate Income Tax Law allows enterprises to apply for the certificates of “High and New Technology Enterprise” (“HNTE”) which entitles the qualified companies to a preferential income tax rate of 15%. Bawang Guangzhou was qualified as a HNTE in 2009 and the qualification was valid for three years from 2009 to 2011. The qualification was renewed in 2012 and the valid period was extended by three more years to 2014. Therefore, Bawang Guangzhou was entitled to a preferential income tax rate of 15% in 2012 and 2011.

- (iii) Bawang (China) Beverage Co., Ltd. (“Bawang Beverage”), a PRC subsidiary of the Group, was newly established in Guangzhou in 2010. The applicable income tax rate of Bawang Beverage is 25%.

## 7 所得稅(支出)／抵扣(續)

### (a) 合併損益表內的所得稅(支出)／抵扣指：(續)

- (i) 根據開曼群島及英屬處女群島的規則及規例，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。
- (ii) 本集團的中國附屬公司霸王(廣州)有限公司(「霸王廣州」)適用統一的所得稅稅率25%。

中國企業所得稅法允許企業申請高新技術企業(「高新技術企業」)證書，獲得該資格的企業可以享受15%的優惠稅率。霸王廣州於截至二零零九年十二月三十一日止年度內被認定為高新技術企業，該資格於二零零九年至二零一一年三年內有效。霸王廣州於二零一二年通過了高新技術企業資格複審，該資格有效期延長至二零一四年。因此，霸王廣州於二零一二年及二零一一年享受15%的優惠所得稅率。

- (iii) 本集團另一間中國附屬公司霸王(中國)飲料有限公司(「霸王飲料」)於二零一零年在廣州成立。霸王飲料之適用所得稅稅率為25%。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 7 Income tax (expense)/credit (continued)

### (a) Income tax (expense)/credit in the consolidated income statement represents: (continued)

- (iv) Pursuant to the Implementation Rules of the CIT Law, overseas investors of foreign investment companies ("FIE") shall be liable for withholding income tax at 10% on the dividend derived from the profits of PRC subsidiaries with effect from 1 January 2008, unless the tax rate is reduced by treaty. Pursuant to the Sino-Hong Kong Double Tax Arrangements, the investor established in Hong Kong which is the beneficiary owner holding not less than 25% of the equity interests of its PRC subsidiaries can enjoy a reduced withholding tax rate of 5% on the dividend received from its PRC subsidiaries. The Group did not make provision of withholding income tax for the year ended 31 December 2012 and 2011 since the PRC subsidiaries, both Bawang Guangzhou and Bawang Beverage, incurred losses in both years.
- (v) The provision for Hong Kong Profits Tax was made by Hong Kong Bawang International Trading Limited ("Bawang Trading"). Its applicable income tax rate is 16.5%.

## 7 所得稅(支出)/抵扣(續)

### (a) 合併損益表內的所得稅(支出)/抵扣指：(續)

- (iv) 根據企業所得稅法實施條例，自二零零八年一月一日起，除非獲條約減低稅率，外商投資企業(「外資企業」)的海外投資者須就來自中國附屬公司溢利的股息繳付10%預扣所得稅。根據內地與香港避免雙重徵稅安排，於香港成立的投資者如果持有中國附屬公司不低於25%權益且為受益所有人，則可享受來自其中國附屬公司的股息的寬減預扣稅稅率5%。由於中國附屬公司(包括霸王廣州及霸王飲料)均產生虧損，因此本集團於截至二零一二年及二零一一年十二月三十一日止年度並沒有計提預扣所得稅。
- (v) 香港利得稅撥備乃由香港霸王國際貿易有限公司(「霸王貿易」)計提，其適用所得稅稅率為16.5%。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 7 Income tax (expense)/credit (continued)

## 7 所得稅(支出)／抵扣(續)

### (b) Reconciliation between income tax (expense)/credit and accounting loss at applicable tax rates:

### (b) 按適用稅率計算的所得稅(支出)／抵扣與會計虧損對賬：

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Loss before income tax	除所得稅前虧損	(534,964)	(618,537)
Income tax on loss before tax, calculated at the rates applicable to the PRC operations (i.e. 25%)	按適用於中國業務的稅率計算(即25%)的除稅前虧損的所得稅	133,741	154,634
Effect of unused tax losses not recognised	未確認之未利用稅務損失的影響	(69,623)	(28,348)
Effect of other deductible temporary differences not recognised as deferred tax assets	未確認為遞延稅項資產的其他可抵扣暫時性差異的影響	(2,064)	(8,963)
Effect of tax rate differential (i)	不同稅率的影響(i)	(14,898)	(30,904)
Effect on deemed taxable income (ii)	被視為應課稅收入的影響(ii)	(1,226)	(1,397)
Effect of non-deductible expenses	不可扣稅開支的影響	(12,387)	(3,689)
Effect of tax concessions (iii)	稅項優惠的影響(iii)	(34,909)	(25,816)
Bonus deduction of R&D expenses (iv)	研究開發費用的加計扣除(iv)	1,493	2,568
(Under)/over provision in prior year	以前年度(少)／多計提撥備	(127)	1,882
Effect of reversal of deferred tax assets recognised in prior year	以前年度已確認遞延稅項資產轉回的影響	(82,605)	—
<b>Income tax (expense)/credit</b>	<b>所得稅(支出)／抵扣</b>	<b>(82,605)</b>	<b>59,967</b>



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 7 Income tax (expense)/credit (continued)

### (b) Reconciliation between income tax (expense)/credit and accounting loss at applicable tax rates: (continued)

- (i) The effect of tax rate differential mainly represented the effect of the difference in tax rates among the Company and its subsidiaries and the tax effect arising from difference between the tax rate of 25% being applied in the computation of expected income tax and the rate for recognising the deferred tax.
- (ii) Effect on deemed taxable income represents deemed sales income in respect of promotional goods provided to customers at nil consideration, which is calculated in accordance with the CIT law of the PRC.
- (iii) Effect of tax concessions represents the difference between standard income tax rate and preferential income tax rate enjoyed by Bawang Guangzhou as set out in Note 7(a)(ii).
- (iv) According to Tax Notice on Provisional Administrative Measures governing Pre-CIT Deduction of R&D Expenses (Guoshuifa [2008] No.116) issued by the State Administration of Taxation, effective from 1 January 2008, R&D expenses, which are not capitalised, are qualified for bonus deduction for income tax purpose, i.e. an additional 50% of such expenses could be deemed as deductible expenses.

## 7 所得稅(支出)／抵扣(續)

### (b) 按適用稅率計算的所得稅(支出)／抵扣與會計虧損對賬：(續)

- (i) 不同稅率的影響主要包括本公司及各附屬公司之間適用不同稅率的影響，以及計算預期所得稅時所使用的25%稅率與確認遞延稅項資產時所使用的稅率不同所產生的影響。
- (ii) 被視為應課稅收入的影響即有關無償向客戶提供推廣貨品的被視為銷售收入，其根據中國新稅法而計算。
- (iii) 稅項優惠的影響指按標準所得稅稅率與按附註7(a)(ii)所載霸王廣州享有的優惠所得稅稅率繳稅的差額。
- (iv) 根據國家稅務總局頒佈的於2008年1月1日起生效的《企業研究開發費用稅前扣除管理辦法》(國稅發[2008]第116號)，未資本化的研究開發費用可在計算所得稅時進行加計扣除，即按該費用50%計算的金額可額外於稅前加計扣除。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 8 Directors' remuneration

(a) Details of Directors' remuneration of the Company are set out below:

		Salaries, allowances and benefits		Discretionary bonuses	Retirement	Share-based payments		2012 total
		Directors' fee	in kind		scheme contributions	Sub-total	(Note (i))	
		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
<b>Chairman</b>	<b>主席</b>							
Mr CHEN Qiyuan	陳啟源先生	—	—	—	—	—	—	—
<b>Executive directors</b>	<b>執行董事</b>							
Ms WAN Yuhua	萬玉華女士	—	—	—	—	—	—	—
Mr SHEN Xiaodi	沈小笛先生	—	1,622	—	11	1,633	491	2,124
Mr WONG Sin Yung	黃善裕先生	—	1,622	—	11	1,633	368	2,001
<b>Non-executive director</b>	<b>非執行董事</b>							
Ms GUO Jing	郭晶女士	243	—	—	—	243	—	243
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>							
Mr NGAI Wai Fung	魏偉峰先生	324	—	—	—	324	—	324
Mr CHEN Kaizhi	陳開枝先生	243	—	—	—	243	—	243
Mr LI Bida	李必達先生	243	—	—	—	243	—	243
<b>Total</b>	<b>總計</b>	1,053	3,244	—	22	4,319	859	5,178

## 8 董事酬金

(a) 本公司董事酬金詳情如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 8 Directors' remuneration (continued)

### (a) Details of Directors' remuneration of the Company are set out below: (continued)

		Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (Note (i))	2011 total
		袍金	薪金、津貼及實物利益	花紅	退休福利計劃供款	小計	股份支付 (附註(i))	二零一一年總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
<b>Chairman</b>	<b>主席</b>							
Mr CHEN Qiyuan	陳啟源先生	–	–	–	–	–	–	–
<b>Executive directors</b>	<b>執行董事</b>							
Ms WAN Yuhua	萬玉華女士	–	–	–	–	–	–	–
Mr SHEN Xiaodi	沈小笛先生	–	1,661	–	10	1,671	818	2,489
Mr WONG Sin Yung	黃善裕先生	–	1,661	–	10	1,671	614	2,285
<b>Non-executive director</b>	<b>非執行董事</b>							
Ms GUO Jing	郭晶女士	249	–	–	–	249	–	249
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>							
Mr NGAI Wai Fung	魏偉峰先生	332	–	–	–	332	–	332
Mr CHEN Kaizhi	陳開枝先生	249	–	–	–	249	–	249
Mr LI Bida	李必達先生	249	–	–	–	249	–	249
<b>Total</b>	<b>總計</b>	1,079	3,322	–	20	4,421	1,432	5,853

Note:

- (i) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(i)(iii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in Note 20.

附註：

- (i) 該等為根據本公司購股權計劃授予董事購股權的估計價值。該等購股權的價值乃按照本集團股份支付的交易的會計政策計量，詳見附註2(i)(iii)。

該等實物利益的詳情，包括授出購股權的主要條款及數目，載於附註20。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 8 Directors' remuneration (continued)

### (b) An analysis of directors' remuneration by the number of directors and remuneration range is as follows:

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年	2011 二零一一年
		Number of directors 董事數目	Number of directors 董事數目
Nil to HK\$1,000,000	零至1,000,000港元	6	6
HK\$1,000,001 to 1,500,000	1,000,001至1,500,000港元	—	—
HK\$1,500,001 to 2,000,000	1,500,001至2,000,000港元	—	—
HK\$2,000,001 to 2,500,000	2,000,001至2,500,000港元	—	—
HK\$2,500,001 to 3,000,000	2,500,001至3,000,000港元	2	2
HK\$3,000,001 to 3,500,000	3,000,001至3,500,000港元	—	—
HK\$3,500,001 to 4,000,000	3,500,001至4,000,000港元	—	—
		8	8

## 8 董事酬金 (續)

### (b) 按董事數目及薪酬範圍呈列的董事薪酬分析如下：

## 9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2011: two) are directors, whose emoluments are disclosed in Note 8. Details of the emoluments of the remaining three (2011: three) individuals with highest emoluments are as follows:

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年	2011 二零一一年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Salaries and other emoluments	薪金及其他薪酬	2,211	2,515
Share-based payments	股份支付	—	818
Contribution to defined contribution retirement plans	界定供款退休計劃供款	113	15
		2,324	3,348

## 9 最高薪酬人士

5位最高薪酬人士中，兩位(二零一一年：二位)為董事，彼等薪酬於附註8披露。有關其他三名最高薪酬人士的薪酬詳情如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 9 Individuals with highest emoluments

(continued)

The number of non-director highest paid individuals whose remuneration fell within the following bands is as follows:

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 Number of individuals 人數	2011 二零一一年 Number of individuals 人數
Nil to HK\$1,000,000	零至1,000,000港元	2	1
HK\$1,000,001 to 1,500,000	1,000,001至1,500,000港元	1	1
HK\$1,500,001 to 2,000,000	1,500,001至2,000,000港元	—	1
		3	3

## 9 最高薪酬人士(續)

薪酬屬於以下組別之非董事最高薪僱員人數如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

#### 10 Loss attributable to equity shareholders of the Company

The consolidated loss attributable to equity shareholders of the Company includes a loss of RMB14,224,000 (2011: RMB24,405,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's loss for the year:

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	已計入本公司財務報表中的權益持有人應佔虧損金額	(14,224)	(24,405)
Company's losses for the year (Note 22(a))	本公司年內虧損 (附註22(a))	(14,224)	(24,405)

Details of dividends paid and payable to equity shareholders of the Company are set out in Note 22(b).

#### 10 本公司權益持有人應佔虧損

本公司權益持有人應佔綜合虧損包括已計入本公司財務報表內的人民幣14,224,000元的虧損(二零一一年：人民幣24,405,000元)。

上述金額與本公司年內虧損之間對賬：

已付及應付本公司權益持有人股息的詳情載於附註22(b)。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 11 Loss per share

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB617,569,000 (2011: RMB558,570,000) and the weighted average of 2,910,158,624 ordinary shares (2011: 2,908,606,062 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

		For the year ended 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年
Issued ordinary shares at 1 January	於一月一日已發行普通股	2,909,395,720	2,907,820,720
Effect of share option exercised (Note 22(c)(i))	已執行的股份認購權的影響(附註22(c)(i))	762,904	785,342
Weighted average number of ordinary shares at 31 December	於十二月三十一日普通股的加權平均數	2,910,158,624	2,908,606,062

### (b) Diluted loss per share

The calculation of diluted loss per share for the years ended 31 December 2012 and 2011 does not assume the exercise of the Company's share options as the effect is anti-dilutive.

## 11 每股虧損

### (a) 每股基本虧損

每股基本虧損乃根據年內本公司普通股權益持有人應佔虧損人民幣617,569,000元(二零一一年：人民幣558,570,000元)，及已發行普通股加權平均數2,910,158,624股(二零一一年：2,908,606,062股普通股)計算如下：

普通股加權平均數：

### (b) 每股攤薄虧損

由於本公司購股權具有反攤薄效果，所以在計算截至二零一二年及二零一一年十二月三十一日止年度每股攤薄虧損時，並無假定本公司購股權的行權。

## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 12 Property, plant and equipment

#### The Group

### 12 物業、廠房及設備

#### 本集團

		Buildings	Machinery	Leasehold improvement	Motor vehicles	Office equipment and others	Display furniture	Construction in progress	Total
		房屋 RMB'000 人民幣千元	機器 RMB'000 人民幣千元	經營租賃 改良支出 RMB'000 人民幣千元	運輸工具 RMB'000 人民幣千元	辦公室設備 及其他 RMB'000 人民幣千元	展示專櫃 RMB'000 人民幣千元	在建工程 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
<b>Cost:</b>	<b>成本：</b>								
At 1 January 2011	於二零一一年一月一日	5,494	42,725	—	13,969	21,414	1,119	993	85,714
Additions	添置	—	5,959	—	770	4,333	18,602	110,341	140,005
Disposals	出售	—	—	—	(466)	(155)	—	—	(621)
Transfer from construction in progress	轉撥自在建工程	877	1,184	—	—	—	—	(2,061)	—
At 31 December 2011 and 1 January 2012	於二零一一年十二月三十一日及二零一二年一月一日	6,371	49,868	—	14,273	25,592	19,721	109,273	225,098
Additions	添置	207	1,428	—	808	2,887	4,653	174,350	184,333
Disposals (Note 6(c)(iii))	出售 (附註6(c)(iii))	(1,084)	(13,823)	—	(965)	(7,435)	(23,704)	—	(47,011)
Transfer from construction in progress	轉撥自在建工程	—	27,448	132,533	—	2,215	—	(162,196)	—
At 31 December 2012	於二零一二年十二月三十一日	5,494	64,921	132,533	14,116	23,259	670	121,427	362,420
<b>Accumulated depreciation:</b>	<b>累計折舊：</b>								
At 1 January 2011	於二零一一年一月一日	(84)	(12,773)	—	(7,171)	(5,536)	(14)	—	(25,578)
Charge for the year	年內計提	(264)	(4,601)	—	(2,400)	(4,150)	(4,075)	—	(15,490)
Written back on disposals	出售時撥回	—	—	—	419	106	—	—	525
At 31 December 2011 and 1 January 2012	於二零一一年十二月三十一日及二零一二年一月一日	(348)	(17,374)	—	(9,152)	(9,580)	(4,089)	—	(40,543)
Charge for the year	年內計提	(268)	(5,567)	(193)	(2,364)	(4,664)	(9,038)	—	(22,094)
Written back on disposals (Note 6(c)(iii))	出售時撥回 (附註6(c)(iii))	38	4,604	—	652	3,451	13,091	—	21,836
At 31 December 2012	於二零一二年十二月三十一日	(578)	(18,337)	(193)	(10,864)	(10,793)	(36)	—	(40,801)
<b>Carrying amount:</b>	<b>賬面值：</b>								
At 31 December 2011	於二零一一年十二月三十一日	6,023	32,494	—	5,121	16,012	15,632	109,273	184,555
At 31 December 2012	於二零一二年十二月三十一日	4,916	46,584	132,340	3,252	12,466	634	121,427	321,619

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 12 Property, plant and equipment (continued)

### The Group (continued)

- (i) All property, plant and equipment owned by the Group are located in the PRC.
- (ii) As at 31 December 2012, certain machinery and equipment, part of which are included in construction in progress, with a carrying amount of RMB75,351,000 (2011: nil) were pledged to secure the BOC facility (Note 19).

## 13 Biological assets

### The Group

Biological assets represent the growing herbs in the cultivation base located in the PRC.

		The Group 本集團	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
At 1 January	於一月一日	2,246	—
Changes in fair value less costs to sell	公允價值減銷售成本的變動損益	(665)	1,462
Plantation expenditure	種植支出	443	837
Herbs harvested during the year	本年收穫的中草藥	(46)	(53)
At 31 December	於十二月三十一日	1,978	2,246
Non-current portion	非流動部份	142	1,297
Current portion	流動部份	1,836	949
At 31 December	於十二月三十一日	1,978	2,246

Plantation expenditure comprises those costs that are directly attributable to the cultivation of herbs including seeds, fertilizers, pesticides, direct labour, operating lease charges on farmland and other direct costs.

### 本集團(續)

- (i) 本集團擁有的全部物業、廠房及設備均位於中國。
- (ii) 於二零一二年十二月三十一日，賬面值為人民幣75,351,000(2011: nil)的部份機器設備(部份包括在建工程中)，用於中國銀行融資額度的抵押(附註19)。

## 13 生物資產

### 本集團

生物資產是指位於中國大陸的種植基地裡種植的中草藥。

種植支出包括可直接歸屬於種植中草藥的成本包括種子、肥料、農藥、直接人工、農田的經營租賃費用以及其他直接成本。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 13 Biological assets (continued)

### The Group (continued)

Biological assets were stated at fair values less costs to sell at balance sheet dates as estimated by an independent appraiser using the net present value approach whereby projected future net cash flows were discounted to provide a current market value of the biological assets.

The discount rates used in the valuation of the biological assets in the PRC as at each balance sheet date were based on the market-determined pre tax rate.

The principal valuation methodology and assumptions adopted are as follows:

- The present condition of a biological asset excludes any increases in value from additional biological transformation and future activities of the Group such as those related to enhancing the future biological transformation, harvesting and selling; and
- Estimated future net cash flows are referenced to past experience from the management and historical records.

## 13 生物資產(續)

### 本集團(續)

於資產負債表日的生物資產以公允價值減銷售成本進行計量，其價值是由獨立的評估師以淨現值方法進行估計。該評估師在對生物資產的價值進行評估時，對預測未來淨現金流量進行折現，以計算該生物資產的現行市場價值。

應用於截止每個資產負債表日中國的生物資產評估的折現率，是以由市場決定的稅前利率為基礎來確定的。

評估所採用的主要方法及假設如下：

- 生物資產的目前狀態不包括由於以下情況而引起的任何資產增值，例如額外的生物轉化；或本集團將來可能會進行的與提高未來生物轉化、收穫及銷售有關的活動。
- 未來淨現金流量的預測參考了管理層過去的經驗以及相關的歷史記錄。

## 14 Interest in subsidiaries

## 14 於附屬公司的權益

		The Company 本公司	
		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Unlisted shares, at cost (US\$2)	非上市股份，按成本列值 (2美元)	—	—
Amounts due from subsidiaries	應收附屬公司款項	1,496,625	—
Less: impairment loss	減：減值損失	—	—
		1,496,625	—

## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 14 Interest in subsidiaries (continued)

Amounts due from subsidiaries are unsecured, non-interest bearing with no fixed term of repayment and hence are classified as non-current as these are not expected to be recoverable within the next twelve months.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries. The class of shares held is ordinary. The particulars of these subsidiaries are set out below:

### 14 於附屬公司的權益(續)

本公司的應收附屬公司款項為無擔保、免息及無固定償還條款，且預期在未來十二個月內不會償還，因此視為非流動資產。

於本呈報日期，本公司直接或間接擁有以下附屬公司的權益。持有股份類別為普通股。該等附屬公司詳情載列如下：

Name of company 公司名稱	Place of incorporation and operation 成立及經營地點	Particulars of issued and paid up capital 已發行及繳足資本	Proportion of ownership interest 應佔股本權益			Principal activities 主要業務
			Group's effective interest 實際權益	Held by the Company 本公司持有	Held by a subsidiary 公司持有	
Forever Giants Limited ("Forever Giants")	British Virgin Island ("BVI") 英屬處女群島	US\$1 1美元	100%	100%	—	Marketing and promotion of household and personal care products 營銷及推廣家用及個人護理產品
Maxford Investments Development Ltd. ("Maxford Investments")	BVI 英屬處女群島	1 share of no par value with US\$1 paid up as consideration 已支付1美元作為代價的1股無面值股份	100%	100%	—	Investment holding 投資控股
Lucky Rich Investments Limited ("Lucky Rich")	BVI 英屬處女群島	10,000 shares of no par value with US\$10,000 paid up as consideration 已支付10,000美元作為代價的10,000股無面值股份	100%	—	100%	Investment holding 投資控股

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 14 Interest in subsidiaries (continued)

## 14 於附屬公司的權益(續)

Name of company 公司名稱	Place of incorporation and operation 成立及經營地點	Particulars of issued and paid up capital 已發行及繳足資本	Proportion of ownership interest 應佔股本權益			Principal activities 主要業務
			Group's effective interest 實際權益	Held by the Company 本公司持有	Held by a subsidiary 公司持有	
Bawang International Investments Limited ("Bawang Investments") 霸王國際投資有限公司 (「霸王投資」)	Hong Kong 香港	HK\$1 1港元	100%	—	100%	Investment holding and advertising agency 投資控股及廣告代理
Bawang International Group Holding (HK) Limited ("Bawang Hong Kong") 霸王國際集團控股(香港)有限公司(「霸王香港」)	Hong Kong 香港	HK\$1 1港元	100%	—	100%	Investment holding, advertising agency and trading of household and personal care products 投資控股、廣告代理及銷售家用及個人護理產品
Hong Kong Bawang International Trading Limited ("Bawang Trading") 香港霸王國際貿易公司 (「霸王貿易」)	Hong Kong 香港	HK\$1 1港元	100%	—	100%	Advertising agency and trading of household and personal care products 廣告代理及銷售家用及個人護理產品
Bawang (Guangzhou) Co., Ltd. ("Bawang Guangzhou")* 霸王(廣州)有限公司(「霸王廣州」)	The PRC 中國	US\$67,500,000 67,500,000美元	100%	—	100%	Manufacturing and trading of household and personal care products 製造及銷售家用及個人護理產品
Bawang (China) Beverage Co., Ltd. ("Bawang Beverage")* 霸王(中國)飲料有限公司 (「霸王飲料」)	The PRC 中國	HK\$180,000,000 180,000,000港元	100%	—	100%	Trading of herbal tea products 銷售涼茶產品

\* These entities are wholly foreign owned and limited liability companies established in the PRC.

\* 此等實體為於中國成立的外商獨資的有限責任公司。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 15 Inventories

### (a) Inventories in the consolidated balance sheet comprise:

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Raw materials	原材料	14,000	17,425
Work in progress	在製品	3,717	5,813
Finished goods	製成品	31,325	59,157
Packing materials	包裝材料	12,319	25,741
Others	其他	3,440	4,023
		<b>64,801</b>	<b>112,159</b>

### (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

### (b) 已計入損益並確認為費用的存貨金額分析如下：

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Carrying amount of inventories sold	已售存貨賬面值	309,172	500,255
Write down of inventories	計提存貨跌價準備	25,603	54,710
Reversal of write-down of inventories	沖回存貨跌價準備	(54,710)	(10,811)
Disposal of inventories (Note 6(c)(i))	存貨處置(附註6(c)(i))	57,556	—
		<b>337,621</b>	<b>544,154</b>

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 16 Trade and other receivables

## 16 貿易及其他應收款項

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年
		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
Trade debtors and bills receivable	貿易應收款項及應收票據	102,271	150,387	—	—
Less: allowance for doubtful debts (Note 16(b))	減：呆賬撥備 (附註16(b))	(7,357)	(3,517)	—	—
		94,914	146,870	—	—
Prepayment for purchase of raw materials	購買原材料預付款項	4,330	2,112	—	—
Prepayment for purchase of fixed assets	購買固定資產預付款項	—	26,944	—	—
Short-term prepaid advertising fee	短期待攤廣告費	31,433	71,699	—	—
Amounts due from subsidiaries	應收附屬公司款項	—	—	—	1,422,577
Other receivables	其他應收款項	7,484	10,347	—	—
		138,161	257,972	—	1,422,577

(i) The credit terms granted by the Group to customers generally range from 30 days to 90 days. The Group's credit policy is set out in Note 23(c). Generally, all of the trade and other receivables are expected to be recovered within one year.

(ii) As at 31 December 2012, certain trade receivables with an aggregate amount of RMB85,095,000 were pledged to secure the repayment of BOC facility loans (Note 19).

(i) 本集團一般授予客戶30至90日信用期。本集團的信貸政策載於附註23(c)。一般而言，所有貿易及其他應收款項預期於一年內收回。

(ii) 於二零一二年十二月三十一日，總金額人民幣85,095,000元的應收賬款被抵押，作為中國銀行貸款(附註19)的償債保證。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 16 Trade and other receivables (continued)

### (a) Ageing analysis

Included in trade and other receivables of the Group are trade debtors of the Group and bills receivable (net of allowance for doubtful debts) with the following ageing analysis by due date as of the balance sheet date:

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Current	即期	59,404	111,636
Less than 3 months past due	逾期少於3個月	29,308	31,000
More than 3 months but less than 6 months past due	逾期多於3個月但少於6個月	7,072	3,618
More than 6 months but less than 12 months past due	逾期多於6個月但少於12個月	3,858	3,529
More than 12 months past due	逾期多於12個月	2,629	604
		102,271	150,387
Less: impairment loss for doubtful debts	減：呆賬減值虧損	(7,357)	(3,517)
		94,914	146,870

## 16 貿易及其他應收款項(續)

### (a) 賬齡分析

本集團貿易及其他應收款項包括本集團的貿易應收款項及應收票據(已扣除呆賬撥備)。於結算日，貿易及其他應收款項按到期日分析的賬齡如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 16 Trade and other receivables (continued)

### (b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable of the Group are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see Note 2(k)(i)).

The movement in the allowance for doubtful debts during the year, including mainly the specific losses, is as follows:

		The Group 本集團	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
At 1 January	於一月一日的結餘	3,517	1,792
Impairment loss recognised	已確認減值虧損	3,840	1,725
At 31 December	於十二月三十一日	7,357	3,517

At 31 December 2012, the Group's trade debtors and bills receivable of RMB7,109,000 (2011: RMB3,158,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that full amount of these receivables is unlikely to be recovered. Consequently full provisions for these doubtful debts were recognised. The Group does not hold any collateral over these balances.

## 16 貿易及其他應收款項(續)

### (b) 貿易應收款項及應收票據的減值

本集團貿易應收款項及應收票據的減值損失計入呆賬撥備。但如果本集團認為收回該款項的機會渺茫，則將減值損失直接沖銷貿易應收款項及應收票據(附註2(k)(i))。

呆賬撥備(主要包括個別損失)於年內的變動如下：

於二零一二年十二月三十一日，本集團有人民幣7,109,000元(二零一一年：人民幣3,158,000元)的貿易應收款項及應收票據被個別認定為出現減值。該等出現減值的應收款為客戶陷入財政困難及管理層評估為不能全數收回的應收款項。所以，本集團已對該等呆賬作全數撥備。本集團並無就該等結餘持有任何抵押品。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 16 Trade and other receivables (continued)

### (c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Neither past due nor impaired	並無逾期或減值	59,250	111,368
Less than 3 months past due	逾期少於3個月	29,232	30,928
More than 3 months but less than 6 months past due	逾期多於3個月但少於6個月	5,970	3,610
More than 6 months but less than 12 months past due	逾期多於6個月但少於12個月	395	962
More than 12 months but less than 24 months past due	逾期多於12個月但少於24個月	67	2
		35,664	35,502
		94,914	146,870

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

## 16 貿易及其他應收款項(續)

### (c) 無減值的貿易應收款項及應收票據

並無個別或整體地被認為出現減值的貿易應收款項及應收票據的賬齡分析如下：

並無逾期及減值的應收款項屬於為數眾多的客戶，彼等近期並無逾期付款記錄。

逾期但並無作出減值的應收款項與若干獨立客戶有關，該等客戶與本集團的交易記錄良好。由於該等客戶結餘信用質素並無發生重大改變，且該等結餘仍被認為可以全數收回，根據以往經驗，管理層相信無需就該等結餘作減值撥備。本集團並無就該等結餘持有任何抵押品。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 17 Cash and cash equivalents

## 17 現金及現金等價物

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年
		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
Deposits with banks within three months to maturity when placed	自存款日起三個月 內到期的銀行 定期存款	30,000	—	—	—
Cash at bank and on hand	銀行結餘及現金	194,608	602,672	1,034	85,408
		<b>224,608</b>	602,672	<b>1,034</b>	85,408

At 31 December 2012, cash and cash equivalents in the amount of RMB198,391,000 (31 December 2011: RMB478,985,000) are dominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

於二零一二年十二月三十一日，本集團有人民幣198,391,000元（二零一一年十二月三十一日：人民幣478,985,000元）的現金及現金等價物以人民幣計值。人民幣並非自由兌換的貨幣，將資金滙出中國境外受中國政府實施的外匯管制所規限。



## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 18 Trade and other payables

### 18 貿易及其他應付款項

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Trade payables	貿易應付款項	59,738	65,341	—	—
Receipts in advance	預收款項	18,791	30,530	—	—
Promotion fee payable	應付推廣費用	49,390	20,946	—	—
Accrued payroll	應付工資	19,144	27,390	253	263
Amounts due to subsidiaries	應付附屬公司款項	—	—	2,466	2,331
Other payables and accruals	其他應付款項及應計費用	100,722	57,618	2,166	1,328
		<b>247,785</b>	201,825	<b>4,885</b>	3,922

The credit period granted by the suppliers ranges from 30 days to 90 days.

由供應商授予的信用期介乎30日至90日。

Included in trade and other payables are trade creditors with the following ageing analysis of the balance sheet date:

貿易及其他應付款項包括貿易應付款項，於結算日按到期日分析的賬齡如下：

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Due within 1 month or on demand	1個月內到期或按通知償還	51,911	56,514
Due after 1 month but within 3 months	1個月後但3個月內到期	7,827	8,827
		<b>59,738</b>	65,341

## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 19 Bank loans and overdrafts

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Secured bank loans within 1 year	1年內到期的有抵押銀行貸款	76,390	—

The balance as at 31 December 2012 represented the loans drawn down from the BOC facility by Bawang Guangzhou at interest rates of 5.6%–6% per annum. The loans had various maturities of approximately one month to one year.

As disclosed in Note 2(b), Bawang Guangzhou obtained a BOC facility of RMB80,000,000 on 21 August 2012, which was pledged by certain machinery and equipment with carrying amount of RMB75,351,000 as at 31 December 2012 (Note 12), and was also jointly guaranteed by the Controlling Shareholders and Guangzhou Bawang (Note 26).

Under this BOC facility, Bawang Guangzhou has drawn down loans in an aggregate amount of RMB76,390,000 as of 31 December 2012. These loans were further secured by certain trade receivables with an aggregate amount of RMB85,095,000 (Note 16).

### 19 銀行貸款及透支

於二零一二年十二月三十一日的結餘為中國銀行融資額度項下借入的年利率為5.6%–6%，期限約為一個月至一年不等的貸款。

如附註2所述，霸王廣州於二零一二年八月二十一日取得金額為人民幣80,000,000元的中國銀行融資額度。該融資額度以於二零一二年十二月三十一日賬載金額為人民幣75,351,000元的機器設備作為抵押（見附註12），並由控股股東及廣州霸王共同擔保（附註26）。

於二零一二年十二月三十一日，霸王廣州在中國銀行融資額度下借入的貸款合共人民幣76,390,000元。總額為人民幣85,095,000元的應收賬款作為該貸款的償債保證（附註16）。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 20 Equity settled share-based transactions

### (a) Pre-IPO Share Option Scheme

The Board of Directors approved a Pre-IPO Share Option Scheme on 10 December 2008. On 8 June 2009, the Company conditionally granted certain Pre-IPO share options to the directors, senior management and employees under this Pre-IPO Share Option Scheme. The exercise of these share options would entitle two of the Company's directors to subscribe for an aggregate of 4,200,000 shares of the Company, and forty of senior management and employees for an aggregate of 10,332,000 shares. According to the grant letters signed by the Company and the beneficial individuals, the exercise price of each share under the Pre-IPO Share Option Scheme is either at par value of HK\$0.1 (four people under this tranche including two directors), or at HK\$1.19, representing a 50% discount to the offer price of HK\$2.38 under the global offering (thirty eight people under this tranche). Each option granted under the Pre-IPO Share Option Scheme has a vesting period of one to five years, commencing from the listing date and the options are exercisable until 8 June 2019.

## 20 以權益結算的股份支付交易

### (a) 首次公開發售前購股權計劃

董事會於二零零八年十二月十日批准首次公開發售前購股權計劃。於二零零九年六月八日，本公司有條件地根據首次公開發售前購股權計劃向董事、高級管理層成員及僱員授予若干首次公開發售前購股權。行使此等購股權賦予本公司兩名董事認購合共4,200,000股本公司股份，以及40名高級管理層和僱員認購合共10,332,000股本公司股份的權利。根據本公司與每個受益人簽訂的授予函件，首次公開發售前購股權計劃項下的每股股份行權價為其面值0.1港元（4人在此列，其中包括兩名董事）或1.19港元，即按全球發售下發售價2.38港元折讓50%（38人在此列）。根據首次公開發售前購股權計劃授出的每份購股權的行權等待期為由上市日期起計一年至五年，所有購股權必須於二零一九年六月八日前行使。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 20 Equity settled share-based transactions

(continued)

### (a) Pre-IPO Share Option Scheme (continued)

#### (i) The terms and conditions of the grants are as follows:

		Number of instruments 購股權數目	Vesting conditions 行權條件	Contractual life of options 購股權合約期
Options granted to directors:	授予董事的購股權：			
— on 8 June 2009	— 二零零九年六月八日	1,260,000	1 year from 3 July 2009 二零零九年七月三日起計1年	10 years 10年
— on 8 June 2009	— 二零零九年六月八日	735,000	2 years from 3 July 2009 二零零九年七月三日起計2年	10 years 10年
— on 8 June 2009	— 二零零九年六月八日	735,000	3 years from 3 July 2009 二零零九年七月三日起計3年	10 years 10年
— on 8 June 2009	— 二零零九年六月八日	735,000	4 years from 3 July 2009 二零零九年七月三日起計4年	10 years 10年
— on 8 June 2009	— 二零零九年六月八日	735,000	5 years from 3 July 2009 二零零九年七月三日起計5年	10 years 10年
Options granted to employees:	授予僱員的購股權：			
— on 8 June 2009	— 二零零九年六月八日	1,669,920	1 year from 3 July 2009 二零零九年七月三日起計1年	10 years 10年
— on 8 June 2009	— 二零零九年六月八日	1,868,160	2 years from 3 July 2009 二零零九年七月三日起計2年	10 years 10年
— on 8 June 2009	— 二零零九年六月八日	2,066,400	3 years from 3 July 2009 二零零九年七月三日起計3年	10 years 10年
— on 8 June 2009	— 二零零九年六月八日	2,264,640	4 years from 3 July 2009 二零零九年七月三日起計4年	10 years 10年
— on 8 June 2009	— 二零零九年六月八日	2,462,880	5 years from 3 July 2009 二零零九年七月三日起計5年	10 years 10年
Total share options granted	授予購股權總數	14,532,000		

## 20 以權益結算的股份支付交易 (續)

### (a) 首次公開發售前購股權計劃 (續)

#### (i) 授予年期及條件如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 20 Equity settled share-based transactions (continued)

### (a) Pre-IPO Share Option Scheme (continued)

#### (ii) The number and weighted average exercise prices of share options are as follows:

		2012 二零一二年		2011 二零一一年	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		加權平均 行使價 (in HK\$) (港元)	購股權數目 '000 千	加權平均 行使價 (in HK\$) (港元)	購股權數目 '000 千
Outstanding at the beginning of the year	於年初時尚未行使	0.54	7,914	0.58	11,291
Exercised during the year	年內行使	0.10	(1,575)	0.10	(1,575)
Forfeited during the year	年內失效	1.19	(493)	1.19	(1,802)
Outstanding at the end of the year	於年末時尚未行使	0.60	5,846	0.54	7,914
Exercisable at the end of the year	於年末時可行使	1.19	1,231	1.19	724

The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.62 (2011: HK\$1.56).

The options outstanding at 31 December 2012 had an exercise price of HK\$0.1 or HK\$1.19 and a weighted average remaining contractual life of 6.43 years (2011: 7.43 years).

## 20 以權益結算的股份支付交易 (續)

### (a) 首次公開發售前購股權計劃(續)

#### (ii) 購股權數目及加權平均行權價如下：

於本年行使的購股權中，行使日股票的加權平均價值為0.62港元(二零一一年：1.56港元)。

於二零一二年十二月三十一日尚未行使的購股權的行權價為0.1港元或1.19港元，加權平均剩餘合約年期為6.43年(二零一一年：7.43年)。

## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 20 Equity settled share-based transactions (continued)

#### (a) Pre-IPO Share Option Scheme (continued)

##### (iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial model. The contractual life of the share option is used as an input into this model.

##### Fair value of share options and assumptions

Weighted average fair value at measurement date (HK\$)	於計量日的加權平均公允價值(港元)	2.0
Share price (HK\$)	股價(港元)	2.268
Exercise price (HK\$)	行使價(港元)	0.1或1.134
Expected volatility	預期波幅	52.8%
Option life (in years)	購股權年期(年)	10
Expected dividends	預期股息	0%
Risk-free interest rate	無風險利率	2.84%

The expected volatility is based on the average of the historical daily volatility of ten comparable companies as of the grant date over the shorter of 10 years and the period up to the listing date. Expected dividends are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

### 20 以權益結算的股份支付交易(續)

#### (a) 首次公開發售前購股權計劃(續)

##### (iii) 購股權公允價值及假設

授出購股權換取服務的公允價值參考授出購股權的公允價值計量。授出購股權的公允價值乃使用二項模型估計。購股權的合約年期用作該模型的計算參數。

##### 購股權公允價值及假設

預計波幅乃根據與本集團相若的十家上市公司價格於過去十年或者授出日期至上市日期之間(取其較短者)的過往平均每日波幅釐定。預計股息率乃由管理層作出的最佳估計。主觀因素假設的改變可能對公允價值估計有重大影響。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 20 Equity settled share-based transactions

(continued)

### (a) Pre-IPO Share Option Scheme (continued)

#### (iii) Fair value of share options and assumptions (continued)

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

During the year ended 31 December 2012, equity-settled share-based payment expenses amounted to RMB1,951,000 (2011: RMB3,004,000) were recognised in the consolidated income statement.

### (b) Share Option Scheme

The sole shareholders of the Company approved and adopted the Share Option Scheme on 20 May 2009.

- i) On 26 July 2011, the Company conditionally granted certain share options to two employees under this Share Option Scheme. The exercise of these share options would entitle the two employees to subscribe for an aggregate of 1,380,000 shares of the Company. According to the grant letters signed by the Company and the beneficial individuals, the exercise price under the Share Option Scheme is at HK\$1.31 per share. Each option granted under the Share Option Scheme has a vesting period of one to five years, commencing from the date of joining the Group of the two employees and the options are exercisable until 26 July 2021. Among these 1,380,000 options, 920,000 options were forfeited in 2011, while the remaining 460,000 options were forfeited during the year ended 31 December 2012.

## 20 以權益結算的股份支付交易 (續)

### (a) 首次公開發售前購股權計劃 (續)

#### (iii) 購股權公允價值及假設 (續)

提供服務為授予購股權的條件。計算所接受的服務於授予日期的公允價值時，並未考慮該條件。市場狀況與授予購股權並無關連。

於截至二零一二年十二月三十一日止年度，已於合併損益表中確認的以權益結算的股份支付的開支金額為人民幣1,951,000元(二零一一年：人民幣3,004,000元)。

### (b) 購股權計劃

本公司唯一股東於二零零九年五月二十日批准並採納了此購股權計劃。

- i) 於二零一一年七月二十六日，本公司有條件地根據購股權計劃向兩名僱員授予若干購股權。行使此等購股權賦予該兩名僱員認購合共1,380,000股本公司股份的權利。根據本公司與每個受益人簽訂的授予函件，購股權計劃下的每股股份行權價為1.31港元。根據購股權計劃授出的每份購股權的行權等待期為由該兩名僱員受集團聘用之日起計一年至五年，所有購股權必須於二零一一年七月二十六日前行使。1,380,000股購股權中，920,000股購股權已於二零一一年喪失其行使權。截至二零一二年十二月三十一日止年度，剩餘的460,000股購股權也已喪失其行使權。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 20 Equity settled share-based transactions

(continued)

### (b) Share Option Scheme (continued)

During the year ended 31 December 2011, equity-settled share-based payment expenses in respect of these share options amounting to RMB55,000 were recognised in the consolidated income statement. Such amount was reversed in the consolidated income statement upon the forfeiture of the share options during the year ended 31 December 2012.

- ii) On 7 February 2012, the Company conditionally granted certain share options to an employee under this Share Option Scheme. The exercise of these share options would entitle the employee to subscribe for an aggregate of 1,500,000 shares of the Company. According to the grant letter signed by the Company and the beneficial individual, the exercise price is at HK\$1.00 per share. Each option granted under the Share Option Scheme has a vesting period of one to five years, commencing from the date of joining the Group of the employee and the options are exercisable until 7 February 2022. All the 1,500,000 options were forfeited during the year ended 31 December 2012.

## 20 以權益結算的股份支付交易(續)

### (b) 購股權計劃(續)

於截至二零一一年十二月三十一日止年度，已於合併損益表中確認的以權益結算的股份支付的開支金額為人民幣55,000元。該筆開支於二零一二年合併損益表的股權失效中轉銷。

- ii) 於二零一二年二月七日，本公司有條件地根據購股權計劃向一名僱員授予若干購股權。行使此等購股權賦予該名僱員認購合共1,500,000股本公司股份的權利。根據本公司與受益人簽訂的授予函件，購股權計劃下的每股股份行權價為1.00港元。每份購股權的行權等待期為由該名僱員受本集團聘用之日起計一年至五年，所有購股權必須於二零一二年二月七日前行使。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 20 Equity settled share-based transactions

(continued)

### (b) Share Option Scheme (continued)

During the year ended 31 December 2012, no equity-settled share-based payment expenses in respect of these share options were recognised in the consolidated income statement, as the grant and forfeiture occurred in the same year.

## 20 以權益結算的股份支付交易 (續)

### (b) 購股權計劃 (續)

於截至二零一二年十二月三十一日止年度，沒有已於合併損益表中確認的以權益結算的股份支付的開支金額，於授予同年發生失效。

## 21 Income tax in the balance sheet

### (a) Current taxation in the balance sheet represents:

		The Group 本集團	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Balance of PRC income tax and Hong Kong Profits Tax relating to prior years	過往年度的中國所得稅及香港利得稅結餘	9,656	9,656

## 21 資產負債表內的所得稅

### (a) 資產負債表內的即期稅項為：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 21 Income tax in the balance sheet (continued)

### (b) Deferred tax assets recognised:

#### The Group

The components of deferred tax assets recognised in the consolidated balance sheet and the movements during the year are as follows:

		Inventory provision	Accruals	Advertising and promotional expenses exceeding the deduction allowance limit in the current year to be carried forward	Tax losses	Others	Total
		存貨跌價準備 RMB'000 人民幣千元	預提費用 RMB'000 人民幣千元	可結轉下年度的廣告及宣傳費用超過本年度稅前扣除限額的部份 RMB'000 人民幣千元	稅務虧損 RMB'000 人民幣千元	其他 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
<b>Deferred tax arising from:</b>	<b>遞延稅項產生於：</b>						
At 1 January 2011	二零一一年一月一日	1,811	7,199	13,224	4,591	264	27,089
Credited/(charged) to profit or loss	計入損益	5,572	(3,007)	18,854	34,134	(37)	55,516
At 31 December 2011	二零一一年十二月三十一日	7,383	4,192	32,078	38,725	227	82,605
At 1 January 2012	二零一二年一月一日	7,383	4,192	32,078	38,725	227	82,605
Charged to profit or loss	計入損益	(7,383)	(4,192)	(32,078)	(38,725)	(227)	(82,605)
At 31 December 2012	二零一二年十二月三十一日	—	—	—	—	—	—

## 21 資產負債表內的所得稅 (續)

### (b) 已確認的遞延稅項資產：

#### 本集團

於合併資產負債表內確認的遞延稅項資產的組成部分及其年內變動如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 21 Income tax in the balance sheet (continued)

### (b) Deferred tax assets recognised:

(continued)

Deferred tax assets recognised prior to 2012 were reviewed during the year ended 31 December 2012 and were reduced to the extent that it was no longer probable that the related benefit would be realised based on the latest management assessment. The reversal of deferred tax assets was charged to profit or loss during the current year.

### (c) Deferred tax liability recognised:

The deferred tax liability recognised prior to 2012 in the consolidated balance sheet and the movements during the year are as follows:

		<b>Deferred tax liability arising from undistributed earning of PRC subsidiary</b> 中國附屬公司未分派盈利產生的遞延稅項負債
At 1 January 2011, 31 December 2011 and 31 December 2012	於二零一一年一月一日，二零一一年十二月三十一日及二零一二年十二月三十一日	2,031

## 21 資產負債表內的所得稅 (續)

### (b) 已確認的遞延稅項資產：

(續)

二零一二年以前確認的遞延所得稅資產於二零一二年十二月三十一日止年度進行審閱，基於管理層最新的評估，如不再可能有相應的溢利會被實現，則會予以撇減，遞延所得稅資產的撥回於當年計入損益。

### (c) 已確認的遞延稅項負債：

於二零一二年合併資產負債表內確認的遞延稅項負債及其年內變動如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 21 Income tax in the balance sheet (continued)

### (d) Reconciliation to the balance sheet

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Net deferred tax asset recognised in the consolidated balance sheet	於資產負債表中確認的遞延稅項資產淨額	—	82,605
Net deferred tax liability recognised in the consolidated balance sheet	於資產負債表中確認的遞延稅項負債淨額	(2,031)	(2,031)
		(2,031)	80,574

### (e) Deferred tax assets not recognised

At 31 December 2012, deferred tax assets were not recognised in relation to the cumulative tax losses of certain subsidiaries in the PRC and Hong Kong, amounting to RMB755,578,000 (2011: RMB92,462,000) and RMB51,256,000 (2011: RMB31,709,000) respectively. The tax losses incurred by the subsidiaries incorporated in the PRC will expire in five years from the year which the loss originated, while the ones incurred by the subsidiaries in Hong Kong will not expire under current tax legislation in Hong Kong. In addition, deferred tax assets were not recognised in relation to other deductible temporary differences of certain subsidiaries in the PRC, amounting to RMB342,451,000 (2011: RMB36,010,000).

## 21 資產負債表內的所得稅 (續)

### (d) 與資產負債表對賬

### (e) 未予確認的遞延所得稅資產

於二零一二年十二月三十一日本集團在中國大陸及香港的若干附屬公司並未就可抵扣之累計稅務虧損人民幣755,578,000元(二零一一年：人民幣92,462,000元)和人民幣51,256,000元(二零一一年：人民幣31,709,000元)分別確認遞延所得稅資產。其中由中國大陸附屬公司產生的稅務虧損將於虧損產生後五年內屆滿期限。而在現行稅務法例下，由香港附屬公司產生的稅務虧損沒有抵扣期限。另外，本集團的若干附屬公司並未就其他可抵扣的暫時性差異人民幣342,451,000元(二零一一年：人民幣36,010,000元)確認遞延所得稅資產。

## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 22 Capital, reserves and dividends

#### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

#### The Company

	Note	Share capital	Share premium	Capital reserve	Translation reserve	Accumulated losses	Total equity
	附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
<b>Balance at 1 January 2011</b>	二零一一年一月一日結餘	256,380	1,348,639	9,668	(34,877)	(8,664)	1,571,146
<b>Changes in equity for 2011:</b>	<b>二零一一年權益變動：</b>						
Shares issued under share option scheme	根據購股權計劃發行的股份 22(c)(i)	131	3,051	(3,051)	—	—	131
Equity settled share-based transactions	以權益結算的股份支付交易	—	—	3,059	—	—	3,059
Total comprehensive income for the year	年內綜合收益總額	—	—	—	(45,868)	(24,405)	(70,273)
<b>Balance at 31 December 2011 and 1 January 2012</b>	於二零一一年十二月三十一日及二零一二年一月一日結餘	256,511	1,351,690	9,676	(80,745)	(33,069)	1,504,063
<b>Changes in equity for 2012:</b>	<b>二零一二年權益變動：</b>						
Shares issued under share option scheme	根據購股權計劃發行的股份 22(c)(i)	128	3,052	(3,052)	—	—	128
Equity settled share-based transactions	以權益結算的股份支付交易	—	—	1,897	—	—	1,897
Total comprehensive income for the year	年內綜合收益總額	—	—	—	910	(14,224)	(13,314)
<b>Balance at 31 December 2012</b>	於二零一二年十二月三十一日結餘	256,639	1,354,742	8,521	(79,835)	(47,293)	1,492,774

### 22 股本、儲備及股息

#### (a) 權益組成部份的變動

本集團合併權益每個組成部份的期初與期末結餘之間的變動於合併權益變動表中呈列。本公司權益各組成部份的期初與期末結餘之間的變動詳情如下：

#### 本公司

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 22 Capital, reserves and dividends (continued)

### (b) Dividends

**(i) Dividends payable to equity shareholders of the Company attributable to the year**

No dividend was declared and paid in 2012 and 2011.

**(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year**

No dividend in respect of the previous financial year was approved and paid in 2012 and 2011.

## 22 股本、儲備及股息(續)

### (b) 股息

**(i) 本公司權益持有人年內應佔應付股息**

於二零一二年度及二零一一年度無批准及支付的股息。

**(ii) 於年內批准並向本公司權益持有人支付的以往財政年度應付股息**

於二零一二年度及二零一一年度無批准及支付的以往財政年度年未股息。

### (c) Share capital

#### Authorised and issued share capital

		2012 二零一二年		2011 二零一一年	
		No. of shares 股份數目		No. of shares 股份數目	
		('000)	RMB'000	('000)	RMB'000
		(千)	人民幣千元	(千)	人民幣千元
<b>Authorised:</b>	法定：				
Ordinary shares of HK\$0.1 each	每股0.1港元之 普通股	10,000,000	880,500	10,000,000	880,500
<b>Ordinary shares, issued and fully paid:</b>	已發行及繳足 普通股：				
At 1 January	於一月一日	2,909,396	256,511	2,907,821	256,380
Shares issued under share option scheme (i)	根據購股權計劃 發行之股份(i)	1,575	128	1,575	131
At 31 December	於十二月三十一日	2,910,971	256,639	2,909,396	256,511

### (c) 股本

#### 法定以發行股本



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 22 Capital, reserves and dividends (continued)

### (c) Share capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### (i) Shares issued under share option scheme

In July 2012, options were exercised to subscribe for 1,575,000 (2011: 1,575,000) ordinary shares in the Company at a consideration of HK\$157,500 (equivalent to approximately RMB128,000) (2011: HK\$157,000 (equivalent to approximately RMB131,000)) which was credited to share capital. RMB3,052,000 (2011: RMB3,051,000) has been transferred from the capital reserve to the share premium account in accordance with policy set out in Note 2(l) (iii).

## 22 股本、儲備及股息(續)

### (c) 股本(續)

普通股持有人有權收取不時宣派的股息，及在本公司會議上獲每股一票投票權。就本公司的剩餘資產而言，所有普通股享有同等權益。

#### (i) 根據購股權計劃發行之股份

於二零一二年七月，購股權持有人通過行駛購股權認購本公司1,575,000股普通股(二零一一年度：1,575,000)，行駛購股權所支付的對價為157,500港元(折合人民幣128,000元)(二零一一年度：157,000港元(折合人民幣131,000元))並全部記入股本。此外，根據附註2(l)(iii)所述的會計政策，本公司從資本儲備轉出人民幣3,052,000元(二零一一年度：人民幣3,051,000元)至股本溢價。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 22 Capital, reserves and dividends (continued)

### (c) Share capital (continued)

#### (ii) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	行權期	Exercise price 行權價	2012 二零一二年 Number 數目	2011 二零一一年 Number 數目
Pre-IPO Share Option Scheme — 4 July 2010 to 8 June 2019	首次公開發售前 購股權計劃 — 二零一零年七月 四日至 二零一九年 六月八日	HK\$0.1 HK\$1.19	3,150,000 2,696,400	4,725,000 3,189,480
Share Option Scheme — 4 July 2012 to 26 July 2021	購股權計劃 — 二零一二年 七月四日至 二零二一年 七月二十六日	HK\$1.31	—	460,000
			5,846,400	8,374,480

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in Note 20 to the financial statements.

每份購股權賦予持有人認購本公司一般購股權。購股權進一步的詳情列載於財務報表附註20。

## 22 股本、儲備及股息(續)

### (c) 股本(續)

#### (ii) 於結算日未失效及未行駛的購股權年期

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 22 Capital, reserves and dividends (continued)

### (d) Nature and purpose of reserves

#### (i) Share premium

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands. The funds in the share premium are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

#### (ii) Capital reserve

The capital reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(l)(iii).

## 22 股本、儲備及股息(續)

### (d) 儲備性質及用途

#### (i) 股本溢價

本公司股本溢價賬的應用受開曼群島公司法(經修訂)所規管。除非緊隨建議派付股息的日期後，本公司有能力償還日常業務中到期的債務，否則本公司不得自股本溢價賬向股東分派股息。

#### (ii) 資本儲備

授予本公司僱員的購股權未行駛的部份，將其於授予日期的公允價值按照附註2(l)(iii)股份支付的會計政策於資本儲備中確認。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 22 Capital, reserves and dividends (continued)

### (d) Nature and purpose of reserves (continued)

#### (iii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the PRC subsidiary of the Group, Bawang Guangzhou. Transfers to the reserves were approved by the board of directors of Bawang Guangzhou.

Bawang Guangzhou and Bawang Beverage, which are wholly foreign owned enterprises established in the PRC, are required to transfer at least 10% of their net profit (after offsetting prior year losses), as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital under the PRC Company Law and the articles of association of the entity. The transfer to this reserve must be made before distribution of dividends to the equity shareholder. No appropriation to statutory reserves was made by Bawang Guangzhou and Bawang Beverage during the years ended 31 December 2012 and 2011, as they recorded losses for the years ended 31 December 2012 and 2011.

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into share capital by issuing new shares to equity shareholders proportionate to their existing percentage of equity interests provided that the balance after such issue is not less than 25% of the registered capital.

## 22 股本、儲備及股息(續)

### (d) 儲備性質及用途(續)

#### (iii) 中國法定儲備

中國法定儲備乃根據有關中國規則及規例以及本集團的中國附屬公司霸王廣州的公司章程設立。轉撥的儲備已獲霸王廣州董事會批准。

霸王廣州及霸王飲料乃於中國成立的外商獨資企業，其須根據中國會計規則及規例，轉撥其溢利最少10%的淨溢利(彌補以往年度的虧損後)至一般法定儲備，直至儲備結餘達到中國公司法及該實體的公司章程規定的註冊資本的50%為止。轉撥至該儲備須於向權益持有人分派股息前進行。由於霸王廣州和霸王飲料於截至二零一二年和二零一一年十二月三十一日止年度發生虧損，所以並沒有向法定儲備轉撥任何溢利。

一般法定儲備可用作彌補以往年度的虧損(如有)，亦可透過按照權益持有人的現有的股權百分比向彼等發行新股，以將有關儲備轉換為股本，惟進行有關發行後的結餘不得少於註冊資本的25%。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 22 Capital, reserves and dividends (continued)

### (d) Nature and purpose of reserves (continued)

#### (iv) Merger reserve

On 20 December 2007, Bawang Hong Kong, a wholly owned subsidiary of the Company, acquired all the equity interest of Bawang Guangzhou amounting to US\$12,500,000, which was previously held by a company owned by the Controlling Shareholders, at a consideration of the same amount. Accordingly, the share capital of Bawang Guangzhou was eliminated and a merger reserve arose due to foreign exchange differences.

#### (v) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the operations outside the PRC.

#### (vi) Distributability of reserves

The aggregate amount of distributable reserves of the Company as at 31 December 2012 was RMB1,307,449,000 (2011: RMB1,318,621,000).

### (e) Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Group defines the capital of the Group as the total shareholders' equity.

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

## 22 股本、儲備及股息(續)

### (d) 儲備性質及用途(續)

#### (iv) 合併儲蓄

於二零零七年十二月二十日，本公司全資附屬公司霸王香港以同等價格收購12,500,000美元的霸王廣州全部權益(之前由控股股東擁有的一家公司持有)。因此霸王廣州的股本被抵消，抵消時的滙兌差額產生合併儲備。

#### (v) 滙兌儲備

滙兌儲備包括換算中國境外業務之財務報表所產生的全部滙兌差額。

#### (vi) 可供分派儲備

於二零一二年十二月三十一日，本公司的可供分派儲備合共人民幣1,307,449,000元。(二零一一年：人民幣1,318,621,000元)。

### (e) 資本管理

本集團的政策旨在維持穩健資本基礎，以保持債權人及市場信心，以及支持日後的業務發展。本集團將資本定義為股東權益總額。

本公司及其任何附屬公司概不受外界資本規定限制。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values

The Group has exposure to the following risks in the normal course of business:

- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

## 23 金融風險管理及公允價值

本集團於日常業務過程中承受以下風險：

- 外匯風險
- 利率風險
- 信貸風險
- 流動資金風險

本附註呈列有關本集團承受的上述風險、本集團評估及管理風險的目標、政策及程序。

董事會全權負責建立及監督本集團的風險管理架構。

本集團制定風險管理政策，以識別及分析本集團所面臨的風險、設立適當的風險上限及控制措施，以及監控風險並將其維持在上限以內。本集團定期檢討風險管理政策及系統，以反映市場狀況及本集團業務的變動。本集團旨在透過培訓及管理準則與程序，發展具紀律且積極的監控環境，讓所有僱員了解彼等的職能及責任。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (a) Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases and other transactions which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate.

Included in assets and liabilities are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年
<b>Cash and cash equivalents</b>	現金及現金等價物		
HK\$ ('000)	港元 (千元)	17,905	128,105
US\$ ('000)	美元 (千元)	2,133	3,131
<b>Trade and other receivables</b>	貿易及其他應收款項		
HK\$ ('000)	港元 (千元)	5,935	12,058
<b>Trade and other payables</b>	貿易及其他應付款項		
HK\$ ('000)	港元 (千元)	(6,409)	(6,547)
SG\$ ('000)	新加坡元 (千元)	—	(314)
<b>Current tax payables</b>	應付即期稅項		
HK\$ ('000)	港元 (千元)	(728)	(728)

The Group is exposed to foreign currency risk on the bank deposits, prepayment, trade and other receivables, bank loans and overdraft, trade and other payables, and current tax payables. The currencies giving rise to this risk are primarily Hong Kong Dollars ("HK\$"), United States Dollars ("US\$") and Singapore Dollars ("SG\$").

## 23 金融風險管理及公允價值 (續)

### (a) 外匯風險

本集團承受的外幣風險主要源自買賣及其他交易產生的以外幣列值的應收款、應付款及現金結餘，即交易以經營實體功能貨幣以外的貨幣進行。

計入資產及負債且以實體功能貨幣以外貨幣計值的款項如下：

本集團在銀行存款、預付款項、貿易及其他應收款項、銀行貸款及透支、貿易及其他應付款項及應付即期稅項方面承受外匯風險。導致此風險的貨幣主要為港元（「港元」）、美元（「美元」）及新加坡元（「新加坡元」）。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (a) Foreign currency risk (continued)

#### Sensitivity analysis

The foreign currency sensitivity is calculated based on the major net foreign currency exposure of the Group as at the balance sheet dates, assuming 5% shift of RMB against HK\$, US\$ and SG\$ are as follows:

Results from a 5% strengthening of the RMB against HK\$, US\$ and SG\$ on the loss after tax and accumulated losses as at 31 December are shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

		(Increase)/ decrease on loss after tax and accumulated losses as at 31 December 2012 (增加) / 減少於 二零一二年十月三十一日 除稅後虧損及累計虧損
Effect in RMB'000	以人民幣千元列值	
HK\$	港元	(571)
US\$	美元	(559)
SG\$	新加坡元	—

		(Increase)/ decrease on loss after tax and accumulated losses as at 31 December 2011 (增加) / 減少於 二零一一年十月三十一日 除稅後虧損及累計虧損
Effect in RMB'000	以人民幣千元列值	
HK\$	港元	(4,131)
US\$	美元	(824)
SG\$	新加坡元	76

## 23 金融風險管理及公允價值 (續)

### (a) 外匯風險 (續)

#### 敏感度分析

根據本集團於結算日的主要外匯淨風險計算的外匯敏感度分析如下(假設人民幣兌港元、美元及新加坡元匯率調整5%)：

人民幣兌港元、美元及新加坡元升值5%導致於十二月三十一日的除稅後虧損及累計虧損發生如下變動。該分析假設所有其他變量(尤其是利率)保持不變。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (a) Foreign currency risk (continued)

#### Sensitivity analysis (continued)

A 5% weakening of the RMB against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### (b) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

#### (i) Interest rate profile

The following table details the interest rate profile of the Group's interest bearing financial instruments at the balance sheet date.

		The Group 本集團			
		2012 二零一二年		2011 二零一一年	
		Effective interest rates 實際利率	Amount '000 人民幣千元	Effective interest rates 實際利率	Amount '000 人民幣千元
Fixed rate instruments:	固定利率金融工具：				
Financial assets	金融資產				
— Deposits with banks within three months to maturity when placed	— 自存款日起 三個月內到期的 銀行定期存款	2.85%	30,000	—	—
— Cash at bank	— 活期存款	0.001%–0.5%	194,521	0.001%–0.5%	602,446
— Pledged deposits	— 抵押存款	—	—	—	—
Financial liabilities	金融負債				
— Bank loans and overdrafts	— 銀行貸款與透支	5.6%–6%	(76,390)	—	—
			148,131		602,446

## 23 金融風險管理及公允價值 (續)

### (a) 外匯風險 (續)

#### 敏感度分析 (續)

假設所有其他變量保持不變，於十二月三十一日人民幣兌上述貨幣貶值5%會對上文所示貨幣金額產生等額但相反的影響。

### (b) 利率風險

浮動利率和固定利率的帶息金融工具分別使本集團面臨現金流量利率風險及公允價值利息風險。本集團由管理層監察的利率組合載於下文(i)。

#### (i) 利率組合

下表詳述本集團於資產負債表日所持有帶息金融工具的利率組合。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (b) Interest rate risk (continued)

#### (ii) Sensitivity analysis

At 31 December 2012, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated losses by approximately RMB381,000 (2011: RMB1,375,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 25 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis has been performed on the same basis for 2011.

### (c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

## 23 金融風險管理及公允價值 (續)

### (b) 利率風險 (續)

#### (ii) 敏感性分析

於二零一二年十二月三十一日，若利率普遍上升／下降25個基點而所有其他可變因素維持不變，則本集團的除稅後虧損及累計虧損將會增加／減少約人民幣381,000元(二零一一年：人民幣1,375,000元)。

上述敏感度分析乃假設利率變動於結算日出現，並應用於在該日已存在之衍生及非衍生金融工具所承受之利率風險上。利率上調或下調25個基點代表管理層對利率於直至下一個年度結算日期間之合理的可能變動所作出的評估。分析已按與二零一一年相同之基準進行。

### (c) 信用風險

信用風險指倘若客戶或金融工具交易方無法履行其合約責任而導致本集團蒙受財務虧損的風險，有關風險主要來自本集團的貿易及其他應收款項。管理層已建立一套信用政策，並持續監察該等信用風險。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (c) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has established a credit policy under which credit evaluations are performed on all customers requiring credit. These receivables are generally due within 30–90 days from the date of billing. Credit limit is established for each customer which represents the maximum open amount or credit term without requiring approval from the Board of Directors. These limits are reviewed annually. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis. The Group does not collect collateral in respect of trade and other receivables.

The Group has a concentration of credit risk of the total trade receivables due from the Group's largest customer and the five largest customers as follows:

		At 31 December 於十二月三十一日	
		2012 二零一二年	2011 二零一一年
Due from	應收以下人士款項		
– largest customer	– 最大客戶	16%	9%
– five largest customers	– 前五大客戶	32%	18%

## 23 金融風險管理及公允價值 (續)

### (c) 信用風險 (續)

本集團的信貸風險主要受各個客戶的個別情況影響。本集團已建立一套信用政策，據此對所有需要信用的客戶進行信用評估。該等應收款項一般於賬單發出日期後30至90日內到期。為各個客戶所設的信用限額指毋須經董事會批准的最高信用額度或信用期，有關限額須每年檢討。不符合本集團信用標準的客戶可以預付形式與本集團交易。本集團向客戶追收到期結餘，並持續監察付款情況。本集團並無就貿易及其他應收款項收取抵押品。

本集團有一定程度的信用集中風險，以下為本集團最大客戶及五大客戶的貿易應收款項總額：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (c) Credit risk (continued)

The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. The Group does not provide guarantees which would expose the Group to the credit risk.

Other than those trade and other receivables that impairment losses have been made for (Note 16(b)), there are no other significant credit risks identified.

### (d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it maintains sufficient reserves of cash on demand to meet its liquidity requirement in the short and longer term; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

## 23 金融風險管理及公允價值 (續)

### (c) 信用風險 (續)

最高信用風險為合併資產負債表內各項金融資產的賬面值。本集團不會就所承受的信貸風險提供擔保。

除已作出減值虧損的貿易及其他應收款項(附註16(b))外，並無識別出其他重大信用風險。

### (d) 流動資金風險

流動資金風險指本集團無法履行到期的財務責任的風險。本集團管理流動資金風險的方法，為盡量確保在一般及緊急情況下備有足夠的流動資金應付到期的負債，使本集團毋須承擔不能接受的虧損或聲譽受損的風險。

本集團確保在需要時保持足夠現金儲備，以滿足其短期及長期流動資金需求，惟不包括無法合理預計的特殊情況(如自然災害)的潛在影響。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (d) Liquidity risk (continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

		Contractual undiscounted cash outflow 合約未折現現金流出	
		2012	2011
		Within 1 year or on demand	Within 1 year or on demand
		二零一二年 一年內應或要求	二零一一年 一年內應或要求
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank loans and overdrafts	銀行貸款及透支	76,390	—
Trade and other payables	貿易及其他應付款項	247,785	201,825
Amounts due to related parties	應付關聯方款項	4,090	3,730
		<b>328,265</b>	<b>205,555</b>

## 23 金融風險管理及公允價值 (續)

### (d) 流動資金風險 (續)

下表詳述於結算日本集團之金融負債之日餘下合約到期款項。這些乃按合約未折現現金流量(包括按合約利率或(如浮動)按結算日的現行利率計算的利息款項)及本集團須支付之最早日期計算：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (e) Fair value

#### (i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in IFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

There was no financial instrument carried at fair value as at 31 December 2012 (2011: nil).

## 23 金融風險管理及公允價值 (續)

### (e) 公允價值

#### (i) 以公允價值計量的金融工具

以下表格呈報了資產負債表日根據國際財務報告準則第7號「金融工具：披露」中所定義的三個公允價值級別劃分的以公允價值計量的金融資產，而每種金融工具則完全基於對計量其公允價值具有重大意義的參數的最低級別來分類。有關等級詳情如下：

- 第1級(最高等級)：參照活躍市場中相同金融工具的報價(未經調整)計算公允價值
- 第2級：參照活躍市場中類似金融工具的報價，或全部重要參數直接或間接基於可觀察市場數據的估值技術，計算公允價值
- 第3級(最低等級)：任何重要參數並非基於可觀察市場數據的估值技術計算公允價值

於二零一二年十二月三十一日沒有以公允價值計量的金融工具(二零一一年：無)。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 23 Financial risk management and fair values (continued)

### (e) Fair value (continued)

#### (ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of all financial assets and liabilities carried at amortised cost approximate their respective fair values as at 31 December 2012 and 2011 due to the short maturities of these instruments.

## 24 Commitments

### (a) Capital commitments outstanding at 31 December 2012 not provided for in the financial statements were as follows:

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Contracted for	已簽約	30,050	56,945
Authorised but not contracted for	已授權尚未簽約	—	97

## 23 金融風險管理及公允價值 (續)

### (e) 公允價值 (續)

#### (ii) 非以公允價值計量的金融工具的公允價值

由於以攤餘成本法計量的全部金融資產及負債均於短期內到期，故該等金融工具於二零一二年及二零一一年十二月三十一日的賬面價值與其公允價值相若。

## 24 承擔

### (a) 於二零一二年十二月三十一日並無在財務報表中反映的資本承擔如下：

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 24 Commitments (continued)

**(b) At 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:**

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Leases expiring:	租約於下列期間到期：		
Within 1 year	1年內	5,373	4,648
Between 1 and 2 years	1至2年	3,250	4,318
Between 2 and 3 years	2至3年	1,066	2,293
Between 3 and 6 years	3至6年	2,481	328
Over 6 years	大於6年	1,474	1,585
Total	總計	13,644	13,172

The significant leasing arrangements under operating leases include the lease of the production premises and office from Guangzhou Bawang as set out in Note 26(a)(i).

經營租賃項下的主要租賃安排(包括向廣州霸王租用生產廠房和辦公室)載於附註26(a)(i)。

## 25 Contingent liabilities

On 5 September 2012, a court session was held by Guangzhou Baiyun District Law Court regarding a lawsuit filed by a distributor against Bawang Guangzhou in connection with the disputed amount of reimbursement of promotion fee. Bawang Guangzhou believes the claim is without merit and is defending this action vigorously. The Group is unable, however, to predict the outcome of the case, or reasonably estimate a range of possible loss, if any, given the current status of the litigation. No accrual has been recorded by the Group as of 31 December 2012 in respect of the case.

## 24 承擔(續)

**(b) 於二零一二年十二月三十一日，本集團不可撤銷經營租賃應付的未來最低租金總額如下：**

## 25 或然負債

於二零一二年九月五日，廣州市白雲區人民法院開庭審理了某經銷商要求霸王廣州償還其促銷費用的訴訟案件。霸王廣州認為該訴訟並無理據，正在進行積極應對。根據現階段的訴訟情況，本集團無法預測案件審理結果，也無法合理估計出可能的損失數額。於二零一二年十二月三十一日，本集團未針對此案件計提任何準備。

## Notes to the Financial Statements 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

### 26 Material related party transactions

During the year ended 31 December 2012, the directors are of the view that related parties of the Group include the following individuals/companies:

### 26 重大關聯方交易

截至二零一二年十二月三十一日止年度，董事認為本集團的關聯方包括以下人士／公司：

Name of related party 關聯方名稱	Relationship with the Group 與集團的關係
Mr CHEN Qiyuan 陳啟源先生	Controlling Shareholder 控股股東
Ms WAN Yuhua 萬玉華女士	Controlling Shareholder 控股股東
Guangzhou Qiancai Packaging Materials Co., Ltd. 廣州市倩采包裝材料有限公司	Under the control of Controlling Shareholders' close family member 受控股股東關係密切的家庭成員控制
Guangzhou Chenming Paper Products Company Limited 廣州市晨明紙品有限公司	Under the control of Controlling Shareholders' close family member 受控股股東關係密切的家庭成員控制
Guangzhou Bawang 廣州霸王	Effectively 100% owned by the Controlling Shareholders 由控股股東100%有效擁有
Guangzhou Bawang International Hotel Co., Ltd. ("Bawang Hotel") 廣州霸王國際大酒店有限公司（「霸王大酒店」）	Effectively 100% owned by the Controlling Shareholders 由控股股東100%有效擁有

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 26 Material related party transactions

(continued)

### (a) Transactions with related parties

#### (i) Production premises and office lease agreements

- On 21 January 2011, Bawang Guangzhou and Guangzhou Bawang entered into a production premise and office lease agreement, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the production premise and office building with a total floor area of 16,735 square metres. The term of the lease under the agreement is 3 years with a fixed monthly rental payable of RMB184,083, commencing from 4 December 2010.
  
- On 1 January 2011, Bawang (China) Herbal Co., Ltd (“Bawang Herbal”) and Guangzhou Bawang entered into an office premise lease agreement, pursuant to which Bawang Herbal leased from Guangzhou Bawang the office premise with a total floor area of 300 square metres at nil consideration. The term of the lease under the agreement is 20 years commencing from 1 January 2011.

Bawang Herbal was dissolved on 11 December 2012 and consequently, the above mentioned lease agreement was terminated.

## 26 重大關聯方交易(續)

### (a) 與關聯方的交易

#### (i) 生產廠房及辦公室租賃協議

- 霸王廣州與廣州霸王於二零一一年一月二十一日訂立生產廠房及辦公室租賃協議，據此，霸王廣州向廣州霸王租用總樓面面積16,735平方米的生產廠房及辦公室樓宇。此協議項下的租期由二零一零年十二月四日起生效，為期三年，每月應付固定租金為人民幣184,083元。
  
- 霸王(中國)中藥草有限公司(「霸王中草藥」)與廣州霸王於二零一一年一月一日訂立辦公室租賃協議，據此，霸王中草藥向廣州霸王租用300平方米的辦公室，租金為零。此協議項下的租期由二零一一年一月一日起生效，為期三年。

霸王中草藥已於二零一二年十二月十一日清算。因此，上述租賃協議已終止。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 26 Material related party transactions

(continued)

### (a) Transactions with related parties

(continued)

#### (i) Production premises and office lease agreements (continued)

- On 28 December 2011, Bawang Guangzhou and Guangzhou Bawang entered into an office premise lease agreement, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the office premise with a total floor area of 4,916 square metres. The term of the lease under the agreement is 3 years with a fixed monthly rental payable of RMB182,000 commencing from 1 January 2012.
  
- On 1 August 2012, Bawang Guangzhou and Guangzhou Bawang entered into a production premise lease agreement, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the production premise with a total floor area of 123,000.1 square metres at nil consideration. The term of the lease under the agreement is from 1 August 2012 until it is replaced by a revised lease agreement.

## 26 重大關聯方交易(續)

### (a) 與關聯方的交易(續)

#### (i) 生產廠房及辦公室租賃協議(續)

- 霸王廣州與廣州霸王於二零一一年十二月二十八日訂立辦公室租賃協議，據此，霸王廣州向廣州霸王租用總樓面面積4,916平方米的辦公室。此協議項下的租期由二零一二年一月一日起生效，為期三年。每月應付固定租金人民幣182,000元。
  
- 霸王廣州與廣州霸王於二零一二年八月一日訂立生產廠房租賃協議，據此，霸王廣州向廣州霸王租賃總樓面面積123,000.1平方米的生產廠房。此協議項下租期由二零一二年八月一日起，直到重新簽訂新的租賃協議。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 26 Material related party transactions

(continued)

### (a) Transactions with related parties

(continued)

#### (ii) Purchase of raw materials from related parties

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Guangzhou Qiancai Packaging Materials Co., Ltd.	廣州市倩采包裝材料有限公司	—	810
Guangzhou Chenming Paper Products Company Limited	廣州市晨明紙品有限公司	9,077	9,818

The directors have confirmed that the basis of consideration for the above purchase of raw materials from related parties is the prevailing market price.

董事已確認，上述向關聯方購買原材料的定價考慮基準為現行市價。

#### (iii) Utilities expenses paid on behalf of the Group

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Guangzhou Bawang	廣州霸王	6,187	4,093

#### (ii) 向關聯方購買原材料

### (a) 與關聯方的交易(續)

## 26 重大關聯方交易(續)

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 26 Material related party transactions

(continued)

### (a) Transactions with related parties

(continued)

#### (iv) Meeting and catering services provided by related party

	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Bawang Hotel 霸王大酒店	1,986	4,157

The directors are of the opinion that the above transactions set out in Note 26(a)(i), 26(a)(ii), 26(a)(iii) and 26(a)(iv) with related parties were conducted on normal commercial terms in the ordinary course of business.

#### (v) Financial guarantee provided by related parties

As disclosed in Note 19, the Controlling Shareholders and Guangzhou Bawang, jointly provided a financial guarantee to secure for the BOC facility of RMB80,000,000 granted to Bawang Guangzhou for a period from 21 August 2012 to 7 August 2013.

## 26 重大關聯方交易(續)

### (a) 與關聯方的交易(續)

#### (iv) 由關聯方提供的會議及餐飲服務

	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Bawang Hotel 霸王大酒店	1,986	4,157

董事認為，以上附註26(a)(i)、26(a)(ii)、26(a)(iii)及26(a)(iv)所列與關聯方的交易乃在日常業務過程中按正常商業條款進行。

#### (v) 關聯方提供財務擔保

如附註19所述，霸王廣州於二零一二年八月二十一日取得金額為人民幣80,000,000元的中國銀行融資額度，有效期至二零一三年八月七日，並由控股股東及廣州霸王共同擔保。



## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 26 Material related party transactions

(continued)

### (b) Balances with related parties

As at the respective balance sheet dates, the Group had the following balances with related parties:

#### (i) Trade and other payables

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<i>Non-trade related</i>			
<i>非貿易相關</i>			
Guangzhou Bawang	廣州霸王	1,691	553
Bawang Hotel	霸王大酒店	1,421	1,673
<i>Trade related</i>			
<i>與貿易相關</i>			
Guangzhou Qiancai Packaging Materials Co., Ltd.	廣州市倩采包裝材料有限公司	—	17
Guangzhou Chenming Paper Products Company Limited	廣州市晨明紙品有限公司	978	1,487
Total	總計	4,090	3,730

The above non-trade related balances are unsecured, interest free and have no fixed terms of repayment. As at 31 December 2012 and 2011, the balances due to Guangzhou Bawang mainly represented the rental payable for the production premise provided by Guangzhou Bawang for December 2012 and December 2011 respectively and the utilities expenses paid by Guangzhou Bawang on behalf of the Group.

## 26 重大關聯方交易(續)

### (b) 與關聯方的結餘

於各資產負債表日本集團與關聯方的結餘如下：

#### (i) 貿易及其他應付款項

上述與非貿易有關的結餘為無擔保、免息且無固定還款期。於二零一二年十二月三十一日，應付廣州霸王的結餘主要為本集團因租用生產場所而應付廣州霸王的二零一二年十二月租賃費及廣州霸王代本集團支付的水電費。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)  
(除另有說明外，概以人民幣列示)

## 26 Material related party transactions

(continued)

### (c) Key management personnel compensation

Remuneration for key management personnel, including the amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	8,592	7,716
Contribution to defined contribution retirement plans	界定公款退休計劃供款	379	138
Equity compensation benefits	股份支付福利	1,511	2,573
Total	總計	10,482	10,427

Total remuneration is included in "staff costs" (Note 6(b)).

## 27 Immediate and ultimate controlling party

At 31 December 2012, the directors consider the immediate parent and ultimate controlling party of the Group to be Fortune Station Ltd., which is incorporated under the laws of BVI with limited liability and beneficially owned by Mr. CHEN Qiyuan and Ms. WAN Yuhua. This entity does not produce financial statements available for public use.

## 26 重大關聯方交易(續)

### (c) 主要管理人員薪酬

主要管理人員薪酬包括附註8所載的支付予本集團董事及附註9所載數位最高薪僱員的金額，概括如下：

薪酬總額計入「員工成本」(見附註6(b))。

## 27 直屬及最終控制方

於二零一二年十二月三十一日，董事認為本集團直屬母公司及最終控制方為Fortune Station Ltd.。該公司乃根據英屬處女群島法律成立的有限公司，由陳啟源先生及萬玉華女士實益擁有。該公司並無編製可供公眾使用的財務報表。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 28 Significant accounting estimates and judgments

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

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The following principal accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

### (a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future years is adjusted if there are significant changes from previous estimation.

## 28 主要會計估計及判斷

估計及判斷會持續接受評估，並以過往經驗及其他因素為基礎，包括預期日後會出現的在相關情況下相信屬合理的事件。

選擇重要會計政策、判斷及影響該等政策的應用的其他不明朗因素，以及呈報結果對情況及假設變動影響的敏感程度，均為審閱財務報表時將予考慮的因素。下列主要會計政策涉及編製財務報表時所採用的最重要判斷及估計。

### (a) 折舊

經考慮預計的剩餘價值後，廠房及設備在估計可使用年期內以直線法折舊。本集團每年檢討資產的可使用年期及剩餘價值(如有)。倘若過往估計出現重大變動，則調整日後年度的折舊開支。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 28 Significant accounting estimates and judgments (continued)

### (b) Impairments

- (i) In considering the impairment losses that may be required for certain property, plant and equipment, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.
- (ii) Impairment loss for bad and doubtful debts are assessed and provided based on the directors' regular review of aging analysis and evaluation of collectability. A considerable level of judgment is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the net profit in future years.

## 28 主要會計估計及判斷(續)

### (b) 減值

- (i) 考慮若干物業、廠房及設備可能須作出的減值虧損時，須釐定該等資產的可收回金額。可收回金額為淨售價與使用價值兩者的較高者。由於未必能取得該等資產的既有市場報價，故難以精確估計售價。釐定使用價值時，有關資產預期產生的現金流量會折現至其現值，此舉須對營業額水平及營運成本等項目作出重大判斷。本集團會運用一切可得資料，以釐定可收回金額的合理約數，包括根據對營業額及營運成本等項目的合理且可以證據支持的假設及預測作出的估計。
- (ii) 呆壞賬減值虧損按董事定期檢討的賬齡分析及可收回程度評估進行評估及計提撥備。董事在評估各個別客戶的信用評級及過往收賬記錄時作出大量判斷。

上述減值虧損的任何增減均會影響未來年度的淨溢利。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 28 Significant accounting estimates and judgments (continued)

### (b) Impairments (continued)

- (iii) Inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. For inventories with committed sales orders or active market, the Group estimates the net realisable value with reference to the selling prices set out in the committed sales orders or in the active market. For inventories without committed sales orders or active market, the Group carefully estimates the net realisable value based on available information and reasonable and supportive assumptions on expected selling prices, manufacturing costs, selling expenses, sales tax and etc.

## 28 主要會計估計及判斷(續)

### (b) 減值(續)

- (iii) 存貨乃按成本及可變現淨值的較低者列賬。各類別存貨的成本超出可變現淨值的任何餘額乃確認為存貨價值減值準備。

可變現淨值為日常業務過程中以存貨的估計售價減去至完工估計將要發生的成本及作出銷售所需的估計費用及相關稅項。就有已確認銷售訂單或活躍市場的存貨而言，本集團參考已確認銷售訂單或活躍市場的售價估計可變現淨值。就並無已確認銷售訂單或活躍市場的存貨而言，本集團根據現有資料及對預期售價、製造成本、銷售費用及銷售稅金等的合理及有理據的假設，慎重估計可變現淨值。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

## 28 Significant accounting estimates and judgments (continued)

### (c) Taxation

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

## 28 主要會計估計及判斷(續)

### (c) 稅項

釐定所得稅撥備涉及對若干交易未來稅務處理的判斷。本集團謹慎評估該等交易的稅務影響，並計提相應的稅項撥備。該等交易的稅務處理定期重新考慮，以計及稅務法規的所有修訂。未用稅務虧損及可扣稅暫時差額均確認為遞延稅項資產。由於這些遞延稅項資產只限在足夠的應課稅溢利可用作抵銷未用稅務抵免時才會確認，所以管理層判斷作出時須評估將來產生應課稅溢利之可能性。管理層的評估不斷覆核，如果很可能出現應課稅溢利足以彌補遞延稅項資產，則會確認額外的遞延稅項資產。

## Notes to the Financial Statements

### 財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

#### 29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2012

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

#### 29 於截至二零一二年十二月三十一日止年度已頒佈但尚未生效的修訂、新訂準則及詮釋的潛在影響

截至本財務報表刊發日期，國際會計準則委員會已頒佈於截至二零一二年十二月三十一日止年度尚未生效，且本財務報表並無採納的多項修訂和詮釋以及五項新準則，其中本集團相關的包括：

	<b>Effective for accounting periods beginning on or after</b> 於下列日期或之後 開始的會計期間生效
IFRS 10, <i>Consolidated financial statements</i> 《國際財務報告準則》第10號，合併財務報表	1 January 2013 二零一三年一月一日
IFRS 13, <i>Fair value measurement</i> 《國際財務報告準則》第13號，公允價值計量	1 January 2013 二零一三年一月一日
IAS 27, <i>Separate financial statements (2011)</i> 《國際財務報告準則》第27號，單獨財務報表（二零一一年）	1 January 2013 二零一三年一月一日
Revised IAS 19, <i>Employee benefits</i> 經修訂的《國際會計準則》第19號，僱員福利	1 January 2013 二零一三年一月一日
IFRS 9, <i>Financial instruments</i> 《國際財務報告準則》第9號，金融工具	1 January 2015 二零一五年一月一日

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

本集團正評估該等修訂於其初始應用期間預期會產生的影響。直至目前為止，本集團認為採用上述修訂不太可能對本公司的經營業績及財務狀況構成重大影響。



# Five Years Summary

## 五年財務概要

(Expressed in RMB)  
(以人民幣列示)

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
<b>Results</b>	<b>業績</b>					
Turnover	營業額	555,955	888,909	1,475,355	1,756,001	1,411,248
(Loss)/profit from operations	經營(虧損)/溢利	(535,549)	(625,287)	(131,573)	452,252	341,925
Net finance income/(costs)	財務收入/ (費用)淨額	585	6,750	(2,558)	(2,449)	3,117
(Loss)/profit before taxation	除所得稅前 (虧損)/溢利	(534,964)	(618,537)	(134,131)	449,803	345,042
Income tax credit/(expense)	所得稅(支出)/ 抵扣	(82,605)	59,967	16,160	(85,659)	(63,268)
(Loss)/profit for the year attributable to the equity shareholders of the Company	本公司權益持有人 應佔年內 (虧損)/溢利	(617,569)	(558,570)	(117,971)	364,144	281,774
<b>Assets and liabilities</b>	<b>資產及負債</b>					
Property, plant and equipment	物業、廠房及設備	321,619	184,555	60,136	39,330	31,510
Prepaid advertising fee	預付廣告費用	1,454	3,875	2,437	6,081	—
Biological assets	生物資產	142	1,297	—	—	—
Deferred tax assets	遞延稅項資產	—	82,605	27,089	—	—
Net current assets	流動資產淨值	91,485	758,541	1,501,769	2,008,883	289,387
Total assets less current liabilities	總資產減流動負債	414,700	1,030,873	1,591,431	2,054,294	320,897
Deferred tax liabilities	遞延稅項負債	2,031	2,031	2,031	20,062	6,369
<b>Net assets</b>	<b>資產淨值</b>	<b>412,669</b>	1,028,842	1,589,400	2,034,232	314,528
<b>Capital and reserves</b>	<b>資本及儲備</b>					
Share capital/Paid-in capital	股本/實繳股本	256,639	256,511	256,380	256,134	—
Reserves	儲備	156,030	772,331	1,333,020	1,778,098	314,528
<b>Total equity</b>	<b>權益總額</b>	<b>412,669</b>	1,028,842	1,589,400	2,034,232	314,528
(Loss)/earnings per share (RMB yuan)	每股(虧損)/盈利 (人民幣元)					
Basic	基本	(0.21)	(0.19)	(0.04)	0.15	0.13
Diluted	攤薄	(0.21)	(0.19)	(0.04)	0.15	0.13

## Five Years Summary

### 五年財務概要

(Expressed in RMB)

(以人民幣列示)

#### Notes:

1. The calculation of basic earnings per share for the year ended 31 December 2008 is based on the profit attributable to equity holders of the Company and the 2,100,000,000 ordinary shares, which comprise 10,000 ordinary shares in issue as at the date of the Prospectus and 2,099,990,000 ordinary shares issued on 3 July 2009 by way of capitalisation from the Company's share premium account, as if the shares were outstanding throughout the year.
2. The summary above does not form part of the audited consolidated financial statements.

#### 附註：

1. 截至二零零八年十二月三十一日止年度的每股基本盈利乃根據該年度本公司權益持有人應佔溢利，並假設於該年度已發行2,100,000,000股普通股(包括於招股章程日期已發行的10,000股普通股以及於二零零九年七月三日將本公司股本溢價賬資本化而發行的2,099,990,000股普通股)而計算。
2. 上述概要並不組成經審核合併財務報表的一部分。



BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司\*

\* for identification purposes only  
僅供識別