



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 2016 2016 年年報

* for identification purposes only
僅供識別

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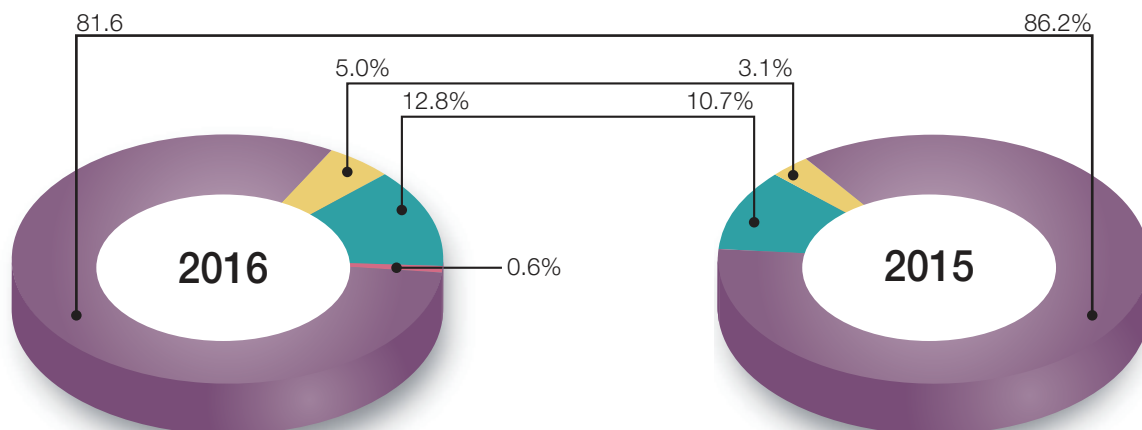
Financial Highlights

財務摘要

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (經重列)
Revenue	營業額	264,229	232,181
Cost of sales	銷售成本	(137,699)	(143,896)
Gross profit	毛利	126,530	88,285
Selling & distribution costs	銷售及分銷開支	(80,080)	(89,629)
Administrative expenses	行政費用	(30,458)	(52,910)
Profit/(loss) from operations	營運利潤/(虧損)	42,567	(106,667)
Taxation	稅項	2,610	—
Profit/(loss) for the year from continuing operations attributable to owners of the Company	本公司擁有人應佔持續經營業務之年內利潤/(虧損)	43,704	(110,422)
Gross margin	毛利率	47.9%	38.0%
Net profit/(loss) ratio	淨利潤/(虧損)率	16.5%	-47.6%
Earnings/(loss) per share (RMB cents)	每股盈利/(虧損)(人民幣仙)		
From continuing operations	來自持續經營業務		
Basic	基本	1.4292	(3.7927)
Diluted	攤薄	1.4289	(3.7927)

Revenue by Product Category

收入按產品類別分析



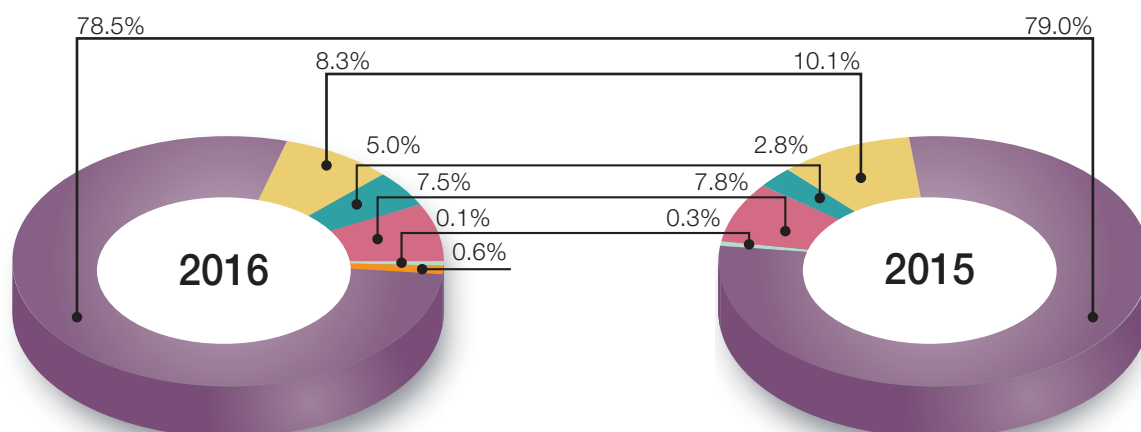
(RMB'000) (人民幣千元)	2H2016 二零一六年 下半年	1H2016 二零一六年 上半年	2H2015 二零一五年 下半年	1H2015 二零一五年 上半年
Shampoo & hair-care products 洗髮護髮產品	106,179	107,837	109,390	90,667
Skincare products 護膚產品	3,523	9,753	3,053	4,085
Other household & personal care products 其他家用個人護理產品	17,509	17,806	18,762	6,224
Baby & child care products 嬰童護理產品	1,622	0	0	0
Total 合計	128,833	135,396	131,205	100,976

Financial Highlights (Continued)

財務摘要(續)

Revenue by Product Category

收入按產品類別分析



(RMB'000) (人民幣千元)	2H2016 二零一六年 下半年	1H2016 二零一六年 上半年	2H2015 二零一五年 下半年	1H2015 二零一五年 上半年
Bawang 霸王	101,796	105,731	106,868	76,663
Royal Wind 追風	13,211	8,692	12,526	10,968
Herborn 本草堂	3,479	9,753	2,984	3,513
Litao 麗濤	8,682	11,220	8,731	9,287
Smerry 雪美人	43	0	96	545
Little King 小霸王	1,622	0	0	0
Total 合計	128,833	135,396	131,205	100,976

Corporate Information

公司資料

Directors

Executive Directors

CHEN Qiyuan (Chairman)
CHEN Zheng He (Chief Executive Officer)
WONG Sin Yung CPA

Independent non-executive Directors

Dr. NGAI Wai Fung PhD, CPA, FCCA, FCIS, FCS (P.E.)
LI Bida
CHEUNG Kin Wing FCA, CPA

Audit and Risk Management Committee

Dr. NGAI Wai Fung PhD, CPA, FCCA, FCIS, FCS (P.E.) (Chairman)
LI Bida
CHEUNG Kin Wing FCA, CPA

Remuneration Committee

LI Bida (Chairman)
Dr. NGAI Wai Fung PhD, CPA, FCCA, FCIS, FCS (P.E.)
CHEN Zheng He

Nomination Committee

CHEN Qiyuan (Chairman)
LI Bida
Dr. NGAI Wai Fung PhD, CPA, FCCA, FCIS, FCS (P.E.)

Company Secretary

WONG Sin Yung CPA

Authorised representatives

CHEN Zheng He
WONG Sin Yung CPA

董事

執行董事

陳啟源(主席)
陳正鶴(首席執行官)
黃善榕 CPA

獨立非執行董事

魏偉峰博士 PhD, CPA, FCCA, FCIS, FCS (P.E.)
李必達
張建榮 FCA, CPA

審核及風險管理委員會

魏偉峰博士 PhD, CPA, FCCA, FCIS, FCS (P.E.) (主席)
李必達
張建榮 FCA, CPA

薪酬委員會

李必達(主席)
魏偉峰博士 PhD, CPA, FCCA, FCIS, FCS (P.E.)
陳正鶴

提名委員會

陳啟源(主席)
李必達
魏偉峰博士 PhD, CPA, FCCA, FCIS, FCS (P.E.)

公司秘書

黃善榕 CPA

授權代表

陳正鶴
黃善榕 CPA

Corporate Information (Continued)

公司資料(續)

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

Hong Kong branch share registrar and transfer office

Boardroom Share Registrars (HK) Limited
31/F., 148 Electric Road
North Point
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

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
新市棠涌村
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

香港證券登記處

寶德隆證券登記有限公司
香港
北角
電氣道148號31樓

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 (Continued)

公司資料(續)

Auditors

SHINEWING (HK) CPA Limited
43rd Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Legal advisor on Hong Kong law

PETER YUEN & ASSOCIATES
(IN ASSOCIATION WITH FANGDA PARTNERS)
26th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong

Company's website

www.bawang.com.cn

Stock code

01338

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

核數師

信永中和(香港)會計師事務所有限公司
香港
銅鑼灣
希慎道33號
利園43樓

香港法律顧問

阮葆光律師事務所
(聯營上海市方達律師事務所)
香港中環
康樂廣場8號
交易廣場1期26樓

公司網址

www.bawang.com.cn

股票代碼

01338

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

Chairman's Statement

主席報告書

Dear shareholders of the Company,

On behalf of the board (the “**Board**”) of directors of BaWang International (Group) Holding Limited (the “**Company**”), I present the audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2016.

The Board is pleased to report that the total revenue from the continuing operations of the Group for the year ended 31 December 2016 was approximately RMB264.2 million, representing an increase of approximately 13.8% from approximately RMB232.2 million in 2015. The operating profit from the continuing operations of the Group for the year ended 31 December 2016 was approximately RMB42.6 million as compared with the operating loss of approximately RMB106.7 million in 2015 (restated).

For the year ended 31 December 2016, the net profit from the continuing operations of the Group was approximately RMB43.7 million, as compared with a net loss of approximately RMB110.4 million in 2015 (restated).

Profit attributable to owners of the Company improved to approximately RMB43.7 million as compared with the attributable loss to owners of the Company of approximately RMB110.4 million for 2015 (restated).

For further information on the operating performance of the Group, please refer to the Financial Review section of this annual report.

During the year under review, the continued implementation of cost control measures and our success in implementing the value-chain-oriented business model have improved the operating results of the Group's continuing operations, and the Group's selling, distribution and administration costs were reduced by approximately RMB32.0 million for the year ended 31 December 2016, as compared with the same period ended 31 December 2015.

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(「董事會」)，向全體股東呈報本公司及其附屬公司(統稱「本集團」)截至二零一六年十二月三十一日止年度的經審核年度業績。

董事會欣然報告本集團截至二零一六年十二月三十一日止年度的持續經營業務總營業額約為人民幣264.2百萬元，較二零一五年同期約人民幣232.2百萬元增加了約13.8%。本集團截至二零一六年十二月三十一日止年度錄得持續經營業務的經營利潤約為人民幣42.6百萬元，而二零一五年同期經營虧損約人民幣106.7百萬元(經重列)。

本集團截至二零一六年十二月三十一日止年度錄得持續經營業務的淨利潤約為人民幣43.7百萬元，而二零一五年同期錄得淨虧損約人民幣110.4百萬元(經重列)。

本公司擁有人應佔有持續經營業務之年內收益約人民幣43.7百萬元，而二零一五年錄得應佔年內虧損約人民幣110.4百萬元(經重列)。

關於本集團經營業績詳細資料，請參閱本年度報告內財務回顧部分。

於回顧年度內，本集團繼續成功執行以成本控制價值鏈為導向的業務模式使截止二零一六年十二月三十一日年度的銷售成本和銷售及分銷開支和行政費用比二零一五年十二月三十一日同期相比，節省約人民幣32.0百萬元。



Chairman's Statement (Continued)

主席報告書(續)

Looking forward, we plan to focus on two areas to drive the strategic directions to sustain and develop our business in the midst of a volatile business environment. In the short run, the Group intends to continue building up a management team with strong experience in both domestic and global HPC sectors, to regain the sales growth momentum and profitability, and to improve investors' confidence on the Group. In the long run, the Group will continue to focus on strengthening the business model and positioning to acquire market shares from domestic and international competitors, maintaining a multi-brand and multi-product strategy in HPC sectors, and becoming a leader in the branded Chinese herbal HPC products.

On behalf of the Board, I would like to take this opportunity to express our gratitude to all shareholders, customers, suppliers, banks, professional parties, and employees of the Group for their continuous patronage and support.

CHEN Qiyuan
Chairman

Hong Kong, 28 March 2017

展望未來，在不穩定的內部和外部經營環境中，維持和發展我們業務之戰略方向集中在兩方面。就短期而言，本集團擬繼續在國內外組建就家庭及個人護理行業建立豐富經驗的管理團隊、恢復銷售增長勢頭和盈利能力，以及提升投資者對本集團的信心。就長期而言，本集團將繼續鞏固發展模式及定位，以增加市場佔有率及迎戰國內外競爭對手；保持家庭及個人護理產品品牌及產品多樣化的均衡策略及成為全球中草藥家庭及個人護理產品領軍企業。

謹藉此機會，我代表董事會向不斷擁戴及支持本集團的全體股東、客戶、供應商、銀行、專業人士和僱員，致以衷心的謝意。

陳啟源
主席

香港，二零一七年三月二十八日



Management Discussion and Analysis

管理層討論及分析

Business Review

To kick-start the corporate operational theme of the year “Gathering strength for innovation”, a national distributors’ meeting was held in Guangzhou in January 2016 to introduce the new Bawang shampoo products, to explain the Group’s investments in brand building and expansion of channels, and to demonstrate the upcoming marketing campaigns and publicity programs for the year.

To enhance the sales of Bawang branded products, extensive in-store promotions were carried out on the festive days throughout the year.

To further motivate the Group’s distributors and sales teams, an incentive travel scheme was set up, whereby the participating distributors and internal sales staff will be eligible to leisure travel overseas for free if they complete the predetermined sales target for a specific period of time. As a result, over 130 distributors and 60 internal sales staff in the aggregate were eligible to join one or both travel events in August 2016 and January 2017 under the incentive travel scheme.

業務回顧

公司始終貫徹「凝聚力、創新章」經營理念，於二零一六年一月，一場全國經銷商會議在廣州舉行以介紹最新的霸王洗髮產品，並展示了本集團於品牌建設和擴張渠道的投資，以及即將安排的營銷活動和宣傳項目。

為加強霸王品牌產品的銷售，公司全年在節慶日開展了廣泛的促銷活動。

為了進一步激勵經銷商和銷售團隊，本集團制定了一項旅遊獎勵計劃，即如果參與經銷商及內部銷售員工完成了該段時間預定的銷售目標，將有資格獲得免費出國遊的機會。結果，合共超過130位經銷商和60位內部銷售員工獲得了一次或兩次在二零一六年八月份和二零一七年一月份出國遊機會。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

In September 2016, following the adoption of the two-child policy in China in early 2016, the Group launched a personal and skin care product series under a new brand known as “Little King”, which targets the market segment for children under 12 years old. To enhance the brand awareness of Little King, the Group has acquired the right to use of a popular animated character “Superwing” under license, and has rolled out a co-branded product series in December 2016.



二零一六年九月，順應國家二零一六年初提出的二胎政策，本集團推出了一款以個人洗護用品系列的專業高端嬰童洗護品牌「小霸王」產品，主要面向12歲以內的嬰童消費市場。為了推廣小霸王品牌，本集團已經獲得了使用知名動漫主角“超級飛俠”的授權，並於二零一六年十二月推出了合作品牌系列產品。



As at 31 December 2016, the Bawang brand distribution network comprised approximately 633 distributors and 33 KA retailers, covering 27 provinces and four municipalities in China. Furthermore, the Bawang branded products were also sold in Hong Kong, Singapore, Thailand and Malaysia.

截至二零一六年十二月三十一日，霸王品牌分銷網絡包括大概633個分銷商及33個重點零售商，覆蓋中國27個省份及四個直轄市。此外，該等產品亦已在香港、新加坡、泰國和馬來西亞銷售。

During the year under review, the Group rolled out new Royal Wind branded shampoo products with the marketing theme “Follow your true self as a natural trend setter” primarily for the online sales channel. As at 31 December 2016, the Royal Wind brand distribution network comprised approximately 576 distributors and 23 KA retailers, covering 27 provinces and four municipalities in China.

於回顧年度內，本集團推出營銷主題為「追隨本我，自然成風」的追風新系列產品，主供電商平台。截至二零一六年十二月三十一日，追風品牌分銷網絡包括大概576個分銷商及23個重點零售商，覆蓋中國27個省份及四個直轄市。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



The Litao products mainly comprise shower gels and laundry detergents, which target consumers living in the second-tier or third-tier cities in China. The Group's goal is to widen the market coverage in China. A natural fruit shower gel series was rolled out during the year under review. As at 31 December 2016, the Litao products distribution network comprised approximately 564 distributors and two KA retailers, covering 27 provinces and four municipalities in China.

The Herborn Chinese herbal skincare product series targets white-collar ladies in the age range from 25 to 45 who have relatively high net incomes and who are dedicated to pursue a healthy and natural lifestyle. In May 2016, a distributors' meeting was held in Guangzhou to launch the enhanced Herborn Chinese herbal skincare product series. Six new series of herbal skincare products and a Chinese herbal face mask product were rolled out during the year. In terms of sales channels, the Group is now selling the products mainly through cosmetics specialty shops throughout China. As at 31 December 2016, the sales and distribution network for the Herborn Chinese herbal skincare products comprised approximately 93 distributors and one KA retailer covering 27 provinces and four municipalities in China. As at 31 December 2016, the Group also had about 4,780 counters in cosmetics specialty shops in China.

麗濤產品主要由沐浴露和洗衣液組成，以中國二三線城市的消費者為目標客戶群體。本集團的目標是擴大中國的市場覆蓋，本集團在回顧年度內適時推出了水果型沐浴露系列。截至二零一六年十二月三十一日，麗濤品牌分銷網絡包括大概564個分銷商及兩個重點零售商，覆蓋中國27個省份及四個直轄市。

本集團的中草藥護膚產品一本草堂，其目標客戶群體是擁有相對較高的收入、熱衷追求健康自然的生活方式、年齡介於25歲至45歲的白領女性。於二零一六年五月，本集團在廣州舉行了中草藥護膚產品一本草堂的全國經銷商會議，以推出改良的本草堂產品系列，於回顧年度內，本集團推出六個本草堂護膚產品系列和一款面膜產品。在銷售渠道方面，本集團通過中國境內的化妝品專營店專櫃銷售本草堂產品。截至二零一六年十二月三十一日，本草堂品牌分銷網絡包括大概93個分銷商及一個重點零售商，覆蓋中國27個省份及四個直轄市。在中國境內，本集團亦擁有約4,780家化妝品專門店專櫃。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)



During the year under review, the Group has established online flagship stores for our Bawang, Royal Wind and Herborn branded products on 37 online retailing platforms in China.

於回顧年度內，本集團已在國內37個線上零售平台建立線上旗艦店銷售霸王、追風和本草堂品牌產品。

During the year under review, we obtained the certificates and/or recognitions as follows:

於回顧年度內，我們獲得了以下認證：

- we have renewed the permit for production of cosmetic products, which was issued by the Guangdong Provincial Food & Drug Administration and is valid until May 2021;
 - we were awarded the “Golden Ant 2015–2016” certificate by the China (Guangzhou) Logistic Equipment & Technology Development Committee in May 2016; and
 - in January 2016, three Bawang branded shampoos were recognized as “The 2015 New High-Tech Products in Guangdong” by the Guangdong Provincial Bureau of Science & Technology for a period of three years until the end of 2018.
- 我們更新了由廣東省食品藥品監督管理局頒發的化妝品生產許可證，有效期截至二零二一年五月。
 - 於二零一六年五月我們獲得了中國（廣州）國際物流裝備及技術展組委會頒發的2015–2016年度中國物流行業「金螞蟻」獎。
 - 於二零一六年一月，霸王品牌有三大系列產品被廣東省科技技術廳認證為「2015年廣東省高新技術產品」，有效期截至二零一八年底。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)



Key Risks and Uncertainties

Apart from those stated in the Chairman's Statement and Management Discussion and Analysis sections, the Company is exposed to the following key risks and uncertainties which are required to be disclosed pursuant to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

1. Risks Relating to Our Industry

In recent years, it is common for the Mainland manufacturing enterprises to face continuous rising labour costs and difficulties in employing skilled labour. Our Group's responding strategy is to reduce the production costs.

主要風險及不明朗因素

除主席報告書及管理層討論及分析提述事宜以外，本公司根據《公司條例》(香港法例第622章)須予披露所面對的主要風險及不明朗因素如下。

1. 行業風險

國內生產企業近年普遍面對勞工成本不斷上漲及招聘熟手工人困難。本集團的應變策略是以減低生產成本。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

2. Credit Risks Relating to Customers

Exposure to bad debts attributable to customers usually intensifies following a weak economic performance. To minimize credit risks, the management of the Group has appointed dedicated staff members to handle procedures for determining credit limits, credit approval and other monitoring procedures, to ensure that follow-up actions with all receivables are taken in a timely manner. In addition, the Group reviews the collectibility of receivables at the end of a reporting period, to ensure that sufficient impairment losses are provided in respect of uncollectible monies. For the year ended 31 December 2016, no bad debts were recorded by the Group.

3. Liquidity Risks

In managing liquidity risks, the Group monitors and maintains cash and cash equivalents at a level which is considered by the management as sufficient, to satisfy the needs arising from the Group's operations and to mitigate the effect of fluctuations of cash flow. In May 2016, the Company had completed a placing of shares to enhance its liquidity, and had repaid the shareholder's loan. The Group's management will continue to closely monitor the use of cash.

4. Currency Risks

Sales to overseas countries denominated in foreign currencies expose the Group to foreign exchange risks. The Group closely manages and monitors foreign exchange risks to ensure that appropriate measures are taken in a timely manner. The Group will consider using hedging in respect of foreign currencies to mitigate relevant risks as and when appropriate.

2. 客戶的信貸風險

隨著經濟疲弱，客戶壞賬風險相對增加。為減低信貸風險，本集團管理層已委派特定人員負責釐定信貸限額、信貸審批及其他監控程序，以確保及時跟進所有應收賬款。此外，本集團會於報告期末已檢討債項之可收回款額，以確保就不可收回款額作出足夠之減值虧損。截至二零一六年十二月三十一日止年度，本集團並沒有錄得壞賬。

3. 流動資金風險

管理流動資金風險時，本集團會監察及保持管理層視為足夠水平之現金及現金等值項目，以撥付本集團營運所需及減低現金流量波動之影響。於二零一六年五月，本公司完成了一次股份配售以提升本公司之流動資金及償還股東貸款。本集團之管理層將繼續密切監察現金之使用情況。

4. 貨幣風險

因有產品銷往海外市場以外幣結算，以致本集團承受外幣折算風險。本集團會密切管理及監察外匯風險，以確保及時地採取適當措施。本集團會在適當時候考慮使用對沖以降低有關風險。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Environmental Protection

The Group is responsible for its impact to the environment arising from its business operations. During the year under review, the Group strictly complied with the local environmental regulations of the PRC. The production of household and personal care products belongs to the light industrial sector. No substance polluting the environment will be released during the manufacturing process and there is no adverse impact to the surrounding environment. The Group has significantly reduced the power consumption as well as its plant overhead costs by implementing energy conservation project in recent years with positive results.

Business Compliance

During the year under review, the Group has complied with the relevant laws and regulations that have a significant impact on the Group.

Relationship with Employees, Customers and Suppliers

The Group adopts an employee-oriented approach, which ensures that all staff members are reasonably remunerated. To retain a quality workforce, we strive to regularly improve, review and update our human resources policy and our compensation and benefits. We also provide training opportunities to upgrade the skills of our staff members. We also care for the occupational health and safety of our workers.

The Group's major customers are categorised in four channels, namely traditional distributors, B2B corporate clients, key account hypermarkets and supermarkets, and online sales (including online official flagship stores and distributors). The credit terms granted to major customers are 30–90 days, which are in line with those of the credit terms granted to other customers.

The Group maintains a good relationship with its customers. We have put in place procedures for handling customer complaints to receive and analyse the customers' complaints and make recommendations on remedial actions with a view to improving service quality.

The Group is in good relationship with its suppliers and conducts a fair and strict appraisal of its suppliers on an annual basis.

環境保護

本集團須為業務經營對環境的影響承擔責任。於回顧年度內，本集團緊守中國當地的環保法規。家庭及個人護理產品生產是屬輕工行業，生產過程中不會釋出任何對環境污染的物質，對周邊環境並不會造成不良的影響。本集團近年亦銳意推行節能項目，且有正面成效，不僅顯著減低用電量，亦能降低廠房費用。

業務合規

於回顧年度內，本集團已遵守對本集團有重大影響之相關法律及法規。

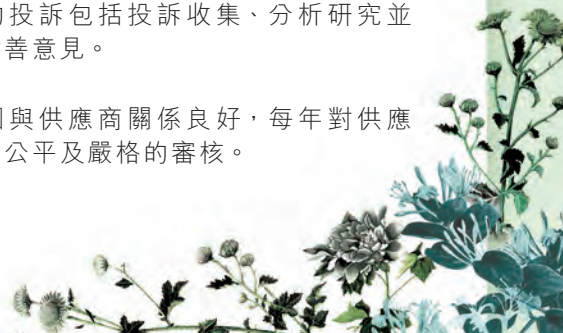
與僱員、顧客和供應商的關係

本集團以人為本，確保所有僱員享有合理待遇。同時為挽留人才，我們不斷完善薪酬和補償制度，並定期檢討及更新人力資源管理制度。我們提供員工培訓機會來提升僱員的職業技能。我們亦關注僱員的職業健康與安全。

本集團主要顧客分為四個類別：傳統經銷商、B2B商務客戶、現代大賣場及超市以及電商自營官方旗艦店和分銷客戶。主要客戶獲授之信貸期為30日至90日，與其他客戶獲授之信貸期一致。

本集團與顧客關係良好。為完善服務品質，本集團制定完善的追溯體系來處理顧客的投訴包括投訴收集、分析研究並提出改善意見。

本集團與供應商關係良好，每年對供應商進行公平及嚴格的審核。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Conclusion of Litigation

The Board considers that the contents of an article published by Next Magazine on 14 July 2010 are defamatory to the Group and/or amount to malicious falsehood. Therefore, we commenced legal proceedings (the “**Legal Proceedings**”) in the High Court of Hong Kong (the “**High Court**”) in October 2010 against Next Magazine Publishing Ltd (“**Next Magazine**”) seeking, *inter alia*, damages and an injunction to restrain Next Magazine from publishing such contents or similar contents.

During the year under review, the Court of First Instance of the High Court handed down a judgement against Next Magazine in relation to the libel claim made by the Company and Bawang Guangzhou, including general damages for libel in an aggregate amount of approximately HK\$3,005,000, together with 80% of the legal costs of the Company and Bawang Guangzhou in respect of the Legal Proceedings. Subsequent to the judgement, the Company, Bawang Guangzhou and Next Magazine jointly applied to the Court by way of Consent Summonses to discontinue the appeal lodged by the Company and Bawang Guangzhou and to settle the Legal Proceedings, and Next Magazine was ordered to pay to the Company and Bawang Guangzhou the sum of HK\$18,000,000 in full and final settlement of (i) the claim for costs, disbursements, interest and costs of taxation in respect of the Legal Proceedings by the Company and Bawang Guangzhou, and (ii) any costs that Next Magazine may be entitled to in respect of the appeal lodged by the Company and Bawang Guangzhou in respect of the Legal Proceedings.

Financial Review

Continuing Operations

Revenue

During the year under review, the Group’s revenue from the continuing operations amounted to approximately RMB264.2 million, representing an increase of approximately 13.8% from approximately RMB232.2 million in 2015. The increase was primarily attributable to the sales of new and/or enhanced Bawang branded products during the year, the increase in sales of Bawang branded products in June 2016 following the release of the judgment in favour of the Group, and the increase in sales through the online sales channel.

已完結之訴訟

董事會認為壹周刊於二零一零年七月十四日發表的一篇雜誌文章內容構成對本集團的誹謗及/或惡意中傷。因此，我們已於二零一零年十月在香港高等法院(「**高等法院**」)向壹周刊出版有限公司(「**壹周刊**」)提起法律訴訟(「**法律訴訟**」)，其中，要求壹周刊賠償損失並且禁止出版該內容或類似內容。

於回顧年度內，香港高等法院原訟法庭就本公司和霸王廣州申請壹周刊誹謗索賠案件一審宣判命令壹周刊須支付本公司和霸王廣州合共約3,005,000港元的誹謗一般損害賠償以及80%的法律費用。隨後，本公司和霸王廣州及壹周刊向法院申請通過法院傳票的方式要求停止本公司和霸王廣州提出的上訴，壹周刊被命令向本公司及霸王廣州支付港幣18,000,000元，用以完全及最終解決(i)本公司及霸王廣州就法律訴訟所產生的費用、開支支出、利息訟費評定費用的申索；及(ii)壹週刊就本公司及霸王廣州就法律訴訟已提起的上訴可能有權獲得的任何費用。

財務回顧

持續經營業務

營業額

於回顧年度內，本集團營業額約為人民幣264.2百萬元，較二零一五年約人民幣232.2百萬元上升了約13.8%。上升的主要原因是由於年度內本集團陸續推出的新及/或改良產品系列。另外，自本集團收到法律訴訟案中對本集團有利的判決後自二零一六年六月份起的產品銷量增長，以及年度內本集團流通和電商渠道的銷售有所增加。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The Group's core brand, Bawang, generated approximately RMB207.5 million in revenue, which accounted for approximately 78.5% of the Group's total revenue from continuing operations in 2016, and represented an increase of approximately 13.1% as compared to 2015.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, generated approximately RMB21.9 million in revenue, which accounted for approximately 8.3% of the Group's total revenue from continuing operations in 2016, and represented a decrease of approximately 6.8% as compared to 2015.

The natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated approximately RMB19.9 million in revenue, which accounted for approximately 7.5% of the Group's total revenue from continuing operations in 2016, and represented an increase of approximately 10.6% as compared to 2015.

The branded Chinese herbal skincare series, Herborn, generated approximately RMB13.2 million in revenue, which accounted for approximately 5% of the Group's total revenue from continuing operations in 2016, and represented an increase of approximately 103.1% as compared to 2015.

We sold our products through extensive distribution and retail networks. During the year under review, sales to our distributors and retailers represented approximately 67.7% and approximately 32.3% of the Group's total revenue from the continuing operations respectively.

In 2016, our products were also sold in Hong Kong, Singapore, Thailand and Malaysia. The sales to these overseas markets outside of China accounted for approximately 2.6% of our total revenue from the continuing operations for 2016.

Cost of Sales

Cost of sales in 2016 amounted to approximately RMB137.7 million, representing a decrease of approximately 4.3% compared to approximately RMB143.9 million in 2015 (restated). Such decrease was mainly due to the decrease in manufacturing expenses and direct labour expenses, which was partially offset by the increase in the cost of raw materials and package materials consumed.

本集團核心品牌一霸王，其營業額約人民幣207.5百萬元，約佔本集團二零一六年度持續經營業務總營業額的78.5%，比二零一五年度上升了約13.1%。

中草藥去屑品牌一追風，其於二零一六年度的營業額約人民幣21.9百萬元，約佔本集團持續經營業務總營業額的8.3%，比二零一五年度下降了約6.8%。

以純天然為基礎的洗髮水、沐浴露和洗衣液產品系列一麗濤，其營業額約人民幣19.9百萬元，約佔本集團二零一六年度持續經營業務總營業額的7.5%，比二零一五年度上升了約10.6%。

中草藥護膚品牌一本草堂，其營業額約人民幣13.2百萬元，約佔本集團二零一六年度持續經營業務總營業額的5%，比二零一五年度上升了約103.1%。

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持續經營業務總營業額的67.7%和32.3%。

於二零一六年度，我們的產品也在香港、新加坡、泰國和馬來西亞市場上銷售，這些海外市場的銷售額約佔本集團二零一六年度持續經營業務總營業額的2.6%。

銷售成本

二零一六年度的銷售成本約人民幣137.7百萬元，相比二零一五年度約人民幣143.9百萬元(經重列)，下降了約4.3%。下降的主要原因是製造費用和直接人工的減少，但部分被原材料和包材耗用增加所抵銷。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Gross Profit

During the year under review, the Group's gross profit increased to approximately RMB126.5 million, representing an increase of approximately 43.3% as compared to approximately RMB88.3 million for 2015 (restated). The gross profit margin increased from approximately 38.0% for 2015 (restated) to 47.9% for 2016. Such increase was mainly attributable to the increase of revenue, decrease of cost of sales and the roll-out of high-margin products during the year under review.

Selling and Distribution Costs

Selling and distribution costs decreased to approximately RMB80.1 million for 2016, representing a decrease of approximately 10.7% as compared to that for 2015. Such decrease was mainly due to effective cost control measures leading to the decrease in depreciation, advertising fee, and the savings achieved in promotion fees and salaries through optimizing the resources of promotion staff. As a percentage of revenue, our selling and distribution costs decreased from approximately 38.6% in 2015 to 30.3% in 2016.

Administrative Expenses

Administrative expenses for 2016 amounted to approximately RMB30.5 million, representing a decrease of approximately 42.3% as compared to approximately RMB52.9 million in 2015 (restated). Such decrease was mainly due to the decrease in legal and professional fees and the decrease in provisions for bad debt. As a percentage of revenue, our administration costs were approximately 11.5% and 22.8% in 2016 and 2015 (restated) respectively.

Impairment Loss

For the year ended 31 December 2016, no impairment loss on property, plant and equipment was made (2015: approximately RMB54.4 million).

Profit from Operations

The Group recorded an operating profit from the continuing operations of approximately RMB42.6 million for 2016, as compared to operating loss of approximately RMB106.7 million for 2015 (restated). The increase in operating profit for the continuing operations was mainly because of the various cost optimization measures persistently adopted by the Group, resulting in a decrease in selling, distribution and administration costs of approximately RMB32.0 million for the year ended 31 December 2016, as compared to those of 2015 (restated).

毛利

於回顧年度內，本集團的毛利上升指至約人民幣126.5百萬元，與二零一五年度（經重列）約人民幣88.3百萬元相比上升了約43.3%。毛利率從二零一五年（經重列）約38.0%上升至二零一六年的47.9%。毛利率上升的主要原因銷售收入的增加和成本的減少以及回顧年度內公司推出的高毛利產品。

銷售及分銷開支

二零一六年度銷售及分銷開支減少至約人民幣80.1百萬元，較二零一五年度減少約10.7%。其下降的原因主要是成本控制帶來的折舊、廣告費的減少，以及通過優化促銷人力資源節省了促銷費用及工資。以佔收益的百分比計算，我們的銷售及分銷開支由二零一五年的約38.6%減少至二零一六年的約30.3%。

行政費用

二零一六年度行政費用約為人民幣30.5百萬元，較二零一五年度同期的約人民幣52.9百萬元（經重列），下降了約42.3%。有關下降的原因是法律和專業費用和壞賬費用的減少。以佔收益的百分比計算，我們二零一六年和二零一五年（經重列）的行政費用分別約為11.5%和22.8%。

減值損失

截至二零一六年十二月三十一日止，本公司無物業、廠房及設備之減值損失（二零一五年：約人民幣54.4百萬元）。

經營盈利

二零一六年，本集團錄得持續經營業務之經營盈利約人民幣42.6百萬元，而去年同錄得經營虧損約人民幣106.7百萬元（經重列）。其上升的主要原因是公司一直以來採用不同的優化成本方式使得截至二零一六年十二月三十一日的銷售、分銷及行政費用較二零一五年十二月三十一日同期相比，下降了約32.0百萬元（經重列）。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Finance Costs and Income

For the year ended 31 December 2016, finance income of the Group amounted to approximately RMB0.4 million as compared with the finance income of approximately RMB0.6 million for 2015.

For the year ended 31 December 2016, the Group's imputed interest on non-interest bearing loans from controlling shareholders amounted to approximately RMB1.5 million (2015: approximately RMB3.8 million).

Taxation

The Group did not have any income tax in 2015 and 2016. A write-back of the excess of previous years' provision for the Hong Kong Profits tax in the amount of approximately RMB579,000 and reversal of the temporary differences for the deferred tax liabilities in the amount of approximately RMB2,031,000 were credited to the taxation account during the year under review.

Profit for the Year from Continuing Operations

As a result of the combined effect of the above mentioned factors, the Group recorded a profit from the continuing operations of approximately RMB43.7 million for 2016, as compared to the loss of approximately RMB110.4 million for 2015 (restated).

Discontinued Operation

The Board discontinued the production and sales of its herbal tea products from 1 July 2013. During the year under review, no revenue was attributable to the Group's Herbal tea products. But this business segment recorded an operating loss of approximately RMB3,000 for 2015.

Profit for the Year Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded a profit attributable to owners of the Company of approximately RMB43.7 million for 2016, as compared with an attributable loss to owners of the Company of approximately RMB110.4 million for 2015 (restated).

財務收入及融資成本

截至二零一六年十二月三十一日止，本集團財務收入約人民幣0.4百萬元，而二零一五年的財務收入約人民幣0.6百萬元。

截至二零一六年十二月三十一日止全年，本集團就控股股東免息貸款而估算的利息約人民幣1.5百萬元(二零一五年：約人民幣3.8百萬元)。

稅項

本集團在二零一五年及二零一六年沒有所得稅。於回顧年度內，撥回一項以前年度多計提的香港利得稅金額約人民幣57.9萬元撥回暫時性差異之遞延所稅金額約人民幣2,031,000元至所得稅科目貸方。

持續經營業務盈利

綜合以上列報的因素，二零一六年度本集團錄得持續經營業務盈利約人民幣43.7百萬元，而二零一五年同期錄得經營虧損約人民幣110.4百萬元(經重列)。

已終止經營業務

董事會於二零一三年七月一日起停止涼茶產品的生產和銷售。於回顧年度，本集團涼茶產品並無營業收入。但此業務分部錄得在二零一五年經營虧損約人民幣3,000元。

本公司擁有人應佔年內盈利

因上述因素的綜合影響，本集團二零一六年度錄得有改善的應佔盈利約人民幣43.7百萬元，而二零一五年度錄得應佔虧損約人民幣110.4百萬元(經重列)。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Event after the Reporting Period

Reference is made to the paragraph headed “Conclusion of Litigation” above.

The sealed copies of the Orders from the Court of Appeal and the Court of First Instance of the High Court of Hong Kong were received on 22 December 2016 and 24 January 2017 respectively.

The Company and Bawang Guangzhou duly received the sum of HK\$18,000,000 on 25 January 2017, which was recognised as other income for the year ended 31 December 2016.

Outlook

After China announced that its gross domestic product (“GDP”) grew by 6.7% in 2016, the International Monetary Fund upgraded its 2017 forecast for China’s GDP growth to 6.5%, which is 0.3% higher than its October 2016 estimate. The upgrade has been attributable to the continued government stimulus and new loan growth.

Subsequently, China has also announced in its latest National People’s Congress that its GDP growth target is around 6.5% for 2017. The projected target is in line with both economic principles and realities, which would help stabilize market expectations and facilitate the country’s structural adjustments.

Based on an analysis by the Organisation for Economic Co-operation and Development, China’s economic growth may face a long-term downward trend, but that slower overall growth is still enough to sustain increases in the potential spending of China’s middle- and upper-income segments.

However, some analysts express that the Chinese government would institute policies such as infrastructure stimulus, looser property restrictions, and promotion of consumption to support the economy. The Directors tend to agree with these views.

The corporate operational theme for 2017 is “To quantify with performance following the precise execution of plans”. The Group would adopt a bottom-up market-oriented approach for devising sales plans for both the Group and its distributors.

呈報期後事項

茲提述上述標題為「已完結之訴訟」段落之陳述。

本集團並已於二零一六年十二月二十二日及二零一七年一月二十四日分別接獲香港高等法院上訴法庭及原訟法庭所頒佈的命令之蓋印副本。

於二零一七年一月二十五日，公司及霸王廣州已經收到港幣18,000,000元的款項，並於二零一六年十二月三十一日年度內確認為其他收入。

展望

於二零一六年，中國的國內生產總值（「GDP」）增長了6.7%，國際貨幣基金組織認為二零一七年中國經濟增長預期為6.5%，較二零一六年十月估計高出0.3%，這種高估主要原因是持續的政府刺激和新貸款的持續增長。

隨後，中國也在其最近的全國的人民代表大會宣佈其二零一七年GDP的增長目標是在6.5%左右。這個預期目標是符合經濟原則和實際情況的，這將有助於穩定市場預期和促進國家的結構性調整。

根據經濟合作和發展組織的分析，中國的經濟可能面臨一個長期下降的趨勢，但是整體增長放緩仍足以維持中國的中產階級和高收入群體的潛在消費的增長。

然而，一些分析人士認為中國政府將會出臺政策諸如基礎設施的刺激，放鬆房地產的限制，和推廣消費來支持經濟，董事們傾向於同意這些觀點。

二零一七年，企業經營主題是「量化數字、強抓執行」，集團將採取和經銷商自下而上的市場導向方式制定銷售計劃。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

For Bawang branded product series, we will tailor-make specific promotional slogans for promotional programs in the supermarkets for each festival during the year. Promotional assorted Bawang branded products will be offered for sale as a way of attracting customers. High-end herbal essence hair care bundled products would be rolled out in order to satisfy the needs of the affluent consumer segment. To accelerate the channel development and reduce the running costs in the distribution channel, the Group intends to develop strategic relationships with distributors who have obtained an exclusive right to sell HPC products in dedicated areas inside their respective contracted supermarkets.

As the Little King branded children's product series is still at its introductory stage, the Group will work on the brand-building process and develop both the traditional as well as online sales channels. The Group will also strive to gain a foothold in the mother & child channel for this product category.

For Royal Wind branded product series, the Group has always promoted its brand image to cater for the trendy lifestyle of young customers. The Group will roll out high-end hair care products and fragrance shower gels for sale at the counters inside cosmetic specialty shops.

For Herborn branded products series, the Group intends to expand the cosmetic specialty channel through the recruitment of distributors who already have established sales network and proven track record of success as strategic partners. Separately, the Group will expand its online sales platforms to increase its sales revenue.

For production management, the Group has set up benchmark controls to ensure optimization of material usage and minimization of production spoilage to alleviate the pressure on the rising costs of raw materials. Monetary incentive that is based on the cost-savings that the production lines have achieved will be offered to workers. In addition, every effort would be made by the management to improve the living environments, well-being and welfare of the frontline workers. To ensure high quality standard output, the Group will work with independent accreditation agencies to enhance its production management systems.

對於霸王品牌產品系列，我們在每個節日為各大超市的宣傳活動特別訂制具體的宣傳口號的促銷計劃，為吸引顧客，以通過組合銷售霸王套裝產品的方式來增加銷售。為了滿足部分富裕消費者的需求，推出了高端草本精華護髮套裝。為了擴充渠道發展和減少經銷渠道的運營成本，本集團計劃發展與包場經銷商的戰略合作關係，包場經銷商是指獲得在合約賣場銷售家庭及個人護理產品專區的獨家權利的一些承包商。

因目前，小霸王品牌兒童產品系列仍然處在起步階段，集團將致力於品牌建設，發展傳統渠道和網上銷售渠道。集團還努力將產品立足於母嬰渠道。

對於追風品牌產品系列，為了迎合年輕消費者的生活方式，本集團提升了產品的品牌形象。本集團將在化妝品專賣店的專櫃推出高端的頭髮護理產品和香氛沐浴露來促進銷售。

對於本草堂品牌產品，本集團計劃通過招募一些已經建立了銷售網絡並且擁有成功經驗的經銷商作為戰略合作夥伴來擴大專業的化妝品渠道。對於個別經銷商，集團將會擴大在線銷售平臺來增加銷售收入。

對於生產管理，本集團已經建立了基準控制以確保優化材料使用和生產損壞的最小化來緩解原材料成本上升的壓力。工人在生產綫上實現節約成本的基礎上可以得到現金獎勵。另外，管理層將盡一切努力以改善前線工人的生活環境，健康和福利。確保生產出高質量高標準的產品，本集團將和獨立的認證機構共同合作以加強生產管理系統。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

As part of the business expansion plan, 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 further business opportunities with potential overseas distributors.

As of the date of this report, the Group does not have any outstanding acquisition opportunity on hand, nor is actively exploring business opportunities that may involve potential acquisition currently.

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:

在業務擴展計劃方面，本集團將繼續開發與潛在經銷商合作，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與潛在的海外經銷商洽談更多的商業合作機會。

於本報告發佈之日，本集團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：

		31 December 2016 於二零一六年 十二月三十一日 RMB in million 人民幣百萬元	31 December 2015 於二零一五年 十二月三十一日 RMB in million 人民幣百萬元
Cash and cash equivalent	現金及現金等價物	22.3	9.6
Total loans	貸款總額	5.6	54.9
Total assets	總資產	295.5	291.0
The gearing ratio ¹	資產負債率 ¹	1.9%	18.9%

Note:

1. Calculate as total loans divided by total assets

備註：

1. 資產負債率按貸款總額除以資產總額計算

Material Acquisition and Disposal

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

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。



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Exposure to Fluctuations in Exchange Rates and Related Hedge

The operations of the Group are mainly carried out in China, with most transactions settled in Renminbi. The reporting currency of the Group is Renminbi. During the year under review, the Group had 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 2016, 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 are prepared to take prudent measures such as hedging when required.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2016.

Capital Commitment

As at 31 December 2016, the capital commitment of the Group amounted to approximately RMB2.4 million.

Charge of Assets

As at 31 December 2016, buildings with carrying values of approximately RMB3,927,000 (2015: nil) and pledged bank deposits of approximately RMB10,000 (2015: nil) have been pledged to secure banking facilities granted to the Group. As at 31 December 2016, banking facilities of approximately RMB5,600,000 were utilised and approximately RMB4,400,000 were unutilised and available for the Group's future financing.

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，交易以港幣或美元結算。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，利息亦將以港幣派付。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。於二零一六年十二月三十一日，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。

或然負債

於二零一六年十二月三十一日，本集團並無重大或然負債。

資本承擔

於二零一六年十二月三十一日，本集團資本承擔總額為約人民幣2.4百萬元。

資產抵押

於二零一六年十二月三十一日，本集團抵押賬面價值約人民幣3,927,000元的建築物(二零一五年度：無)及抵押銀行存款人民幣10,000元(二零一五年度：無)以確保銀行給予本集團的授信額度。於二零一六年十二月三十一日，本集團已使用的銀行授信額度約為人民幣5,600,000元，未使用及可供本集團未來使用的銀行授信額度約為人民幣4,400,000元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Human Resources

To provide incentive to the employees of the Group, the Group is committed to staff training and development under any economic circumstances. The Group maintains a good relationship with its employees. The Group will continue to invest in our human capital so as to retain a quality workforce to achieve our organisational goal.

In 2016, the Group organised various in-house training classes to strengthen the soft skills of our staff members such as time management, stress management, and leadership development. Apart from these in-house courses, the Group also required our department managers to attend external courses on reward and compensation, and motivation, we required our senior sales and marketing staff to attend brand positioning strategy course, and we required our finance and accounting staff members to attend seminars about the latest accounting standards, taxation practices and budgetary control.

As at 31 December 2016, the Group employed approximately 1,335 employees (31 December 2015: 1,574), consisting of full-time employees and contract personnel in the PRC and Hong Kong. The total personnel expenses of the continuing operations, comprising wages, salaries and benefits, amounted to RMB48.1 million for 2016 (31 December 2015: RMB69.7 million).

The following table sets forth a breakdown of the total headcount of our employees and outsourcing personnel of the continuing operations as at 31 December 2016 and 2015:

		31 December 2016 於二零一六年 十二月三十一日	31 December 2015 於二零一五年 十二月三十一日
Full-time employees	全職僱員	207	216
Contract personnel	合約僱員		
— Sales persons	— 促銷員	697	930
— Others	— 其他	431	428
Total employees	總僱員人數	1,335	1,574

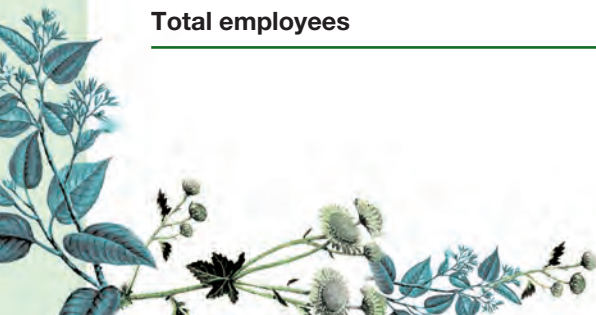
人力資源

為了激勵本集團的員工，本集團承諾在任何經濟環境下都為員工提供培訓和發展。本集團與員工關係一向良好。我們將繼續投資人力資本，以保持一個高素質的員工團隊，協助我們實現組織目標。

在二零一六年，本集團舉辦了多項內部培訓課程，以增強我們工作人員的軟技能，例如：時間管理、壓力管理和領導能力發展等。除此之外，本集團還要求部門經理參加有關獎勵和激勵的外部培訓課程。我們要求市場策劃人員參加品牌定位策略培訓課程，也要求財務人員參加有關最新會計準則、稅務實踐以及預算編製方面的研討會。

於二零一六年十二月三十一日，本集團僱用大約1,335名員工(二零一五年十二月三十一日：1,574)，其中包括在中國和香港的全職員工以及合約僱員。總持續經營業務人事開支包括工資、薪金和福利，於二零一六年為人民幣48.1百萬元(二零一五年度：人民幣69.7百萬元)。

下表載列於二零一六年十二月三十一日及二零一五年十二月三十一日我們持續經營業務的總僱員及外包人員的明細：



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

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 join 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。

董事們相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。



Corporate Governance Report

企業管治報告

The Corporate Governance Code

The Company is committed to enhancing the corporate governance and the internal control of the Group, and the Board reviews and updates all such necessary measures in order to achieve and maintain a high standard of corporate governance and internal control, resulting in attainment of better results and improvement of its corporate image.

The Board is of the view that the Company has complied with the applicable code provisions of the Corporate Governance Code as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during year ended 31 December 2016.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**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 throughout the year under review.

Board of Directors

The Board comprises six members, including Chairman, Mr. CHEN Qiyuan, Chief Executive Officer, Mr. CHEN Zheng He (the “**CEO**”), Chief Financial Officer and three independent non-executive Directors. Biographical details of the Directors are set out in the section headed Directors and Senior Management on pages 52 to 56 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.

企業管治守則及企業管治報告

本公司致力於提高本集團的企業管治水平和內部控制，而董事會則檢討及更新為完成和維繫高標準的企業管治和內部控制的一切必要措施，從而實現更好的業績和改進企業景象。

董事會認為，截至二零一六年十二月三十一日止年度，本公司一直遵守香港聯合交易所證券上市規則（「**上市規則**」）附錄十四所載企業管治守則所載適用的守則條文。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載《上市發行人之董事進行證券交易的標準守則》（「**標準守則**」），作為董事進行證券交易的行為守則。向董事進行特定查詢後，所有董事確認於回顧年度內一直遵守標準守則所載的規定標準。

董事會

董事會由六位成員組成，其中包括主席陳啟源先生、首席執行官陳正鶴先生（「**首席執行官**」）、首席財務官及三位獨立非執行董事。各董事之履歷列載於本年度報告第52頁至第56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。



Corporate Governance Report (Continued)

企業管治報告(續)

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 Group. The Board reviews these arrangements periodically to ensure such arrangements remain appropriate to the Group's needs.

The Company has complied with Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors. Of which, two independent non-executive directors possess the appropriate professional qualifications or accounting or related finance management expertise and the independent non-executive directors represent at least one-third of the Board. To satisfy the independence requirement of the independent non-executive Directors, the Board must determine that the independent non-executive 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. Independent non-executive Directors are appointed for a term of 3 years.

The roles of the Chairman and the CEO are separated in order to reinforce their independence and accountability. Except that the CEO, Mr. CHEN Zheng He, is the son of Mr. CHEN Qiyuan, the Directors are not otherwise related to each other.

The Board held 12 meetings in 2016. Each of Mr. CHEN Qiyuan, Mr. CHEN Zheng He, Mr. WONG Sin Yung, Dr. NGAI Wai Fung, Mr. LI Bida and Mr. CHEUNG Kin Wing attended all 12 meetings.

The Company has adopted the board diversity policy (the “**Diversity Policy**”) as required by the Corporate Governance Code and has taken into account the diversity of the Board when selecting the candidates from a number of perspectives as stated in the Diversity Policy as published on the Company's webpage. The Nomination Committee will monitor the implementation of the Diversity Policy and review the same as appropriate.

Remuneration of Directors and Chief Executive

Details of the remuneration of each Director and the Chief Executive for the year ended 31 December 2016 are set out in note 16 to the consolidated financial statements. Other than the Directors and the Chief Executive there is no other member of senior management.

董事會已將一部分責任書面轉授予本公司執行董事及公司的高級管理層。該等責任包括：執行董事會的決定，指示及協調本集團的日常運作及管理。董事會定期對上述安排作出檢討，以確保該安排符合本集團的需要。

本公司遵守上市規則第3.10及3.10A條規定委任至少三名獨立非執行董事。其中兩名獨立非執行董事具備適當的專業資格或會計或相關財務管理專業知識，並且獨立非執行董事至少佔董事會的三分之一。為了滿足獨立非執行董事的獨立性要求，獨立非執行董事須經董事會確定與本集團並無任何直接或間接的重大關係。董事會按照上市規則的規定，以確定董事的獨立性。獨立非執行董事的任期為三年一屆。

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。除首席執行官陳正鶴先生是主席陳啟源先生的兒子外，董事之間概無其他關係。

二零一六年期間，董事會召開了十二次會議。陳啟源先生、陳正鶴先生、黃善榕先生、魏偉峰博士、李必達先生和張建榮先生均有出席上述十二次會議。

根據《企業管治守則》要求，本公司已採納董事會多樣性政策（「**多樣性政策**」）並已將其在公司的網站上發佈，以及在遴選董事候選人時從多個方面考慮多樣性政策中所述的董事會成員多元化。提名委員會將監察多樣性政策的實施並適時作出檢討。

董事及最高行政人員薪酬

截至二零一六年十二月三十一日止年度有關各董事及最高行政人員薪酬的詳情載於綜合財務報表附註16。除董事及最高行政人員外並無其他高級管理層成員。



Corporate Governance Report (Continued)

企業管治報告(續)

Directors' Training

Under Code Provision A.6.5 of the Corporate Governance Code, 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 are arranged and reading materials on relevant topics are 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 2016, all current Directors (being Mr. CHEN Qiyuan, Mr. CHEN Zheng He, Mr. WONG Sin Yung, Dr. NGAI Wai Fung, Mr. LI Bida and Mr. CHEUNG Kin Wing) received regular updates on the Group's business, operations, risk management and corporate governance matters, and participated in the directors' training offered by professional body or arranged by the Company. 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, Mr. CHEN Zheng He, and our two independent non-executive Directors, Mr. LI Bida and Dr. NGAI Wai Fung. 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. If necessary, the Remuneration Committee will have access to independent advice.

The Remuneration Committee held 2 meetings in 2016. Each of Mr. CHEN Zheng He, Mr. LI Bida, Dr. NGAI Wai Fung attended both meetings.

董事培訓

根據《企業管治守則》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。

截至二零一六年十二月三十一日止年度，全體現任董事（即陳啟源先生、陳正鶴先生、黃善榕先生、魏偉峰博士、李必達先生及張建榮先生）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，以及參與由專業機構提供或本公司安排的培訓。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陳正鶴先生及兩名獨立非執行董事，即李必達先生及魏偉峰博士組成。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。如有需要，薪酬委員會可以獲得獨立意見。

二零一六年期間，薪酬委員會召開二次會議。陳正鶴先生、李必達先生及魏偉峰博士均有出席上述兩次會議。



Corporate Governance Report (Continued)

企業管治報告(續)

Nomination Committee

The Nomination Committee comprises our executive Director, Mr. CHEN Qiyuan, and our two independent non-executive Directors, Mr. LI Bida and Dr. NGAI Wai Fung. Mr. CHEN Qiyuan 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.

The Nomination Committee held 2 meetings in 2016. During the meeting, the committee members reviewed the senior management structure of the Group and the re-election of Directors. All committee members attended both meetings.

Audit and Risk Management Committee

On 1 January 2016, the Audit Committee was renamed as the Audit and Risk Management Committee.

The Audit and Risk Management Committee comprises three independent non-executive Directors, two of whom possess the appropriate business and financial experience and skills to understand the accounts of the Group. The Audit and Risk Management Committee is chaired by Dr. NGAI Wai Fung and other members are Mr. LI Bida and Mr. CHEUNG Kin Wing. The Audit and Risk Management Committee was formed in compliance with Rule 3.21 of the Listing Rules to review and supervise the financial reporting process and risk management and internal control systems of the Company.

The written terms of reference which describes the authority and duties of the Audit and Risk Management Committee were prepared and adopted in accordance with the Listing Rules. The Audit and Risk Management 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 risk management and internal control systems 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，即李必達先生及魏偉峰博士組成。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。

二零一六年期間，提名委員會召開二次會議。會議期間，本委員會成員已審閱本集團高級管理層架構以及董事膺選連任事項。所有委員均有出席上述兩次會議。

審核及風險管理委員會

於二零一六年一月一日，審核委員會已更名為審核及風險管理委員會。

審核及風險管理委員會包括三位獨立非執行董事，他們其中二人具備了解財務報表所需的商業與財務技巧與經驗。委員會由魏偉峰博士擔任主席，其他成員為李必達先生與張建榮先生。審核及風險管理委員會根據上市規則第3.21條成立，負責審閱及監督本公司財務報告程序及風險管理及內部監控系統。

審核及風險管理委員會之書面職權範圍列明審核委員會之權力與職責，乃參照上市規則而編製和採納的。審核及風險管理委員會之職責，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、檢討集團風險管理及內部控制系統的範疇、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 (Continued)

企業管治報告(續)

During the year, the Audit and Risk Management 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;
- reviewed the effectiveness and the implementation of the Group's internal audit and risk management function;
- 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 and Risk Management 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 and Risk Management Committee have been addressed by the senior management of the Company. The work and findings of the Audit and Risk Management 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 this annual report.

The Audit and Risk Management Committee held 3 meetings in 2016. Each of Dr. NGAI Wai Fung, Mr. LI Bida and Mr. CHEUNG Kin Wing had attended all three meetings.

在本年度內，審核及風險管理委員會進行了下列各項工作：

- 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；
- 審閱本公司年度報告和中期報告以及年度和中期業績公告；
- 檢討本集團內部監控及風險管理的功能的有效性和履行；
- 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。

審核及風險管理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及風險管理委員會提出的所有問題作出回應。審核及風險管理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本年度報告內作出有關披露。

二零一六年期間，審核及風險管理委員會召開三次會議。魏偉峰博士、李必達先生和張建榮先生均有出席上述三次會議。



Corporate Governance Report (Continued)

企業管治報告(續)

Corporate Governance Functions

The Audit and Risk Management Committee is responsible for performing the functions set out in the Code Provision D.3.1 of the Corporate Governance Code.

As at the date of this annual report, the Audit and Risk Management 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 Corporate Governance 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 2016, is set out on pages 57 to 64 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 is responsible for making appropriate assertions on the adequacy and the effectiveness of the risk management and internal control systems and procedures and to resolve material internal control defects. The Board together with the senior management of the Group are jointly responsible for maintaining 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.

企業管治職能

審核及風險管理委員會負責履行《企業管治守則》守則條文第D.3.1條所載的職能。

截至本年度報告日期，審核及風險管理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《企業管治守則》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二零一六年十二月三十一日止年度綜合財務報表的申報責任所做的聲明載於本年度報告第57至64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

董事會負責對風險管理及內部監控系統及程序是否充分及有效作出適當的聲明，並透過轄下的審核及風險管理委員會定期檢討該等制度是否有效以及解決嚴重內部監控缺失。董事會與集團的高級管理層對維持一套屬於本集團的、穩健妥善而且有效的內部監控制度有著共同的責任，而該系統確保本集團能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。



Corporate Governance Report (Continued)

企業管治報告(續)

During the year under review, the management of the Group, through its daily management activities, gathers information on the Group's business, receives reports from the internal control function of the Group, and analyses feedback from frontline and back office staff to identify risks in the Group's business, operation, financial conditions and future expansion plans. Significant risks that are identified are presented to the Audit and Risk Management Committee of the Board on an ongoing basis.

The Audit and Risk Management Committee of the Board is responsible for reviewing reports and proposals submitted. The Audit and Risk Management Committee will consider such risks and recommend to the Board measures that should be taken to address them. Where appropriate, management of the Group will assist the Audit and Risk Management Committee in submitting proposals to the Board to address risks faced by the Group.

Based on the risks identified by the Group's management and the Group's internal control function, the Audit and Risk Management Committee will also regularly review and report to the Board as to whether the risk management and internal control systems of the Group are effective, whether there are adequate resources (including budgetary support for the Group's accounting, internal audit and financial reporting functions, staff with adequate qualification and experience) for the implementation of the Group's risk management and internal control systems, and whether measures are in place to ensure that the staff are suitably trained for this purpose. The Directors will then collectively decide on what actions should be taken.

During the year under review, the Board has reviewed the effectiveness of the risk management and internal control systems of the Group covering all material controls such as financial, operational and compliance controls. The Board considers that these systems are well established to suit the Group's needs and are effective and adequate.

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

於回顧年度內，集團的管理層透過其日常管理職能、從集團內部監控功能所獲得的報告、以及從前線及後勤員工所獲得有關集團的業務、營運、財務狀況及未來發展的信息作出分析，並持續地將識別出的重大風險向董事會轄下的審核及風險管理委員會匯報。

審核及風險管理委員會負責審閱其收到的報告及建議，並會對此等風險作出評估及向董事會建議應採取的措施。在適當的情況下，集團的管理層亦會協助審核及風險管理委員會就集團所面對的風險而應採取的應對措施提供建議。

以集團管理層以及內部審核功能所識別的風險作為基礎，審核及風險管理委員會亦會定期檢討並向董事會匯報內部審核功能是否有效、提供予內部監控功能以及實行風險管理及內部監控系統及程序的資源(包括本集團在會計、內部監控及財務匯報功能的預算安排、適當資歷及經驗的員工的數量)是否足夠、以及評估現行就員工是否有接受適當的培訓以履行其職責。其後，董事們將共同決定應採取何種行動。

於回顧年度內，董事會已完成檢討集團的風險管理及內部監控系統，包括所有重要的監控方面例如財務監控、運作監控及合規監控。董事會在檢討後認為該等系統是行之有效，用以符合集團需要，並且是有效和足夠的。

董事承認集團的風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。



Corporate Governance Report (Continued)

企業管治報告(續)

Handling and disclosure of inside information

With respect to procedures and internal controls for the handling and dissemination of inside information (as defined under the Listing Rules), the Company is fully aware of its obligations under Chapter 13 of the Listing Rules and the Securities and Futures Ordinance. The Board reviews from time to time its internal guidelines on inside information with reference to its own and industry circumstances and also makes reference the “Guide on Disclosure of Inside Information” issued by the Securities and Futures Commission in considering its obligations to make a disclosure. The Company’s policy strictly prohibits unauthorised use or dissemination of confidential or inside information and has established and implemented procedures for responding to external enquiries about the Group’s affairs, including the provision of an email address for external enquiries. The Company Secretary also regularly sends out reminders to the directors, senior management and employees reminding them of their obligations with respect to inside information under the relevant statutory provisions and Listing Rules.

All media communication activities are restricted to persons appointed by the Board for the role in order to protect the interests of the Company and keep inside information strictly confidential prior to its disclosure.

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) press conferences and briefing meetings with investors, shareholders and analysts are set up from time to time to provide updated information about the Group, and; (v) the Company’s registrars serve the shareholders in respect of 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 and Risk Management Committee and the Remuneration Committee will normally attend the annual general meetings and other shareholders’ meetings of the Company to answer questions raised.

內幕消息的處理及發佈

在處理及發佈內幕消息(其定義與上市規則下的定義相同)的程序及內部監控方面,本公司完全瞭解其於上市規則第十三章下的責任。本公司不時參考自身與行業狀況以及證監會頒佈的《內幕消息披露指引》,檢討關於內幕消息或可能屬於股價敏感性質資料的內部指引。本公司的政策嚴禁未經授權使用機密或內幕消息,並已設立與實施有關外界對本集團事務進行查詢的回應程序,包括向投資者提供電子郵箱以作查詢。本公司的公司秘書亦會定期向公司的董事、高級管理層以及員工作出提示,以提醒他們在上市規則以及相關法律條文下對內幕消息的相關要求。

董事會規定只能由董事會特別委任的人士參與與媒體的溝通活動,以保障本公司利益以及確保內幕消息披露前絕對保密。

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。董事會主席及審核及風險管理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。



Corporate Governance Report (Continued)

企業管治報告(續)

The Company convened one shareholders' general meeting in 2016, the Annual General Meeting (the "AGM") for the year 2015. The AGM held on 27 May 2016 reviewed and approved numerous resolutions such as the financial statements for the year 2015, Report of Directors and appointment and remuneration of auditors of the Company. All the Directors, namely Mr. CHEN Qiyuan, Mr. CHEN Zheng He, Mr. WONG Sin Yung, Dr. NGAI Wai Fung, Mr. LI Bida and Mr. CHEUNG Kin Wing have attended the AGM of the Company.

Company Secretary

The company secretary is Mr. WONG Sin Yung, an associate member of Hong Kong Institute of Certified Public Accountants. Mr. WONG is also our executive Director and Chief Financial Officer. He assists the Board by ensuring good information flow within the Board and that the policy and procedures of the Board are followed.

In compliance with Rule 3.29 of the Listing Rules, Mr. WONG has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2016.

Shareholders' Rights

Pursuant to the articles of association of the Company (the "Articles"), 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.

本公司於二零一六年召開一次股東大會，為二零一五年度股東週年大會（「股東週年大會」）。於二零一六年五月二十七日召開的股東週年大會審議通過了二零一五年財務報告、董事報告書及核數師聘任及酬金等多項議案。所有董事，即陳啟源先生、陳正鶴先生、黃善榕先生、魏偉峰博士、李必達先生及張建榮先生均有出席公司的股東週年大會。

公司秘書

公司秘書黃善榕先生是香港註冊會計師公會之會員。黃先生亦為本公司之執行董事兼財務總監。他協助董事會以確保董事會內信息得以傳遞，以及董事會的政策及程序得到遵守。

為遵守上市規則第3.29條規定，黃先生於截至二零一六年十二月三十一日止年度內參加了不少於15小時的相關專業培訓。

股東權利

根據本公司組織章程（「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董事會作出任何查詢。



Corporate Governance Report (Continued)

企業管治報告(續)

Contact details are as follows:

Address: Suite B, 16/F Ritz Plaza,
122 Austin Road,
Tsimshatsui, Kowloon, Hong Kong
(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. An up-to-date Articles is available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Shareholders may refer to the Articles for further details of their rights.

Auditors' Remuneration

The remuneration paid/payable to the Company's independent external auditor, SHINEWING (HK) CPA Limited, for the year ended 31 December 2016 in relation to audit services and non-audit services (including the review of the Company's interim results announcement and interim report for the year 2016) are approximately RMB938,000 and RMB172,000 respectively.

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

在回顧年度內，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香港聯合交易所有限公司(「**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

截至二零一六年十二月三十一日止年度，本公司已付/應付外聘獨立核數信永中和(香港)會計師事務所有限公司所有關核數服務及非核數服務(包括審閱本公司二零一六年度中期業績公告及中期報告)的薪酬分別約為人民幣938,000元和人民幣172,000元。



Report of the Directors

董事會報告

The Directors submit this Report of Directors together with the audited consolidated financial statements for the year ended 31 December 2016.

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, and household cleaning products. The principal activities and other particulars of the subsidiaries are set out on pages 174 to 175 of this annual report.

Dividends

Following a review of the operating results of the Group, the Board does not recommend the payment of any final dividends in respect of the year ended 31 December 2016.

Results and Appropriations

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss on page 65 of this annual report.

Reserves

Details of the movements in the reserves of the Group and the Company during the financial year 2016 are set out on pages 69 and 160 of this annual report respectively.

Major Customers and Suppliers

During the year ended 31 December 2016, sales made to the Group's five largest customers and the largest customer accounted for approximately 31.2% and 11.9%, respectively of the total sales of the Group. The Group purchased approximately 45.9% and 19.3%, respectively of its goods and services from its five largest suppliers and the largest supplier.

董事呈列董事會報告，連同截至二零一六年十二月三十一日止年度的經審核綜合財務報表。

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度報告第174至175頁。

派息

根據本集團經營業績的回顧，董事會不建議派發關於截至二零一六年十二月三十一日止年度的任何末期股息。

業績及分配

本年度截至二零一六年十二月三十一日止年度之集團業績載於本年度報告第65頁之綜合損益表內。

儲備

有關本集團及本公司於二零一六年財政年度的儲備變動，詳情分別載於本年度報告第69及160頁。

主要客戶及供應商

截至二零一六年十二月三十一日止年度，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31.2%及11.9%。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45.9%和19.3%。



Report of the Directors (Continued)

董事會報告(續)

Save for Guangzhou Chenming Paper Products Company Limited (“Chenming Paper”), which is one of the Group’s suppliers and is wholly owned by Mr. CHEN Qiwen, the brother of Mr. CHEN Qiyuan (a Director of the Company), none of the Directors, their associates or any shareholder of the Company, which, to the best knowledge of the Directors, owns more than 5% of the Company’s issued share capital had any interest in the share capital of the Group’s five largest customers or five largest suppliers. The total purchase amount from Chenming Paper by the Group accounted for approximately 5.0% of the total purchase of the Group for the year ended 31 December 2016.

除本集團其中一名供應商，廣州晨明紙品有限公司(以下簡稱「晨明紙品」)(由本公司董事陳啟源先生之胞弟陳啟文先生全資擁有)外，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發行股本5%以上者)概無於本年度任何時間擁有該等五大客戶或五大供應商之任何權益。本集團向晨明紙品的總採購金額約佔本集團截至二零一六年十二月三十一日止年度之總採購金額的5.0%。

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 176 of this annual report.

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度報告第176頁。

Bank Borrowings

Please refer to note 27 of the audited consolidated financial statements for details of bank loans and other borrowings of the Company.

銀行借貸

本集團的銀行貸款及其他借貸之詳情列載於本年度經審核的合併財務報表附註27。

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

物業、廠房及設備

有關本集團物業、廠房及設備的變動，詳情載於綜合財務報表附註19。

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 notes 28 to 29 to the consolidated financial statements.

股本及購股權

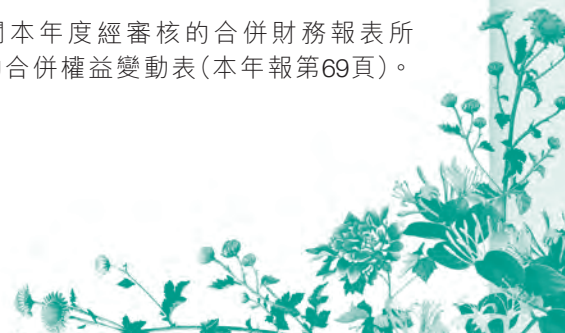
有關本公司股本及已授出購股權的變動，詳情載於綜合財務報表附註28至29。

Changes in Equity

Please refer to the consolidated statement of changes in equity as contained in the audited consolidated financial statements of the year (page 69 of this annual report).

權益變動

請參閱本年度經審核的合併財務報表所列載的合併權益變動表(本年報第69頁)。



Report of the Directors (Continued)

董事會報告(續)

Pre-emptive Rights

There are no provisions for pre-emptive rights under 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.

Principal Subsidiaries

Please refer to note 36 of the audited consolidated financial statements for details of the Company's principal subsidiaries at 31 December 2016.

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

On 11 May 2016 (after trading hours), the Company entered into subscription agreements (the "**Subscription Agreements**") with not fewer than six subscribers (the "**Subscribers**"), being individuals, corporates, institutional or other professional investors. Pursuant to the Subscription Agreements, the Subscribers had conditionally agreed to subscribe for, and the Company had conditionally agreed to allot and issue 250,000,000 ordinary shares (the "**Subscription Shares**") at the subscription price of HK\$0.31 per subscription share (the "**Subscriptions**"). The price of the Subscription Shares represented a discount of approximately 19.48% to the closing price of HK\$0.385 per share as quoted on the Stock Exchange on 11 May 2016, being the date of the Subscription Agreements. The Directors considered that the Subscription Agreements allow the Company to broaden its shareholders' base and also represented a good opportunity to raise additional funds at a reasonable cost to the Company.

The Subscription Shares were allotted and issued pursuant to the general mandate that was granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 29 May 2015. The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.10 each) was HK\$25,000,000. The Subscription was completed on 31 May 2016.

The net proceeds of the Subscriptions, after deducting the relevant expenses, was approximately HK\$77,200,000 and the net price per Subscription Share was approximately HK\$0.3088. The proceeds of the Subscriptions were used to (i) repay the shareholders' loans, and (ii) replenish the general working capital of the Group.

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。

主要附屬公司

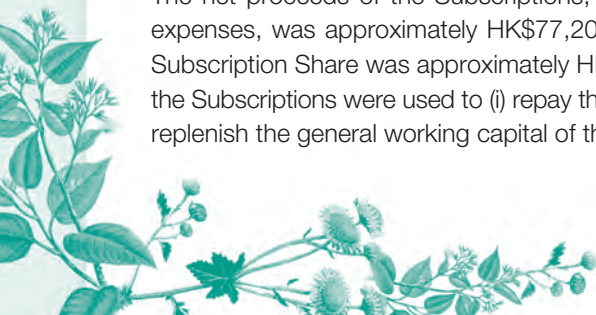
於二零一六年十二月三十一日，本公司的附屬公司的詳情分別列載於本年度經審核的合併財務報表附註36。

購入、出售或贖回本公司之上市證券

於二零一六年五月十一日(交易時段後)，本公司與不少於六位認購人(「認購人」)，即個人、公司、機構或其他專業投資者訂立了認購協議(「認購協議」)。根據認購協議，認購人有條件地同意認購，而本公司有條件地同意配發及發行250,000,000股普通股份(「認購股份」)，認購價為每股認購股份0.31港元(「認購事項」)。每股認購股份較股份於二零一六年五月十一日(即認購協議日期)在聯交所所報之收市價每股0.385港元折讓約19.48%。董事們認為，認購協議不僅能拓闊本公司之股東基礎，同時為本公司可以以合理成本籌集額外資金之良機。

認購股份乃根據公司股東於二零一五年五月二十九日舉行之本公司股東周年大會上所授予董事們的一般性授權所配發及發行。認購股份之總面值為25,000,000港元(每股面值為0.10港元)。認購事項已於二零一六年五月三十一日完成交割。

在扣除相關開支後，認購事項所得之淨款項約為77,200,000港元，而每股認購股份淨價格約為0.3088港元。認購事項所得之淨款項已用作(i)償還股東貸款，及(ii)本集團的一般營運資金。



Report of the Directors (Continued)

董事會報告(續)

Save for the foregoing, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

除了上述認購事項外，於回顧年度內，本公司或其任何附屬公司並無購入、出售或贖回本公司之任何上市證券。

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 with at least 25% of the Shares held by the public as required under the Listing Rules during the year ended 31 December 2016 and up to the date of this 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，本公司於截至二零一六年十二月三十一日止年度內及截至本年度報告發佈之日一直維持上市規則指定數額之公眾持股量不低於25%。

Permitted Indemnity

For the year under review and as at the date of this report, the Company has arranged appropriate insurance cover in respect of legal actions against the directors of the Company.

獲准許的彌償

於回顧年度內及於本報告的日期，本公司已就本公司董事可能面對的法律行動作適當的投保安排。

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.

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。

Directors

The Directors during the year were:

Executive Directors

CHEN Qiyuan (*Chairman*)
CHEN Zheng He (*Chief Executive Officer*)
WONG Sin Yung *CPA*

Independent non-executive Directors

Dr. NGAI Wai Fung *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
LI Bida
CHEUNG Kin Wing *FCA, CPA*

Details of the Directors' biographies have been set out on pages 52 to 56 of the annual report.

In accordance with article 84(1) of the Articles, Mr. WONG Sin Yung and Mr. CHEUNG Kin Wing will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

董事

於本年度內之董事如下：

執行董事

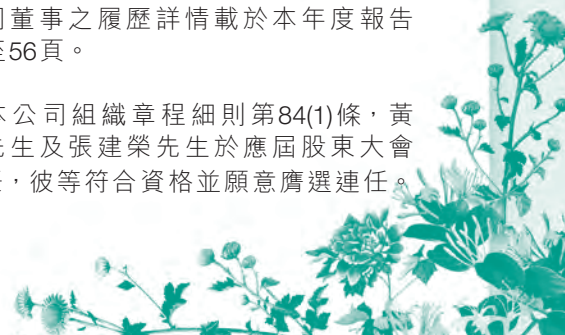
陳啟源(主席)
陳正鶴(首席執行官)
黃善榕 *CPA*

獨立非執行董事

魏偉峰博士 *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
李必達
張建榮 *FCA, CPA*

本公司董事之履歷詳情載於本年度報告第52至56頁。

根據本公司組織章程細則第84(1)條，黃善榕先生及張建榮先生於應屆股東大會上退任，彼等符合資格並願意膺選連任。



Report of the Directors (Continued)

董事會報告(續)

Directors' Service Contracts

Each of our executive Directors (other than Mr. CHEN Zheng He) has entered into a director's service agreement with the Company for a term of three years from 4 July 2015. Mr. CHENG Zheng He has entered into a director's service agreement with the Company for a term of three years from 20 October 2014.

Each of our independent non-executive Directors (other than Mr. CHEUNG Kin Wing) has entered into a letter of appointment with the Company for a term of three years from 4 July 2015. Mr. CHEUNG Kin Wing has entered into a letter of appointment with the Company for a term of three years from 13 November 2014.

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 emoluments for the Directors are determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of the Group. In addition to the fees, salaries, housing allowances, other allowances, benefits in kind or bonuses, the Company has conditionally adopted a share option scheme pursuant to which the participants, including the Directors, may be granted options to subscribe for the Shares.

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 considers all the independent non-executive Directors to be independent.

Updates on Directors' Information

Dr. NGAI Wai Fung, an independent non-executive Director of the Company, has been appointed as an Accounting Advisory Expert by the Ministry of Finance of the People's Republic of China, as an independent non-executive director of each of TravelSky Technology Limited (00696) and China HKBridge Holdings Limited (02323), and as an independent director of NASDAQ-listed SPI Energy Co., Limited (SPI). Mr. CHEUNG Kin Wing, an independent non-executive Director of the Company, has been appointed as an independent non-executive director of ENM Holdings Limited (00128).

董事服務合約

各執行董事(陳正鶴先生除外)已與本公司訂立董事服務協議,由二零一五年七月四日起,為期三年。陳正鶴先生已與本公司訂立董事服務協議,由二零一四年十月二十日起,為期三年。

各獨立非執行董事(張建榮先生除外)已與本公司簽訂委任函件,由二零一五年七月四日起,為期三年。張建榮先生已與本公司簽訂委任函件,由二零一四年十一月十三日起,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不付賠償金的情況下(法定賠償金除外)於一年內終止該協議。

董事酬金

董事酬金乃參考可比公司支付的薪金、其經驗、職責及其在本集團的表現而釐定。除袍金、薪金、住房津貼、其他津貼、實物利益或花紅外,本公司已有條件採納一項購股權計劃,據此參與者(包括董事)可獲授購股權以認購股份。

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,並認為全體獨立非執行董事均為獨立。

董事資料更新

本公司的獨立非執行董事,魏偉峰博士,獲中國財政部委任為會計諮詢專家,及擔任中國民航信息網絡股份有限公司(00696)和中國港橋控股有限公司(02323)的獨立非執行董事,以及擔任於納斯達克市場上市的SPI Energy Co., Limited (SPI)的獨立董事。張建榮先生,本公司另一名獨立非執行董事,開始擔任安寧控股有限公司(00128)的獨立非執行董事。



Report of the Directors (Continued)

董事會報告(續)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As of 31 December 2016, 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"):

Directors' and Chief Executive's interests in shares, underlying shares and debentures of the Company and its associated corporations

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淡倉

於二零一六年十二月三十一日，董事及本公司行政人員於本公司及其相聯法團（按香港法例第571章證券及期貨條例（「證券及期貨條例」）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淡倉（包括彼等根據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），或(b)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，或(c)根據上市發行人之董事進行證券交易之標準守則（「標準守則」）規定須知會本公司及香港聯交所如下：

董事及最高行政人員於本公司股份、相關股份及債權證中擁有的權益

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	Interest in controlled corporation (Note 1) 所控制法團權益 (附註1)	1,900,840,000	60.12%
WONG Sin Yung 黃善榕	Long 好倉	Beneficial owner (Note 2) 實益擁有人(附註2)	2,100,000	0.07%

Notes:

- CHEN Qiyuan is deemed to be interested in the shares held by Fortune Station Limited ("Fortune Station") by virtue of CHEN Qiyuan and his spouse, WAN Yuhua holding 51% and 49% of the issued share capital of Fortune Station respectively.
- Including 630,000 shares, which would be allotted and issued to WONG Sin Yung upon the exercise in full of the share options granted to WONG Sin Yung under the Pre-IPO Share Option Scheme of the Company. For details, please refer to section headed "Share Option Scheme and Pre-IPO Share Option Scheme" below.

附註：

- 憑藉 Fortune Station Limited (「Fortune Station」) 為陳啟源及其配偶萬玉華分別持有51%及49%之已發行股份，陳啟源被視為擁有 Fortune Station 所持有的股份的權益。
- 包括630,000股，根據本公司首次公開發售前購股權計劃黃善榕行使購股權後，該等股份將被發及發行給黃善榕。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。

Report of the Directors (Continued)

董事會報告(續)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Associated Corporations

董事及最高行政人員於相聯法團的股份和相關股份中之權益及淡倉

Name of director 董事名稱	Name of associated corporation 相聯法團名稱	Nature of interest 權益性質	Long/Short position 好/淡倉	Number of shares 股份數目	Approximate percentage of interest in associated corporation 於相關法團中之權益百分比 (約數)
CHEN Qiyuan 陳啟源	Fortune Station	Beneficial owner 實益擁有人	Long 好倉	5,100	51.00%
		Interest of spouse (Note 1) 配偶權益(附註1)	Long 好倉	4,900	49.00%

Note:

1. Represents the shares of Fortune Station held by WAN Yuhua (the spouse of CHEN Qiyuan).

附註：

1. 為萬玉華(陳啟源之配偶)所持有的Fortune Station股份。

Other than as disclosed above, as of 31 December 2016, 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.

除上述披露的人員之外，於二零一六年十二月三十一日，就目前本公司的任何董事及最高行政人員所知，無論是本公司董事或者是最高行政人員，都沒有擁有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、相關股份或債權證中，(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)，或(b)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，或(c)根據標準守則規定須知會本公司及聯交所。



Report of the Directors (Continued)

董事會報告(續)

Interests and Short Positions of Substantial Shareholders of the Company

As of 31 December 2016, 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:

本公司主要股東的權益及淡倉

據本公司任何董事或最高行政人員所知，於二零一六年十二月三十一日，股東(除本公司董事或最高行政人員外)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如下：

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of shares held 股份數目	Approximate percentage of issued share capital 持股百分比
Fortune Station	Beneficial owner 實益擁有人	1,900,840,000 (L)	60.12%
CHEN Qiyuan 陳啟源	Interest in controlled corporation (Note 1) 所控制法團權益(附註1)	1,900,840,000 (L)	60.12%
WAN Yuhua 萬玉華	Interest in controlled corporation (Note 2) 所控制法團權益(附註2)	1,900,840,000 (L)	60.12%

(L) – Long Position

L – 好倉

Notes:

附註：

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

1. 陳啟源為 Fortune Station 已發行股本的 51.0% 實益擁有人，並被視為於 Fortune Station 持有的股份中擁有權益。陳啟源亦為 Fortune Station 的董事。萬玉華的配偶陳啟源被視為於萬玉華在 Fortune Station 的權益中擁有權益。
2. 萬玉華為 Fortune Station 已發行股本的 49.0% 實益擁有人，並被視為於 Fortune Station 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 的權益中擁有權益。

Other than as disclosed above, as of 31 December 2016, 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.

於二零一六年十二月三十一日，除上文所披露人士之外，本公司未接到通知有任何人士(除本公司董事或最高行政人員外)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。

Report of the Directors (Continued)

董事會報告(續)

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 a pre-IPO share option scheme dated on 10 December 2008 (the “**Pre-IPO Share Option Scheme**”), the purpose of which is to give the Directors, senior management and employees of the Group 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 becoming effective.

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 at a general meeting.

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 million, within any 12-month period, are subject to shareholders’ approval in advance at a general meeting.

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(「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，並以此挽留那些為本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。

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)超過港元5百萬的，須經股東在股東大會上事先批准。



Report of the Directors (Continued)

董事會報告(續)

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 10 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 of 1 January and 31 December 2016, no shares option was outstanding under the Share Option Scheme, and there was no share option granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 December 2016.

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 10 December 2008. As of 31 December 2016, 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.

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. The pre-IPO share options may be exercised up to 8 June 2019.

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10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。

於二零一六年一月一日及十二月三十一日，購股權計劃下並無尚未行使之購股權，而截至二零一六年十二月三十一日止年度概無購股權在購股權計劃下授出、行使、註銷或失效。

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。於二零一六年十二月三十一日，已授予總共14,532,000股的購股權，大約佔本公司截至最後實際可行日期已發行股份之約0.5%。概無根據首次公開發售前購股權計劃授出的其他購股權。

上述購股權被本公司有條件地以每人1.0港元授予42名參與者，其認購價格分別是面值或1.19港元。首次公開發售前購股權可於二零一九年六月八日前行使。



Report of the Directors (Continued)

董事會報告(續)

A total of 4,200,000 pre-IPO share options were granted to two executive Directors on 8 June 2009. Of which, options to subscribe for a total of 840,000 shares held by a director resigned on 28 May 2013 were forfeited on the same date, which was partially exercised up to 31 December 2016. Movement of these share options during the year ended 31 December 2016 were as follows:

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。其中，一名董事於二零一三年五月二十八日辭任而其持有合共840,000股份購股權已於同日失效，截至二零一六年十二月三十一日，該購股權已部分被行使。這些首次公開發售前購股權截至二零一六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 股份購股權數目				Forfeited during the year 於年內失效	Outstanding as at 31 December 2016 截至 二零一六年 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 2016 截至 二零一六年 一月一日 尚未行使	Granted during the year 於年內 授予數目	Exercise during the year 於年內 行權數目					
WONG Sin Yung 黃善榕	8 June 2009 二零零九年六月八日	Par Value 面值	630,000	—	—	—	630,000	0.01	4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一六年六月八日	
Total 合計			630,000	—	—	—	630,000	0.01		

Apart from the above, options to subscribe for a total of 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 5,227,320 Shares granted to 28 employees had been forfeited prior to 2016.

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28名僱員總共5,227,320股股份的購股權已於二零一六年前被取消。

As at 1 January and 31 December 2016, there was a balance of unexpired and unexercised options to subscribe for 1,653,960 Shares (which was inclusive of Mr. WONG Sin Yung's share options). Except for the options which had been granted as disclosed above, no further pre-IPO share options were granted, exercised, cancelled or lapsed for the year ended 31 December 2016. Details of Pre-IPO Share Option Scheme are set out in Note 29 under the section headed "Notes to the Consolidated Financial Statements" in this annual report.

於二零一六年一月一日及十二月三十一日，尚未到期且並未被行使的購股權餘額為1,653,960股(包括由黃善榕先生所持有的購股權)。除了上述已經披露授出的購股權外，截至二零一六年十二月三十一日止年度概無任何公開發售前購股權授出、行使、註銷或失效。首次公開發售前購股權計劃詳見本年度報告「綜合財務報告」附註29。



Report of the Directors (Continued)

董事會報告(續)

Continuing connected transactions

For the year ended 31 December 2016, the Group had the following continuing connected transactions in accordance with Chapter 14A of the Listing Rules:

1. Production Plant Lease Agreement

Bawang (Guangzhou) Co., Ltd (“**Bawang Guangzhou**”) and Guangzhou Bawang Cosmetics Co., Ltd (“**Guangzhou Bawang**”) entered into a lease agreement (the “**Previous Production Plant Lease Agreement**”) on 9 August 2013 for the lease of production plant at Bawang Industrial Complex which is located in Baiyun District, Guangzhou, the PRC. On 9 August 2016, Bawang Guangzhou and Guangzhou Bawang entered into a new lease agreement (the “**2016 Production Plant Lease Agreement**”) in respect of the production plant for a renewed lease term of three years commencing on 9 August 2016 at the same location but with a reduced lease area. The 2016 Production Plant Lease Agreement is renewable at the option of Bawang Guangzhou by giving one month’s notice prior to the expiry of the lease. The monthly rent (inclusive of property management fees, parking fees, usage fees for public facilities and maintenance fees) in aggregate is RMB799,517.29 and is fixed throughout the term of the lease. Bawang Guangzhou has been granted a right of first refusal to purchase the production premises under the 2016 Production Plant Lease Agreement. Bawang Guangzhou has a right to terminate the 2016 Product Plant Lease Agreement by giving three months’ prior notice to Guangzhou Bawang.

For the year ended 31 December 2016, pursuant to the Previous Production Plant Lease Agreement and the 2016 Production Plant Lease Agreement, the rent paid by Bawang Guangzhou to Guangzhou Bawang was approximately RMB11.83 million.

As of 31 December 2016, Guangzhou Bawang was beneficially owned as to 20% by Mr. CHEN Zheng He, the CEO and an executive Director of the Company, and 80% by Mr. CHEN Zheng He’s six brothers and sisters. The transactions contemplated under the Previous Production Plant Lease Agreement and the 2016 Production Plant Lease Agreement therefore constituted continuing connected transactions of the Company.

持續關連交易

根據上市規則第十四A章，截至二零一六年十二月三十一日止年度，本集團有下列關連交易：

1. 生產廠房租賃協議

霸王(廣州)有限公司(以下簡稱「霸王廣州」)與廣州霸王化妝品有限公司(以下簡稱「廣州霸王」)於二零一三年八月九日簽訂一份生產廠房租賃協議(「前生產廠房租賃協議」)，自二零一三年八月九日起租用位於中國廣州市白雲區的霸王工業園。於二零一六年八月九日，霸王廣州及廣州霸王重新簽訂一份生產廠房租賃協議(「2016生產廠房租賃協議」)，以重續租期並續租相同物業但較小面積的生產廠房，並於簽訂當日開始生效，為期三年。按照2016生產廠房租賃協議，霸王廣州可於租期屆滿前一個月通知廣州霸王要求重續生產廠房租賃協議。每月租金(包括：物業管理費、停車費、公用設施使用費及維修費用)每月共人民幣799,517.29元。於租期內，每月租金固定不變。根據2016生產廠房租賃協議，霸王廣州獲授購買生產廠房的優先權，霸王廣州亦有權提前三個月通知廣州霸王終止此生產廠房租賃協議。

截至二零一六年十二月三十一日止年度，根據前生產廠房租賃協議及2016生產廠房租賃協議，霸王廣州支付廣州霸王的年度租金約為人民幣11.83百萬元。

於二零一六年十二月三十一日，廣州霸王的20%股權由本公司之首席執行官及執行董事陳正鶴先生實益持有，而餘下之80%則由陳正鶴先生之六位弟妹實益持有。前生產廠房租賃協議及2016生產廠房租賃協議項下進行的交易因此構成本公司的持續關連交易。

Report of the Directors (Continued)

董事會報告(續)

2. Office Premises Lease Agreement

Bawang Guangzhou and Guangzhou Bawang entered into a lease agreement (the “**Previous Office Premises Lease Agreement**”) on 9 August 2013 for the lease of office premises, which is located in Baiyun District, Guangzhou, the PRC. On 9 August 2016, Bawang Guangzhou and Guangzhou Bawang entered into a new lease agreement (the “**2016 Office Premises Lease Agreement**”) in respect of the offices premises for a renewed lease term of three years commencing on 9 August 2016 at the same location but with a reduced lease area. The 2016 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. The monthly rent (inclusive of property management fees, parking fees, usage fees for public facilities and maintenance fees) in aggregate is RMB83,816.04 and is fixed throughout the term of the lease. Bawang Guangzhou has been granted a first right of refusal to purchase the office premises under the 2016 Office Premises Lease Agreement. Bawang Guangzhou has a right to terminate the 2016 Office Premises Lease Agreement by giving three months’ prior notice to Guangzhou Bawang.

For the year end 31 December 2016, pursuant to the Previous Office Premises Lease Agreement and the 2016 Office Premises Lease Agreement, the annual rent paid by Bawang Guangzhou to Guangzhou Bawang was approximately RMB1.07 million.

As of 31 December 2016, Guangzhou Bawang was beneficially owned as to 20% by Mr. CHEN Zheng He, the CEO and an executive Director of the Company, and 80% by Mr. CHEN Zheng He’s six brothers and sisters. The transactions contemplated under the Previous Office Premises Lease Agreement and the 2016 Office Premises Lease Agreement therefore constituted continuing connected transactions for the Company.

2. 辦公場所租賃協議

霸王廣州與廣州霸王於二零一三年八月九日簽訂一份辦公場所租賃協議(「前辦公場所租賃協議」)，自二零一三年八月九日起租用位於中國廣州市白雲區的辦公場所。於二零一六年八月九日，霸王廣州及廣州霸王重新簽訂一份辦公場所租賃協議(「2016辦公場所租賃協議」)，以重續租賃期並續租相同物業但較小面積的辦公場所，並於簽訂當日開始生效，為期三年。按照2016辦公場所租賃協議，霸王廣州可於租期屆滿前一個月通知廣州霸王要求重續辦公場所租賃協議。每月租金(包括：物業管理費、停車費、公用設施使用費及維修費用)共人民幣83,816.04元。於租期內，每月租金固定不變。根據2016辦公場所租賃協議，霸王廣州獲授購買辦公場所的優先權，霸王廣州亦有權提前三個月通知廣州霸王終止此辦公場所租賃協議。

截至二零一六年十二月三十一日止年度，根據前辦公場所租賃協議及2016辦公場所租賃協議，霸王廣州支付廣州霸王的年度租金約為人民幣1.07百萬元。

於二零一六年十二月三十一日，廣州霸王的20%股權由本公司之首席執行官及執行董事陳正鶴先生實益持有，而餘下之80%則由陳正鶴先生之六位弟妹實益持有。前辦公場所租賃協議及2016辦公場所租賃協議項下進行的交易因此構成本公司的持續關連交易。



Report of the Directors (Continued)

董事會報告(續)

3. Packaging Material Supply Agreement

Bawang Guangzhou and Chenming Paper entered into a packaging material supply agreement on 28 March 2009, 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 and has been renewed subsequently (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 Packaging Material Supply Agreement was renewed by Bawang Guangzhou and Chenming Paper on 12 December 2014 for a further term of three years commencing from 1 January 2015 and on the same terms as the original Packaging Material Supply Agreement. The Packaging Material Supply Agreement will be automatically renewed by a term of three years in the absence of a three-month prior written notice.

For the year ended 31 December 2016, 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 RMB5.1 million.

Mr. CHEN Qiyuan is a Director. 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 constitute continuing connected transactions for the Company.

The internal control and risk management functions of the Group together with the senior management of the Group had reviewed the continuing connected transactions of the Company for the year under review, the scope of review included whether the premises lease agreements were implemented in accordance with their terms, whether the packaging materials purchased from the Company's connected person were purchased in accordance with the provisions and the pricing as stipulated in the Packaging Material Supply Agreement, and whether the transaction amount of each continuing connected transaction had exceeded its respective annual cap. The results of the review had been provided to the Board. During the year under review, Bawang Guangzhou and Chenming Paper had completed a review of the prices offered by Chenming Paper.

3. 包裝物料供應協議

霸王廣州與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，為期三年及於其後獲續期(「**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。包裝物料供應協議於二零一四年十二月十二日簽署續約，自二零一五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。除非有三個月的事前書面通知，包裝物料供應協議將自動續期三年。

截至二零一六年十二月三十一日止年度，根據包裝物料供應協議，晨明紙品向霸王廣州供應包裝物料的全年交易額約為人民幣5.1百萬元。

陳啟源先生為董事。晨明紙品由陳啟文先生全資擁有，而陳啟文先生是陳啟源先生的胞弟。包裝物料供應協議項下進行的交易構成本公司的持續關連交易。

本集團的內部監控及風險管理功能連同公司的高級管理層已對本公司的持續性關連交易進行審閱，審閱內容包括場所租賃協議是否按照租賃協議的條款執行、公司從關連方購買的包裝物料的條款及定價是否按照包裝物料供應協議下的規定執行、以及個別持續性關連交易有否超出其各自年度上限。審閱的結果已向董事會匯報。於回顧年度內，霸王廣州以及晨明紙品已完成一次評審晨明製品提供的價格。



Report of the Directors (Continued)

董事會報告(續)

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions. The Company also confirms that during the year under review it has followed the policies and guidelines as described above in determining the pricing and the terms of the continuing connected transactions.

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions were entered into 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 and the transaction amount of such continuing connected transactions does not exceed their respective annual caps for the year ended 31 December 2016.

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 (Revised) "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.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Directors' interests in contracts of significance

Other than as disclosed under the heading "Continuing connected transactions" in this annual report, no Director or an entity connected with a Director has or had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party which was subsisting during or at the end of the 2016 financial year.

Directors' and Controlling Shareholders' interest in competing business

As at 31 December 2016, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders (as defined in the Listing Rules) of the Company had any interest in a business, which competes or may compete with the business of the Group.

本公司確認上述關連交易已符合上市規則第十四A章的披露規定。本公司亦同時確認，其於回顧年度內進行上述相關交易時所制定的價格及交易條款時依從上述定價政策及指引。

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且該等持續關連交易之交易金額截至二零一六年十二月三十一日止年度未有超出其各自年度上限。

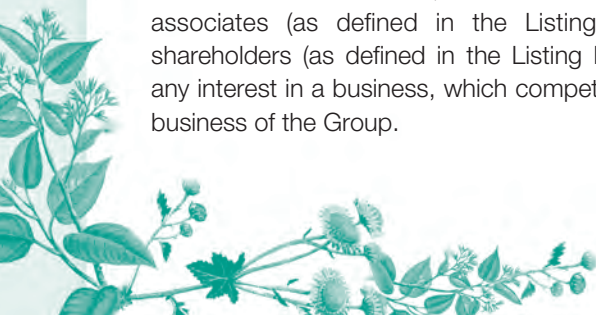
本公司核數師已獲聘請根據香港會計師公會頒佈的香港審核保證委聘準則第3000號(經修訂)《審核或審閱過去財務資料以外之核證委聘》，及實務說明第740號《關於香港上市規則所述持續關連交易的核數師函件》以匯報本集團的關連交易。核數師已根據上市規則第14A.56條出具無保留意見函件，該函件載有核數師對本集團已披露的持續關連交易的發現和結論。本公司已將有關之核數師函件副本呈交至聯交所。

董事之合約權益

除於本年度報告中「持續關連交易」一段所披露外，2016財政年度內或結束時仍然生效，而本公司、其控股公司或其任何附屬公司亦屬訂約方之一的重要交易、安排或合約中，無任何董事或與該董事有關連的實體仍然或曾經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

於二零一六年十二月三十一日，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 (Continued)

董事會報告(續)

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 33 to the consolidated financial statements of this annual report.

Corporate governance

For the year ended 31 December 2016, all the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules were met by the Company.

Audit and Risk Management Committee

The Audit and Risk Management Committee has reviewed the annual results of the Group for the year ended 31 December 2016 with the management of the Company and the Company's independent auditors and recommended its adoption by the Board.

Auditors

SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited 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, 28 March 2017

退休計劃

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度報告綜合財務報表附註33。

企業管治

截至二零一六年十二月三十一日止年度，本公司已遵守上市規則附錄十四所載的企業管治守則所列的原則。

審核及風險管理委員會

審核及風險管理委員會已採納與企業管治守則相一致的職責範圍。審核及風險管理委員會已與公司管理層及公司獨立核數師審閱本集團截至二零一六年十二月三十一日止之全年業績，並建議董事會將其採納。

核數師

信永中和(香港)會計師事務所有限公司將任滿告退，惟願應聘連任。在即將召開之股東周年大會上將提呈議案，議決續聘信永中和(香港)會計師事務所有限公司為本公司之核數師。

董事會代表

陳啟源

主席

香港，二零一七年三月二十八日



Directors and Senior Management

董事及高層管理人員

Directors

The Board consists of six Directors, including three executive Directors 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	55	Chairman and Executive Director 主席兼執行董事
Mr. CHEN Zheng He 陳正鶴先生	28	CEO and Executive Director 首席執行官兼執行董事
Mr. WONG Sin Yung 黃善榕先生	62	Chief Financial Officer and Executive Director 首席財務官兼執行董事
Dr. NGAI Wai Fung 魏偉峰博士	55	Independent non-executive Director 獨立非執行董事
Mr. LI Bida 李必達先生	76	Independent non-executive Director 獨立非執行董事
Mr. CHEUNG Kin Wing 張建榮先生	63	Independent non-executive Director 獨立非執行董事

Executive Directors

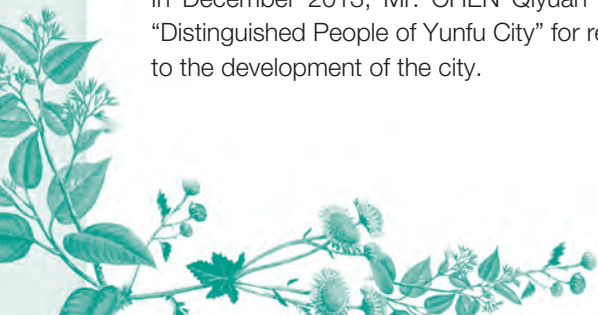
Mr. CHEN Qiyuan, aged 55, is the co-founder of our Group, our chairman and has been our executive Director since 12 November 2007. Mr. CHEN is responsible for the overall strategic planning and management of our Group. Mr. CHEN has extensive experience in the Chinese herbal HPC product industry, having been engaged in the consumer chemical product business for over 20 years. Mr. CHEN and Ms. WAN Yuhua 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. In December 2013, Mr. CHEN Qiyuan had been honoured as the “Distinguished People of Yunfu City” for recognition of his contribution to the development of the city.

董事

董事會由六名董事組成，包括三名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，55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20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，陳先生及萬玉華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」。二零一三年十二月，陳啟源先生因其為城市作出的貢獻，被授予「雲浮傑出紳士」的榮譽稱號。



Directors and Senior Management (Continued)

董事及高層管理人員(續)

Mr. CHEN Zheng He, aged 28, was appointed as our executive Director on 20 October 2014. Mr. CHEN joined the Group in March 2007 and has been officially appointed as a director of Bawang Guangzhou since then and started to involve in the planning of sales, marketing, advertising and promotion campaigns of Bawang Guangzhou. Mr. CHEN was appointed as the personal assistant to the chief executive officer of the Company since March 2012, mainly responsible for the daily administration and management of Bawang Guangzhou. Since mid-2013, Mr. CHEN has also been responsible for the supervision and execution of sales, marketing, advertising and promotion campaigns of Bawang Guangzhou. Mr. CHEN works closely with the chairman and the chief executive officer of the Company on formulating overall strategic plan and management of the Group, and executing strategic plans in marketing, and sales and distribution. Mr. CHEN has been appointed as the CEO and Remuneration Committee Member with effect from 9 December 2015. Mr. CHEN obtained the degree of bachelor of commerce from the University of Toronto in 2012. Mr. CHEN is the son of Mr. CHEN Qiyuan, the chairman and an executive Director of the Company.

Mr. WONG Sin Yung, aged 62, 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. Mr. WONG was also appointed as our Chief Financial Officer and our Company Secretary since 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 (03398), from 2005 to 2008, the shares of which are listed on 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 30 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.

陳正鶴先生，28歲，於二零一四年十月二十日獲委任為我們的執行董事。陳先生於二零零七年三月起加入本集團並自此正式被任命為霸王廣州的董事，並開始參與霸王廣州的銷售、廣告及推廣活動的策劃。陳先生於二零一三年三月起擔任公司首席執行官私人助理一職，負責廣州霸王的日常行政及管理。在二零一三年中開始，陳先生亦同時負責霸王廣州的銷售、廣告及推廣活動的監督及執行。陳先生就制訂本集團之策略性計劃及管理，及銷售、廣告及推廣計劃的執行方面均與公司主席及首席執行官緊密合作。陳正鶴先生於二零一五年十二月九日被委任擔任本公司首席執行官及薪酬委員會成員。陳先生於二零一二年獲得多倫多大學商業學士學位。陳先生是公司集團主席兼執行董事陳啟源先生的兒子。

黃善榕先生，62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。自二零零八年十二月起，黃先生亦被委任為我們的首席財務官及公司秘書。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30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 (Continued)

董事及高層管理人員(續)

Dr. NGAI Wai Fung, aged 55, was appointed as our independent non-executive Director on 10 December 2008. He is currently the Managing Director of MNCOR Consulting Limited and the Chief Executive Officer of SW Corporate Services Group Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stage. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. He had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. NGAI was appointed by the Chief Executive of The Hong Kong Special Administrative Region as a member of the Working Group on Professional Services under the Economic Development Commission since 2013. He is the past president of the Hong Kong Institute of Chartered Secretaries, 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, 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, a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants, a member of the General Committee of the Chamber of Hong Kong Listed Companies and Accounting Advisory Expert Ministry of Finance of the People's Republic of China. He obtained a doctoral 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 was an independent non-executive director of China Railway Construction Corporation Limited (01186) from 2007 to 2014 and Sany Heavy Equipment International Holdings Company Ltd (00631) from 2009 to 2015, and is currently an independent non-executive director of China Railway Group Limited (0390), China Coal Energy Company Limited (01898), SITC International Holdings Company Limited (01308), Bosideng International Holdings Limited (03998), Powerlong Real Estate Holdings Limited (01238), Beijing Capital Juda Limited (01329), Biostime International Holdings Limited (01112), Yangtze Optical Fibre and Cable Joint Stock Limited Company (06869), BBMG

魏偉峰博士，55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的行政總裁，該公司專門為上市前及上市後的公司提供公司秘書、企業管治及合規專門服務。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。魏博士擁有超過20年高層管理包括執行董事、財務總監及公司秘書的經驗，其中絕大部分經驗涉及上市發行人(包括大型紅籌公司)的財務、會計、內部控制及法規遵守，企業管治及公司秘書方面，彼曾領導或參與多個上市、收購合併、發債等重大企業融資項目。魏博士自二零一三年一月起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。彼為香港特許秘書公會前會長、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、香港會計師公會專業資格及考試評議會委員會成員、香港上市公司商會常務委員會成員及中國財政部會計諮詢專家。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融資碩士學位，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。魏博士於二零零七年至二零一四年曾擔任中國鐵建股份有限公司(01186)的獨立非執行董事及於二零零九年至二零一五年擔任三一重裝國際控股有限公司(00631)的獨立非執行董事。而目前為中國中鐵股份有限公司(00390)、中國中煤能源股份有限公司(01898)、海豐國際控股有限公司(01308)、波司登國際控股有限公司(03998)、寶龍地產控股有限公司(01238)、首創鉅大有限公司(01329)、合生元國際控股有限公司(01112)、長飛光纖光纜股份有限公司(06869)、北京金隅股份有限公司(02009)、中國民航信息網絡股份有限公司(00696)及中國港橋控股有限公司(前稱為至卓國際(控股)有限公



Directors and Senior Management (Continued)

董事及高層管理人員(續)

Corporation (02009), TravelSky Technology Limited (00696) and China HKBridge Holdings Limited (formerly known as Topsearch International (Holding) Limited) (02323), shares of which are listed on the Stock Exchange and/or the Shanghai Stock Exchange. Dr. Ngai is also an independent director of LDK Solar Co. Ltd (LDKYQ), which was previously listed on the New York Stock Exchange, and currently listed on the OTC Pink Limited Information and SPI Energy Co., Limited (SPI), the shares of which are listed on NASDAQ.

Mr. LI Bida, aged 76, 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, currently known as Department of Directing Lawyers and Notarization, Ministry of Justice, from 1988 to 1992. He was also an arbitrator in China International Economics and Trade Arbitration Commission from 1989 to 1990. From 1992 to 1995, he served as standing deputy head of State Trademark Bureau. From 1992 to 2001, he held various positions in State Administration of Industry and Commerce including the head of the Fair Trading Bureau and the head of Registration Bureau. He was a consultant with a number of companies, including Galanz Group from 2001 to 2003, Perfect (China) Co., Ltd. and Nanfong Lee Kum Kee Co., Ltd. from 2001 to 2005, Ricoh China Co., Ltd. from 2005 to 2006, and NU Skin (China) Co., Ltd. from 2006 to 2007. He is currently a consultant of Intellectual Property Institute of Peking University, professor of Renmin University of China Law School and Capital University of Economics and Business. Mr. LI obtained a bachelor's degree in law from Hubei University in 1965.

司)(02323)的獨立非執行董事，上述公司的股份於聯交所及/或上海證券交易所上市。魏博士同時為賽維LDK太陽能高科技有限公司(LDKYQ)(曾於紐約證券交易所上市，現於OTC Pink Limited Information上市)及SPI Energy Co., Limited (SPI)，其股份於納斯達克市場上市的獨立董事。

李必達先生，76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證工作指導司)。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顧問、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 (Continued)

董事及高層管理人員(續)

Mr. CHEUNG Kin Wing (張建榮先生), aged 63, was appointed as our independent non-executive Director on 13 November 2014. Mr. CHEUNG has around 30 years of experience in information technology, financial accounting, auditing and management. Mr. CHEUNG is a member of Hong Kong Institute of Certified Public Accountants and a fellow of the Institute of Chartered Accountants in England and Wales. Since February 1999, Mr. CHEUNG has been a director and lead consultant of Sunplex Consultants Limited, a company providing human resources management and information technology consultancy services to its clients (including government organisations and private companies). Mr. CHEUNG had been an independent director of Principal Trust Company (Hong Kong) Limited (formerly known as AXA China Region Trustees Limited) from August 1999 to August 2015. Mr. CHEUNG has also been an independent non-executive director of Bank of Communications Trustee Limited since November 2003 and an independent non-executive director of ENM Holdings Limited (00128), a company whose shares are listed on The Stock Exchange of Hong Kong Limited, since June 2016. Mr. CHEUNG had held several positions, including Assistant Manager, Manager and Senior Manager between September 1980 and July 1991 in Coopers & Lybrand. Mr. CHEUNG had been a partner of Coopers & Lybrand since March 1995, and had been a partner of PricewaterhouseCoopers since Coopers & Lybrand was merged with Price Waterhouse into PricewaterhouseCoopers in October 1998 until his resignation in May 1999. Mr. CHEUNG was Director of Operations and Finance of Hong Kong Institute of Certified Public Accountants between July 2004 and April 2008 and a consultant of Hong Kong Institute of Certified Public Accountants between April 2008 and August 2008. Mr. CHEUNG obtained a Bachelor of Commerce from The University of Calgary in Canada in June 1979.

張建榮先生，63歲，於二零一四年十一月十三日獲委任為我們的獨立非執行董事。張先生於資訊科技、財務會計、審計及管理領域擁有約30年經驗。張先生是香港會計師公會會員及英格蘭及威爾士特許會計師公會的資深會員。張先生自一九九九年二月起擔任輝柏顧問有限公司的董事兼首席顧問，主要為客戶(包括政府機構及私營企業)提供人力資源管理和資訊科技諮詢服務。張先生於一九九九年八月至二零一五年八月擔任信安信託(香港)有限公司(前稱為安盛信託有限公司)的獨立董事。張先生亦自二零零三年十一月起擔任交通銀行信託有限公司的獨立非執行董事及自二零一六年六月開始擔任安寧控股有限公司(00128)的獨立非執行董事。安寧控股有限公司為一所在香港聯合交易所有限公司的上市公司。張先生於一九八零年九月至一九九一年七月期間曾在容永道會計師事務所擔任不同工作崗位，包括助理經理、經理及高級經理。張先生於一九九五年三月起擔任容永道會計師事務所的合伙人，並自一九九八年十月容永道會計師事務所與羅兵咸會計師事務所合併成羅兵咸永道會計師事務所後繼續擔任其合伙人至一九九九年五月本人離開羅兵咸永道會計師事務所為止。張先生曾於二零零四年七月至二零零八年四月期間擔任香港會計師公會的營運及財務總監及於二零零八年四月至八月期間擔任香港會計師公會顧問。張先生於一九七九年六月獲得加拿大卡爾加里大學的商學士學位。



Independent Auditor's Report

獨立核數師報告



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TO THE MEMBERS OF
BAWANG INTERNATIONAL (GROUP) HOLDING LIMITED
(incorporated in the Cayman Islands with limited liability)

致霸王國際(集團)控股有限公司股東
(於開曼群島註冊成立的有限公司)

Opinion

We have audited the consolidated financial statements of Bawang International (Group) Holding Limited (the “Company”) and its subsidiaries (“the Group”) set out on pages 65 to 175, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

意見

我們已審計列載於第65至第175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」)的綜合財務報表，其中包括於二零一六年十二月三十一日的綜合財務狀況表，以及截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒佈之國際財務報告準則(以下簡稱「國際財務報告準則」)真實而公平地反映貴集團於二零一六年十二月三十一日之財務狀況及其截至該日止年度之財務表現及綜合現金流量，並已遵循《香港公司條例》的披露要求進行適當編製。

意見的基礎

本行已根據香港會計師公會頒佈的《香港審計準則》進行審計。在這些準則下，本行的責任會在本核數師報告的核數師就綜合財務報表須承擔的責任中詳述。根據香港會計師公會之職業會計師道德守則(簡稱「守則」)，本行獨立於貴集團，並已遵循守則履行其他道德責任。本行相信，本行所獲得的審核憑證是充足和適當地為本行的審核意見提供基礎。



Independent Auditor's Report (Continued)

獨立核數師報告(續)

Key Audit Matters

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

Revenue recognition

Refer to note 7 to the consolidated financial statements and the accounting policies on page 92 and 93.

The key audit matter

關鍵審核事項

The Group recognised revenue of approximately RMB264,229,000 for the year ended 31 December 2016. Revenue is recognised when the goods are delivered and titles have passed, which is dependent on the contractual arrangements under different distribution channels with different customers.

截至二零一六年十二月三十一日止年度，貴集團已確認約人民幣264,229,000之銷售收入。銷售貨品之收入於貨品付運及擁有權轉移時入賬，並取決於不同客戶在不同分銷渠道下的合同安排。

We have identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and the determination of the points to recognise revenue may require management judgement.

我們把銷售收入確認列為關鍵審核事項，因為銷售收入是貴集團的關鍵績效指標之一，而確定收入的要點的確定可能需要管理層的判斷。

關鍵審核事項

根據我們的專業判斷，關鍵審核事項為本行審核本期綜合財務報表中最重要的事項。本行在整體審核綜合財務報表和就此形成意見時處理此等事項，而不會就此等事項單獨發表意見。

銷售收入確認

參閱綜合財務報表附註7及第92和93頁的會計政策。

How the matter was addressed in our audit

在審核中的處理方法

Our audit procedures were designed to challenge the timing and accuracy of the amounts recognised as revenue. These procedures included testing of controls over the Group's systems which govern the revenue recognition and substantive analytical procedures on the Group's revenue and gross profits.

我們的審計程序旨在檢視確認為收益的金額的時間性及準確性。該等程序包括測試對貴集團收益確認系統的監控，以及對貴集團銷售收入及毛利進行實質性分析程序。

We performed detailed testing on a sample of sales transaction during the year and across each major distribution channel to ensure revenue was appropriately recorded and to address the risks of occurrence and completeness. We performed specific cut off procedures to test transactions around year-end and verified to originating documentation that the sales transactions were recorded in the correct period.

我們對年內的銷售交易樣本進行了詳細的測試，以確保銷售收入受到適當記錄，並解決存在及完整性風險。我們執行了特定的截止性程序來測試接近年底的交易，並驗證原始文檔，以確保銷售交易記錄在正確的期間。

We scrutinised all manual journal entries related to revenue and inspected underlying documentation for any journal entries which were considered to be material or met other specific risk-based criteria.

我們仔細審查了所有與收益有關的手工記賬，並檢查了重大或符合其他特定風險條件的分錄的相關文檔記錄。



Independent Auditor's Report (Continued)

獨立核數師報告(續)

Valuation of trade receivables

Refer to note 22 to the consolidated financial statements and the accounting policies on pages 102–106.

The key audit matter 關鍵審核事項

As at 31 December 2016, the Group had trade receivables of approximately RMB44,342,000, which were significant to the Group's total current assets.

於二零一六年十二月三十一日，貴集團應收賬款達約人民幣44,342,000，佔貴集團總流動資產重要部份。

Taking into account of the growth in sales and nearly half of trade receivables were past due but not impaired, there may be a risk on the recoverability of the trade receivables arising from the long outstanding debt and financial difficulties faced by debtors.

考慮到本年度銷售增長及接近一半的應收賬款已逾期但未進行減值撥備，可能存在因賬齡較長的應收賬款和個別客戶的財務困難而產生的應收賬款的可收回性的風險。

We have identified valuation of trade receivables as a key audit matter because the estimates on the provision of individual debt entail a significant degree of management judgement and may be subject to management bias.

我們把應收賬款的減值評估確定為關鍵審計事項，因為在估算個別應收賬款撥備涉及管理層的重大判斷，當中可能存在意見偏頗的情況。

應收賬款的減值評估

參閱綜合財務報表附註22及第102至106頁的會計政策。

How the matter was addressed in our audit 在審核中的處理方法

Our audit procedures included, amongst others, evaluating management's assessment of the indicators of impairment and management's controls relating to the valuation of trade receivables. In addition, we performed substantive testing and analytical procedures. These procedures included challenging the appropriateness of management's assumptions and management estimates in relation to the valuation of trade receivables. We also assessed whether the revenue recognition policies adopted complied with IFRSs.

我們的審計程序包括評估管理層對應收賬款估值的控制。此外，我們進行了實質性測試和分析程序。這些程序包括對管理層就應收賬款減值評估的假設及估算的適當性提出質疑。我們還評估貴集團所採納的收入確認政策是否符合國際財務報告準則。

We have discussed with management regarding the level, ageing and recoverability of trade receivables. We have considered the Group's previous experience of bad debt exposure and the individual counterparty credit risk. We have assessed the recoverability of overdue unprovided debt with reference to the historical levels of bad debt expense and credit history of the counterparties. We have also considered the consistency of judgements regarding the recoverability of trade receivables year on year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgement areas.

我們已與管理層討論應收賬款的水平，賬齡和可收回性。我們考慮了貴集團以往壞賬暴險及個別客戶信用風險的經驗。我們參考壞賬費用的歷史水平和個別客戶的信用歷史評估逾期但未進行減值撥備的應收賬款的可收回性。我們還考慮了與應收賬款可回收性相關的判斷的一致性，通過與管理層的討論以獲得是否存在意見偏頗的證據及支持判斷領域的證據。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Valuation of inventories

Refer to note 21 to the consolidated financial statements and the accounting policies on page 101.

The key audit matter

關鍵審核事項

As at 31 December 2016, the Group had inventories of approximately RMB41,827,000, which were significant to the Group's total current assets.

於二零一六年十二月三十一日，貴集團存貨達約人民幣41,827,000，佔貴集團總流動資產重要部份。

Taking into account of the variety of products and relatively short life cycles of the Group's products, there are risks on obsolescence of long aged inventories which may affect the valuation of inventories held as at year end.

考慮到貴集團產品種類繁多及產品週期相對較短，貨齡較長的存貨有過時的風險並影響年末存貨的估值。

We have identified valuation of inventories as a key audit matter because the estimates on the net realisable values and obsolescence of inventories entail a significant degree of management judgement and may be subject to management bias.

我們把存貨的減值評估確定為關鍵審核事項，因為在估算存貨的可變現淨值涉及管理層的重大判斷，當中可能存在意見偏頗的情況。

存貨的減值評估

參閱綜合財務報表附註21及第101頁的會計政策。

How the matter was addressed in our audit

在審核中的處理方法

Our audit procedures were designed to assess the methodology and assumptions used by management in calculating the inventory provisions. We reviewed management's identification of slow moving and obsolete inventories, and critically assessed whether appropriate provisions had been established for slow moving and obsolete items. When considering management's assessment, we had also taken into account the most recent prices achieved on sales across different products.

我們的審計程序旨在評估管理層在計算存貨撥備時使用的方法和假設。我們審查了管理層對銷售緩慢和過時存貨的識別，並嚴格評估了是否為銷售緩慢和過時的項目制定了適當的條款。在考慮管理層的評估時，我們也考慮了不同產品的最近期銷售價格。

We also assessed the reliability of management's assessment by considering the utilisation or release of previously recorded provisions.

我們根據和以往年度比較，考慮了是否預期對管理層評估的方法和假設有所更改。我們還通過考慮以往撥備的使用或撥回，評估管理層計算存貨撥備的可靠性。



Independent Auditor's Report (Continued)

獨立核數師報告(續)

Going concern consideration

Refer to note 1 and note 4 to the consolidated financial statements.

The key audit matter 關鍵審核事項

As at 31 December 2016, the Group had accumulated losses of approximately RMB1,567,651,000 and reported net operating cash outflow of approximately RMB1,160,000. In view of such circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

於二零一六年十二月三十一日，貴集團累計虧損約人民幣1,567,651,000，經營性淨現金流出約人民幣1,160,000。鑑於上述情況，貴公司董事已考慮本集團未來資金的流動性、財務表現及其資金來源，以評估本貴團是否有足夠財務資源繼續作為持續經營。

Other Information

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

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

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

持續經營的考慮

參閱綜合財務報表附註1及第附註4。

How the matter was addressed in our audit 在審核中的處理方法

Our audit procedures included, amongst others, obtaining and reviewing the cash flow forecast prepared by the management. We then challenged the reasonableness of key assumptions based on our knowledge of the business and industry and reconciled input data to supporting evidences including subsequent financial information and cash position of the Group.

我們的審計程序包括獲取和審核管理層編製的現金流預測。然後，我們基於我們對貴集團業務和行業的了解對管理層編製現金流預測的的假設提出質疑，以及對現金流預測輸入的數據與支持性文件進行較對包括本集團的後續財務信息和現金狀況。

其他資料

董事須對其他資料承擔責任。其他資料包括年報中所包含的資料，但不包括綜合財務報表及本行就此發出的核數師報告。

本行對綜合財務報表作出的意見並未考慮其他資料。本行不對其他資料發表任何形式的核證結論。

就審計綜合財務報表而言，本行的責任是閱讀其他資料，從而考慮其他資料是否與綜合財務報表或本行在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若本行基於已完成的工作認為其他資料出現重大錯誤陳述，本行須報告此一事實。本行就此並無須報告事項。



Independent Auditor's Report (Continued)

獨立核數師報告(續)

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

董事和管治層就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的《國際財務報告準則》及《香港公司條例》的披露要求編製及真實而公允地列報該等綜合財務報表，並負責董事認為編製綜合財務報表所必需的有關內部監控，以確保有關綜合財務報表不存在重大錯誤陳述(不論是否由於欺詐或錯誤而導致的)。

在編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項(如適用)。除非董事有意將貴集團清盤，或停止營運，或除此之外並無其他實際可行的辦法，否則董事須採用以持續經營為基礎的會計法。

管治層須負責監督貴集團的財務報告流程。

核數師就綜合財務報表須承擔的責任

本行的目標是合理確定整體而言此等綜合財務報表是否不存在重大錯誤陳述(不論是否由於欺詐或錯誤而導致的)，並根據本行約定的專案約定條款向貴公司(作為一個團體)發出包含審核意見的核數師報告，除此之外別無其他目的。本行不就本報告之內容向任何其他人士承擔任何責任或接受任何義務。合理確定屬高層次的核證，但不能擔保根據《香港審計準則》進行的審計工作總能發現所有存在的重大錯誤陳述。重大錯誤陳述可源於欺詐或錯誤，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，被視為重大錯誤陳述。



Independent Auditor's Report (Continued)

獨立核數師報告(續)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 本行根據《香港審計準則》進行審計的工作之一，是運用專業判斷，在整個審核過程中抱持職業懷疑態度。本行也：
- 識別和評估貴集團綜合財務報告內的重重大錯報風險(無論是否因錯誤或欺詐而導致的)，設計和執行響應這些風險的審計程序，和獲取充份和適當的審計證據為發表本行的意見提供基礎。基於欺詐涉及共謀、偽造、故意遺漏、誤導性陳述或對內部控制的否決，因此未能發現由欺詐而導致重大錯報的風險是比由錯誤而導致重大錯報的風險為高。
 - 瞭解與審計工作相關的內部控制以設計恰當的審計程序，但並非對貴集團的內部控制有效性發表意見。
 - 評價 閣下選用會計政策的恰當性和作出會計估計和相關披露的合理性。
 - 總結 閣下採用以持續經營為基礎的會計處理是否恰當，並根據已獲取的審核證據，總結是否對貴集團持續經營的能力構成重大疑問的事件或情況等存在重大不確定因素。倘若本行總結認為有重大不確定因素，本行需要在核數師報告中提請注意貴集團綜合財務報表內的相關資料披露，或如果相關披露不足，則修訂本行的意見。本行的結論是基於截至核數師報告日期所獲得的審核憑證。然而，未來事件或情況可能導致貴集團不再具有持續經營的能力。
 - 評估貴集團綜合財務報表的整體列報、架構和內容(包括資料披露)，以及貴集團綜合財務報表及是否已公允地反映及列報相關交易及事項。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. CHAN Wing Kit.

SHINEWING (HK) CPA Limited

Certified Public Accountants

CHAN Wing Kit

Practising Certificate Number: P03224

Hong Kong
28 March 2017

- 就貴集團內各實體或業務活動的財務資料獲得充足的審核憑證，以就綜合財務報表發表意見。本行須負責指導、監督和執行貴集團的審計工作。本行仍為本行的審核意見承擔全部責任。

本行就審計工作的計劃範圍和時間、在審核過程中的主要發現(包括內部控制的重大缺失)及其他事項與管治層進行溝通。

本行亦向管治層作出聲明，確認本行已遵守有關獨立性的道德要求，並就所有被合理認為可能影響核數師獨立性的關係和其他事宜以及相關保障措施(如適用)，與管治層進行溝通。

本行通過與管治層溝通，確定哪些是本期綜合財務報表審計工作的最重要事項，即關鍵審核事項。除非法律或法規不容許公開披露此等事項或在極罕有的情況下，本行認為披露此等事項可合理預期的不良後果將超過公眾知悉此等事項的利益而不應在報告中予以披露，否則本行會在核數師報告中描述此等事項。

負責此審核項目與簽發獨立核數師報告的項目合夥人為陳永傑先生。

信永中和(香港)會計師事務所有限公司

執業會計師

陳永傑

執業證書號碼：P03224

香港
二零一七年三月二十八日



Consolidated Statement of Profit or Loss

綜合損益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
Continuing operations	持續經營業務			
Revenue	營業額	7	264,229	232,181
Cost of sales	銷售成本		(137,699)	(143,896)
Gross profit	毛利		126,530	88,285
Other income	其他收入	8	28,001	1,835
Changes in fair value less costs to sell in respect of biological assets	生物資產公允價值減 銷售成本的變動損益	20	29	116
Selling and distribution costs	銷售及分銷成本		(80,080)	(89,629)
Administrative expenses	行政開支		(30,458)	(52,910)
Other expenses	其他開支		(1,455)	(54,364)
Share of loss of a joint venture	應佔合營企業虧損	18	—	(696)
Waiver of capital injection in a joint venture	豁免合營公司注資	18	—	696
Finance costs	財務費用	9	(1,473)	(3,755)
Profit/(loss) before taxation	除所得稅前利潤/(虧損)		41,094	(110,422)
Taxation	所得稅	10	2,610	—
Profit/(loss) for the year from continuing operations attributable to owners of the Company	本公司擁有人應佔 持續經營業務之 年內利潤/(虧損)	11	43,704	(110,422)
Discontinued operation	已終止經營業務			
Loss for the year from discontinued operation attributable to owners of the Company	本公司擁有人應佔已終止 經營業務之年內虧損	13	—	(3)
Profit/(loss) for the year attributable to owners of the Company	本公司擁有人應佔之 年內利潤/(虧損)		43,704	(110,425)
Earnings/(loss) per share	每股盈利/(虧損)	15		
<i>From continuing and discontinued operations</i>	<i>來自持續經營業務及 已終止經營業務</i>			
Basic	基本		RMB1.4292 cents 人民幣1.4292仙	RMB(3.7928) cents 人民幣(3.7928)仙
Diluted	攤薄		RMB1.4289 cents 人民幣1.4289仙	RMB(3.7928) cents 人民幣(3.7928)仙
<i>From continuing operations</i>	<i>來自持續經營業務</i>			
Basic	基本		RMB1.4292 cents 人民幣1.4292仙	RMB(3.7927) cents 人民幣(3.7927)仙
Diluted	攤薄		RMB1.4289 cents 人民幣1.4289仙	RMB(3.7927) cents 人民幣(3.7927)仙

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
Profit/(loss) for the year	年內利潤/(虧損)	43,704	(110,425)
Other comprehensive expense	其他全面支出		
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可重新分類至損益的項目:</i>		
Exchange differences arising on translation of foreign operations	海外業務換算之匯兌差額	(1,740)	(2,711)
Total comprehensive income/(expense) for the year attributable to owners of the Company	本公司擁有人應佔年內全面收入/(開支)總額	41,964	(113,136)



Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2016 於二零一六年十二月三十一日

			31.12.2016 二零一六年 十二月三十一日 RMB'000 人民幣千元	31.12.2015 二零一五年 十二月三十一日 RMB'000 人民幣千元 (Restated) (經重列)	1.1.2015 二零一五年 一月一日 RMB'000 人民幣千元 (Restated) (經重列)
	Notes 附註				
Non-current asset		非流動資產			
Property, plant and equipment	19	物業、廠房及設備	137,237	155,284	225,482
Current assets		流動資產			
Inventories	21	存貨	41,827	40,909	52,039
Biological assets	20	生物資產	457	426	426
Trade and other receivables	22	貿易及其他應收賬款	65,584	64,794	68,168
Amounts due from related parties	34(a)	應收關聯方款項	8,075	75	—
Pledged bank deposits	23	抵押銀行存款	10	—	—
Deposit with bank	23	銀行存款	20,000	20,000	20,000
Bank balances and cash	23	銀行結餘及現金	22,312	9,604	16,934
			158,265	135,808	157,567
Current liabilities		流動負債			
Trade and other payables	24	貿易及其他應付賬款	127,121	171,888	166,034
Amounts due to related parties	34(a)	應付關聯方款項	660	7,301	6,208
Bank borrowings	27	銀行借款	5,610	—	—
Income tax payables		應付所得稅	9,066	9,645	9,645
Provisions	25	計提費用	2,503	3,826	2,044
			144,960	192,660	183,931
Net current assets/(liabilities)		流動資產/(負債)淨值	13,305	(56,852)	(26,364)
Total assets less current liabilities		總資產減流動負債	150,542	98,432	199,118
Non-current liabilities		非流動負債			
Loans from controlling shareholders	34(i)	控股股東貸款	—	54,946	44,069
Deferred tax liability	26	遞延稅項負債	—	2,031	2,031
			—	56,977	46,100
Net assets		資產淨值	150,542	41,455	153,018

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

As at 31 December 2016 於二零一六年十二月三十一日

		Notes 附註	31.12.2016 二零一六年 十二月三十一日 RMB'000 人民幣千元	31.12.2015 二零一五年 十二月三十一日 RMB'000 人民幣千元 (Restated) (經重列)	1.1.2015 二零一五年 一月一日 RMB'000 人民幣千元 (Restated) (經重列)
Capital and reserves	股本及儲備				
Share capital	股本	28(a)	277,878	256,705	256,639
Reserves	儲備	28(b)	(127,336)	(215,250)	(103,621)
Total equity	權益總額		150,542	41,455	153,018

The consolidated financial statements on pages 65 to 175 were approved and authorised for issue by the board of directors on 28 March 2017 and are signed on its behalf by:

第65至175頁面的綜合財務報表經董事會於二零一七年三月二十八日批准並由其代表簽署授權發行：

Director
董事
Mr. CHEN Qiyuan
陳啟源

Director
董事
Mr. CHEN Zheng He
陳正鶴



Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Attributable to owners of the Company 本公司權益持有人應佔								Total 權益總額
		Share capital 股本 RMB'000 人民幣千元	Share premium 股本溢價 RMB'000 人民幣千元	PRC statutory reserves 中國法定 儲備 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Merger reserve 合併儲備 RMB'000 人民幣千元	Translation reserve 匯兌儲備 RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	
At 1 January 2015 (Audited)	於二零一五年一月一日(經審核)	256,639	1,354,742	49,887	4,966	8,468	(26,474)	6,245	(1,501,422)	153,051
Adjustment (note 2)	調整(附註2)	-	-	-	-	-	-	-	(33)	(33)
At 1 January 2015 (Restated)	於二零一五年一月一日(經重列)	256,639	1,354,742	49,887	4,966	8,468	(26,474)	6,245	(1,501,455)	153,018
Loss for the year	年內虧損	-	-	-	-	-	-	-	(110,425)	(110,425)
Other comprehensive expense for the year	其他全面費用	-	-	-	-	-	-	-	(110,425)	(110,425)
Exchange differences arising on translation of foreign operations	海外業務換算之匯兌差異	-	-	-	-	-	(2,711)	-	-	(2,711)
Total comprehensive expense for the year	年內全面支出總額	-	-	-	-	-	(2,711)	-	(110,425)	(113,136)
Deemed contribution arising from non-interest bearing loans from controlling shareholders (note 34(i))	控股股東提供的免息借款所產生之視同注資(附註34(i))	-	-	-	-	-	-	1,507	-	1,507
Issue of shares under share option scheme (note 28)	發行股票期權計劃(附註28)	66	1,627	-	(1,627)	-	-	-	-	66
Forfeiture of vested equity-settled share-based payments	沒收歸屬的以股權結算並以股份為基礎的付款	-	-	-	(525)	-	-	-	525	-
At 31 December 2015 (Restated)	於二零一五年十二月三十一日(經重列)	256,705	1,356,369	49,887	2,814	8,468	(29,185)	7,752	(1,611,355)	41,455
At 1 January 2016 (Restated)	於二零一六年一月一日(經重列)	256,705	1,356,369	49,887	2,814	8,468	(29,185)	7,752	(1,611,355)	41,455
Profit for the year	年內盈利	-	-	-	-	-	-	-	43,704	43,704
Other comprehensive expense for the year	其他全面費用	-	-	-	-	-	-	-	43,704	43,704
Exchange differences arising on translation of foreign operations	海外業務換算之匯兌差異	-	-	-	-	-	(1,740)	-	-	(1,740)
Total comprehensive (expense) income for the year	年內全面(支出)收入總額	-	-	-	-	-	(1,740)	-	43,704	41,964
Deemed contribution arising from non-interest bearing loans from controlling shareholders (note 34(i))	控股股東提供的免息借款所產生之視同注資(附註34(i))	-	-	-	-	-	-	1,669	-	1,669
Issue of shares by way of placing	以出售方式發行股票	21,173	44,462	-	-	-	-	-	-	65,635
Share issue expenses	股票發行費用	-	(181)	-	-	-	-	-	-	(181)
At 31 December 2016	於二零一六年十二月三十一日	277,878	1,400,650	49,887	2,814	8,468	(30,925)	9,421	(1,567,651)	150,542

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
OPERATING ACTIVITIES	經營活動		
Profit/(loss) before taxation from continuing operations	持續經營業務之稅前利潤/(虧損)	41,094	(110,422)
Loss before taxation from discontinued operation	已終止經營業務之稅前虧損	—	(3)
		41,094	(110,425)
Adjustments for:	就下列作出調整：		
Bank interest income	銀行利息收入	(406)	(620)
Changes in fair value less costs to sell in respect of biological assets	生物資產公允價值減銷售成本的變動損益	(29)	(116)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	11,898	17,280
Finance costs	融資成本	1,473	3,755
Impairment loss recognised in respect of trade receivables	貿易應收款項之減值損失確認	2,425	4,809
Loss/(gain) on disposal of property, plant and equipment	處置物業、廠房及設備損失/(收益)	1,455	(51)
Write-down of inventories	存貨跌價	1,427	796
Reversal of write-down of inventories	存貨跌價撥回	(243)	(1,637)
Write-off of inventories	存貨報廢	2,493	6,106
Write-back of payables for acquisition of property, plant and equipment	購買物業、廠房及設備之付款撥回	(4,083)	—
Provision for litigation	訴訟計提費用	722	3,487
Impairment loss recognised in respect of property, plant and equipment	物業、廠房及設備之減值損失確認	—	54,364
Share of loss of a joint venture	應佔合營公司虧損	—	696
Waiver of capital injection in a joint venture	豁免合營公司注資	—	(696)
Operating cash flows before working capital changes	營運資金變動前之經營資金流量	58,226	(22,252)
(Increase)/decrease in inventories	存貨(增加)/減少	(4,583)	6,010
Increase in trade and other receivables	貿易及其他應收款項增加	(3,215)	(1,602)
Increase in amounts due from related parties	應收關聯方款項增加	(8,000)	—
(Decrease)/increase in trade and other payables	貿易及其他應付款項(減少)/增加	(34,902)	6,769
(Decrease)/increase in amounts due to related parties	應付關連方款項(減少)/增加	(6,641)	1,093
Decrease in provisions	計提費用減少	(2,045)	(1,705)
Cash generated used in operations	經營活動所用的現金	(1,160)	(11,687)
Income taxes paid	已付所得稅	—	—
NET CASH USED IN OPERATING ACTIVITIES	經營活動所用的現金淨額	(1,160)	(11,687)

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購買物業、廠房及設備	(1,234)	(2,257)
Increase in pledged bank deposits	抵押銀行存款增加	(10)	—
Plantation expenditure of biological assets	生物資產種植支出— 非流動部分	(14)	(29)
Bank interest received	已收銀行利息	406	712
Proceeds from disposal of property, plant and equipment	處置物業、廠房及 設備的所得款項	236	75
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用的現金淨額	(616)	(1,499)
FINANCING ACTIVITIES	融資活動		
Proceed from issue of new shares	發行新股所得款項	65,635	66
Proceeds from loans from controlling shareholders	控股股東借款所得款項	33,566	32,128
New bank borrowings raised	新增銀行借款	5,610	—
Repayments of loans from controlling shareholders	償還控股股東借款	(91,396)	(26,506)
Share issue expenses	股票發行費用	(181)	—
NET CASH FROM FINANCING ACTIVITIES	融資活動產生的現金淨額	13,234	5,688
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物 增加/(減少)淨額	11,458	(7,498)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	於年初之現金及現金等價物	9,604	16,934
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動影響	1,250	168
CASH AND CASH EQUIVALENTS AT END OF THE YEAR , representing bank balances and cash	於年終之現金及現金等價物 即指銀行結存及現金	22,312	9,604

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

1. General and Basis of Preparation of Consolidated Financial Statements

BaWang International (Group) Holding Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate parent company is Fortune Station Limited, which is incorporated in the British Virgin Islands (the “**BVI**”) and is beneficially owned by Mr. CHEN Qiyuan, the Chairman of the board of directors (the “**Directors**”) of the Company, and Ms. WAN Yuhua, a former director and Chief Executive Officer of the Company (collectively referred to as the “**Controlling Shareholders**”).

The address of the registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is at 6th Floor, 181 Tangle Road, Tangyong Village, Xinshi, Baiyun District, Guangzhou, 510410, the People’s Republic of China (the “**PRC**”).

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are the manufacturing and sales of the household and personal care products.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is same as the functional currency of the Company.

Going concern basis

The Group reported a net cash outflow from operating activities of approximately RMB1,160,000 for the year ended 31 December 2016, and had accumulative losses of approximately RMB1,567,651,000 as at 31 December 2016. In view of such circumstances, the Directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

1. 一般資料及綜合財務報表之編製基準

霸王國際(集團)控股有限公司(「**本公司**」)於開曼群島註冊成立為獲豁免的有限公司並且在香港聯合交易所有限公司(「**聯交所**」)上市。其直接母公司為在英屬處女群島(「**英屬處女群島**」)註冊的Fortune Station Limited，其股份受益人為本公司的董事(「**董事**」)會主席陳啟源先生和本公司前任董事和首席執行官萬玉華女士(統稱「**控股股東**」)。

本公司註冊辦事處的地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands，主要營業地點為中華人民共和國(「**中國**」)廣州市白雲區新市棠涌村棠樂路181號6樓，郵編510410。

本公司及其附屬公司(「**本集團**」)主要從事生產及銷售家庭和個人護理產品業務。

綜合財務報表以人民幣(「**人民幣**」)列示，本公司的功能貨幣亦為人民幣。

持續經營基準

截至二零一六年十二月三十一日止年度，本集團經營活動之現金流出淨值約人民幣1,160,000，並且於二零一六年十二月三十一日錄得累計虧損約人民幣1,567,651,000。在此情況下，本公司董事已考慮本集團未來資金流動性和業績情況，並評估本集團是否擁有足夠的財務資源支持其持續經營。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

1. General and Basis of Preparation of Consolidated Financial Statements (Continued)

Going concern basis (Continued)

In the opinion of the Directors of the Company, the Group is able to continue as a going concern in the coming year taking into consideration of the following:

- (i) The Group had unutilised banking facilities of RMB4,400,000 as at 31 December 2016;
- (ii) On 6 March 2017, a subsidiary of the Group entered into a banking facilities agreement with a bank in the PRC with available banking facilities of up to RMB80,000,000; and
- (iii) The Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

In light of the above, the Directors of the Company are of the opinion that it is still appropriate to prepare the consolidated financial statements for the year ended 31 December 2016 on a going concern basis.

Should the Group be not able to continue to operate as a going concern, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments.

1. 一般資料及綜合財務報表之編製基準(續)

持續經營基準(續)

本公司董事考慮以下因素，認為本集團在來年能夠持續經營：

- (i) 本集團於二零一六年十二月三十一日未使用銀行貸款人民幣4,400,000元；
- (ii) 於二零一七年三月六日，本集團之附屬公司與中國的一家銀行訂立銀行授信協議，可提供最高人民幣80,000,000元的銀行信貸；以及
- (iii) 本集團將採取節省成本措施，維持充足現金流以供本集團業務營運之用。

有見於上述各項，本公司董事認為，按持續經營基準編製截至二零一六年十二月三十一日止年度綜合財務報表仍屬恰當。

倘本集團未能按持續經營基準經營，則須作出調整，將所有非流動資產及負債重新分類為流動資產及負債、撇減資產價值至其可收回款額，以及就日後可能出現之負債撥備。此等調整並未於綜合財務報表入賬。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”)

In the current year, the Group has applied the following new and revised IFRSs, which include IFRSs, International Accounting Standards (“IAS(s)”), amendments and interpretations (“Int(s)”) issued by the International Accounting Standards Board (the “IASB”) and the IFRS Interpretations Committee (“IFRIC”) of the IASB.

Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)

於本年度，本集團已採納下列新訂及經修訂國際財務報告準則，包括由國際會計準則理事會及國際會計準則理事會之國際財務報告詮釋委員會頒佈的國際財務報告準則、國際會計準則修訂及新詮釋(「詮釋」)。

國際財務報告準則之修訂本	國際財務報告準則之年度改進(二零一二年至二零一四年周期)
國際會計準則第1號之修訂本	披露措施
國際會計準則第16號、第38號之修訂本	釐清折舊及攤銷可接受之方法
國際會計準則第16號、第41號之修訂本	農業：生產性植物
國際會計準則第27號之修訂本	獨立財務報表之權益法
國際財務報告準則第10號、第12號及國際會計準則第28號之修訂本	投資實體：豁免合併的應用
國際財務報告準則第11號之修訂本	收購合營業務權益之會計處理

除下文所述者，於本年度應用經修訂的國際財務報告準則對本集團於本年度及過往年度的財務表現及狀況及/或綜合財務報表當中所載披露並無重大影響。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments to IAS 16 and IAS 41 define bearer plants. Biological assets that meet the definition of bearer plants are no longer accounted for under IAS 41, but under IAS 16 instead. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The Group has applied the amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants for the first time in the current year. The amendments should be applied retrospectively.

Summary of the effects of the above change in Amendments to IAS 16 and IAS 41

The effects of the change in Amendments to IAS 16 and IAS 41 described above on the results for the preceding year by line items presented in the consolidated statement of profit or loss are as follows:

		2015 二零一五年 RMB'000 人民幣千元
Increase in cost of sales	銷售成本增加	3
Increase in administrative expenses	管理費用增加	79
Increase in changes in fair value less costs to sell in respect of biological assets	生物資產公允價值減去銷售成本變動的 增加	(238)
Net decrease in loss for the year attributable to owners of the Company	本公司擁有人應佔有年度內淨損失的 減少	(156)

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際會計準則第16號和第41號之修訂本農業：生產性植物

國際會計準則第16號及國際會計準則第41號之修訂本為生產性植物定義。符合生產性植物定義的生物資產將根據國際會計準則第16號，而非國際會計準則第41號入賬。生產性植物上生長的農產品則繼續根據國際會計準則第41號入賬。

本集團於本年度首次採用國際會計準則第16號和第41號之修訂本農業：生產性植物。此項修訂之變動已追溯應用。

上述國際會計準則第16號和第41號修訂之變更影響概述

上述修訂的國際會計準則第16號和第41號將會影響上一年度損益表的以下項目：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (Continued)

Summary of the effects of the above change in Amendments to IAS 16 and IAS 41 (Continued)

The effects of the change in Amendments to IAS 16 and IAS 41 described above on the consolidated statement of financial position of the Group as at the end of the immediately preceding financial year, i.e. 31 December 2015, are as follow:

		As at 31 December 2015 於二零一五年 十二月三十一日 (Originally stated) (未經重列) RMB'000 人民幣千元	Adjustments 調整 RMB'000 人民幣千元	As at 31 December 2015 於二零一五年 十二月三十一日 (Restated) (經重列) RMB'000 人民幣千元
Property, plant and equipment	物業·廠房及設備	154,999	285	155,284
Biological assets (non-current portion)	生物資產(非流動資產部分)	162	(162)	—
Total effect on net assets	對淨資產的合計影響	155,161	123	155,284
Accumulated losses and total effect on equity	累計損失和對權益的總影響	(1,611,478)	123	(1,611,355)

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際會計準則第16號和第41號之修訂本農業：生產性植物(續)

上述國際會計準則第16號和第41號修訂之變更影響概述(續)

國際會計準則第16號和第41號描述的上述修訂在本集團截止二零一五年十二月三十一日的綜合財務狀況表中的變更列示如下：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (Continued)**Summary of the effects of the above change in Amendments to IAS 16 and IAS 41 (Continued)**

The effects of the change in Amendments to IAS 16 and IAS 41 described above on the consolidated statement of financial position of the Group as at the beginning of the comparative period, i.e. 1 January 2015, are as follow:

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際會計準則第16號和第41號之修訂本農業：生產性植物(續)**上述國際會計準則第16號和第41號修訂之變更影響概述(續)**

國際會計準則第16號和第41號描述的上述修訂在本集團截止二零一五年一月一日的綜合財務狀況表中的期間對比數據列示如下：

		As at 1 January 2015 於二零一五年 一月一日 (Originally stated) (未經重列) RMB'000 人民幣千元	Adjustments 調整 RMB'000 人民幣千元	As at 1 January 2015 於二零一五年 一月一日 (Restated) (經重列) RMB'000 人民幣千元
Property, plant and equipment	物業·廠房及設備	225,340	142	225,482
Biological assets (non-current portion)	生物資產(非流動資產部分)	175	(175)	—
Total effect on net assets	對淨資產的合計影響	225,515	(33)	225,482
Accumulated losses and total effect on equity	累計損失和對權益的總影響	(1,501,422)	(33)	(1,501,455)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (Continued)

Summary of the effects of the above change in Amendments to IAS 16 and IAS 41 (Continued)

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際會計準則第16號和第41號之修訂本農業：生產性植物(續)

上述國際會計準則第16號和第41號修訂之變更影響概述(續)

		Impact on basic loss per share from continuing operations 每股基本 的影響持續經營業務 2015 二零一五年	Impact on diluted loss per share from continuing operations 每股攤薄 的影響持續經營業務 2015 二零一五年
Figures before adjustments (RMB cents)	調整前數據(人民幣仙)	(3.7980)	(3.7980)
Adjustment arising from change in accounting policy in relation to application of amendments to IAS 16 and IAS 41	應用國際會計準則第16號和第41號修訂之調整	0.0053	0.0053
Figures after adjustments (RMB cents)	調整後的數據(人民幣仙)	(3.7927)	(3.7927)



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9	Financial Instruments ²
IFRS 15	Revenue from Contracts with Customers ²
IFRS 16	Leases ³
Amendments to IAS 7	Disclosure Initiative ¹
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to IFRS 4	Applying IFRS 9 <i>Financial Instruments</i> with IFRS 4 <i>Insurance Contracts</i> ²
Amendments to IFRSs	Annual Improvements to IFRSs 2014–2016 Cycle ⁵

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則

本集團並無提早應用以下已頒佈惟尚未生效之新訂及經修訂國際財務報告準則。

國際財務報告準則第9號	財務工具 ²
國際財務報告準則第15號	來自客戶合約之收入 ²
國際財務報告準則第16號	租賃 ³
國際會計準則第7號之修訂本	披露計劃 ¹
國際會計準則第12號之修訂本	遞延所得稅資產未變現虧損之確認 ¹
國際財務報告準則第10號及國際會計準則第28號之修訂本	投資者與其聯營公司或合營公司之間出售或注資 ⁴
國際財務報告準則第2號之修訂本	股份支付交易的分類與計量 ²
國際財務報告準則第4號之修訂本	國際財務報告準則第9號金融工具與國際財務報告準則第4號保險合約 ² 之應用
國際財務報告準則之修訂本	國際財務報告準則之年度改進(二零一四年至二零一六周期 ⁵)



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2017.
- ² Effective for annual periods beginning on or after 1 January 2018.
- ³ Effective for annual periods beginning on or after 1 January 2019.
- ⁴ Effective date not yet been determined.
- ⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The Directors of the Company anticipate that, except as described below, the application of other new and revised IFRSs will have no material impact on the results and the financial position of the Group.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

- ¹ 於二零一七年一月一日或以後開始之年度期間生效。
- ² 於二零一八年一月一日或以後開始之年度期間生效。
- ³ 於二零一九年一月一日或以後開始之年度期間生效。
- ⁴ 生效日期尚未確定。
- ⁵ 按情況於二零一七年一月一日或二零一八年一月一日或以後開始之年度期間生效。

本公司董事預計，除了下述內容，其他新增及修訂之國際財務報告準則之應用將不會對本集團的業績和財務狀況產生重大影響。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, IFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the consolidated financial statements. A finalised version of IFRS 9 was issued in 2014 to incorporate all the requirements of IFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a “fair value through other comprehensive income” (“**FVTOCI**”) measurement category for certain financial assets. The finalised version of IFRS 9 also introduces an “expected credit loss” model for impairment assessments.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

國際財務報告準則第9號金融工具

於二零零九年頒佈的國際財務報告準則第9號對金融資產的分類及計量提出新要求。國際財務報告準則第9號於二零一零年修訂並載有對金融負債的分類及計量及終止確認的要求。於二零一三年，國際財務報告準則第9號獲進一步修訂，以落實對沖會計法之實質性修訂，從而將使實體於財務報表中更好地反映風險管理活動。國際財務報告準則第9號的最終版本於二零一四年頒佈以涵蓋所有過往年度頒佈的國際財務報告準則第9號的規定，藉為若干金融資產引入「透過其他全面收益按公允價值列賬」(「**透過其他全面收益按公允價值列賬**」)計量類別，對分類及計量規定作出有限修訂。國際財務報告準則第9號的最終版本亦引入「預期信貸虧損」模式進行減值評估。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 9 Financial Instruments (Continued)

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. 應用新修訂及經修訂國際財務報告準則(國際財務報告準則)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

國際財務報告準則第9號金融工具(續)

國際財務報告準則第9號之主要規定載述如下：

- 所有符合國際會計準則第39號金融工具：確認及計量範圍內所有已確認之金融資產其後按攤銷成本或公允價值計量。特別是根據業務模式以收取合約現金流量為目的之債務投資及僅為支付本金及未償還本金之利息而產生合約現金流量之債務，一般於其後會計期末按攤銷成本計量。於目的為同時收回收約現金流量及出售金融資產的業務模式中持有的債務工具，以及金融資產條款令於特定日期產生的現金流純為支付本金及未償還本金的利息的債務工具，以透過其他全面收益內按公允價值列賬的方式計量。所有其他債務投資及股本投資乃按於其後會計期末之公允價值計量。此外，根據國際財務報告準則第9號，實體可作出不可撤回的選擇，於其他全面收益呈列股本投資(非持作交易)公允價值之其後變動，而僅有股息收入一般於損益中確認。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 9 Financial Instruments (Continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity’s expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in IAS 39 for the recognition of credit losses. Under the impairment approach in IFRS 9 it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

2. 應用新修訂及經修訂國際財務報告準則(國際財務報告準則)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

國際財務報告準則第9號金融工具(續)

- 就計量指定按公允價值列賬並在損益內處理的金融負債而言，國際財務報告準則第9號規定，金融債因其信貸風險變動引致的公允價值變動數額，除非於其他全面收益確認該負債的信貸風險變動影響會造成或擴大損益的會計錯配，否則須於其他全面收益呈列。金融負債因其信貸風險變動而引致的公允價值變動其後不會重新分類至損益。根據國際會計準則第39號，指定為透過損益按公允價值列賬的金融負債的公允價值變動全部數額均於損益呈列。
- 就減值評估而言，加入有關於實體金融資產預期信貸虧損及延長信貸的承諾的減值的入賬要求。此等規定消除於國際會計準則第39號有關確認信貸虧損的門檻。根據國際財務報告準則第9號的減值方法，毋須再待發生信貸事件方確認信貸虧損。取而代之，預計信貸虧損及該等預計信貸虧損的變動總應計入在內。預期信貸虧損的金額於各報告期日更新以反映自初始確認起的信貸風險變動及從而提供有關預期信貸虧損的更多更及時的資料。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 9 Financial Instruments (Continued)

- IFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, IFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under IAS 39, it is necessary to exhibit eligibility and compliance with the requirements in IAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for IAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

IFRS 9 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Group is in the process of assessing the potential impact on the financial performance resulting from the adoption of IFRS 9. So far it has concluded that the adoption of IFRS 9 may have an impact on the Group's results and financial position, including the classification and measurement of financial assets. For instance, the Group will be required to replace the incurred loss impairment model in IAS 39 with the expected loss impairment model that will apply to various exposures to credit risk. Until a detailed review of the impact of adopting IFRS 9 is performed, the Group cannot provide a reasonable estimate that quantifies the impact on this financial statements nor can it yet conclude whether that impact will be significant or not.

2. 應用新修訂及經修訂國際財務報告準則(國際財務報告準則)(續)

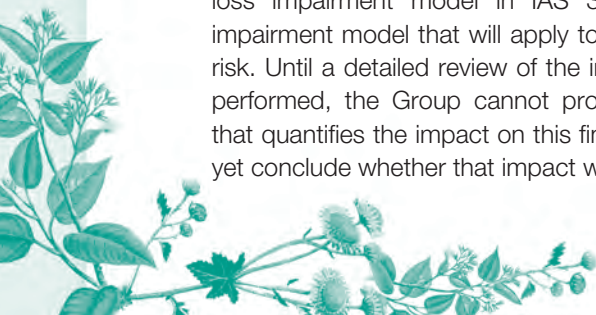
已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

國際財務報告準則第9號金融工具(續)

- 國際財務報告準則第9號引入新模式，允許公司在對沖彼等之金融及非金融風險時所進行的風險管理動能密切地與對沖會計匹配。作為一種以原則為基礎的方法，國際財務報告準則第9號著眼於風險的確認及計量，並不區分金融項目和非金融項目。新模式亦允許實體利用為進行風險管理而產生的內部資料作為對沖會計的基準。根據國際會計準則第39號，有必要使用僅用作會計目的度量來展現對國際會計準則第39號的合格性及合規性。新模式亦包括合格性標準，惟該等標準基於就對沖關係強度進行的經濟評估，可利用風險管理數據釐定。相較於國際會計準則第39號之對沖會計內容，此應可降低實行成本，因其降低了僅為會計處理所需進行的分析量。

國際財務報告準則第9號將於二零一八年一月一日或以後開始的年度期間生效，並可以提前應用。

本公司董事會正在評估國際財務報告準則第9號通過之後對財務績效的潛在影響。本公司董事預期，日後採用國際財務報告準則第9號可能對本集團之財務資產和財務負債所呈報的金額構成影響。該集團將被要求將國際財務報告準則第9號「預期信貸虧損」取代國際會計準則39號，這可能產生信用風險。就本集團之金融資產及金融負債而言，直至完成詳細審閱為止無法就有關影響作出合理估計。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 15 Revenue from Contracts with Customers

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, IFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

- (i) Identify the contract with the customer;
- (ii) Identify the performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the consolidated financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

2. 應用新修訂及經修訂國際財務報告準則(國際財務報告準則)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

國際財務報告準則第15號來自客戶合約之收入

國際財務報告準則第15號的核心原則為實體應確認收入，以述明按反映實體預期可用以交換已約定貨品或服務之代價的金額向客戶移交該等貨品或服務。因此，國際財務報告準則第15號引入適用於客戶合約的模型，特點是按合約對交易進行五個步驟的分析，以釐定是否確認收入、確認收入的數額及時間。五個步驟如下：

- (i) 識別與客戶訂立之合約；
- (ii) 識別合同中的履約責任；
- (iii) 確定交易價格；
- (iv) 分配交易價格至履約責任；及
- (v) 當(或於)實體履約責任之時確認收入。

國際財務報告準則第15號還引入了大量的定性和定量的披露要求，其目的是使合併財務報表的使用者了解從客戶合同所產生的收入及現金流的性質、金額、時間以及不確定性。

國際財務報告準則第15號生效後，將取代現時沿用的收入確認指引，包括國際會計準則第18號收入、國際會計準則第11號建造合同以及相關解釋。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

IFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors of the Company anticipate that the application of IFRS 15 in the future may have an impact on the timing of the revenue recognition, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until detailed review have been completed.

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

2. 應用新修訂及經修訂國際財務報告準則(國際財務報告準則)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

國際財務報告準則第15號來自客戶合約之收入(續)

國際財務報告準則第15號於二零一八年一月一日或之後開始年度期間生效，允許提早應用。根據國際財務報告準則第15號，於(或隨著)實體完成履約責任，即與特定履約責任相關之貨品或服務之「控制權」轉移予顧客時確認收益。國際財務報告準則第15號已加入更多特定指引以處理特別情況。此外，國際財務報告準則第15號要求更詳盡之披露。

本公司董事預期，日後採用國際財務報告準則第15號可能對本集團之釐定應確認收益金額及時間構成影響和需要遵守更多披露規定。但是，直至完成詳細審閱為止，無法就有關影響作出合理估計。

國際財務報告準則第16號租賃

國際財務報告準則第16號為租賃安排之識別以及其于出租人及承租人財務報表之處理方式提供一個綜合模型。

就承租人會計處理而言，該準則引入單一承租人會計處理模式，規定承租人就租賃期超過十二個月的所有租賃確認資產及負債，惟相關資產價值較低則除外。

承租人須於租賃開始日期按成本確認使用權資產，包括租賃負債之初始計量金額，加開始日期或之前向出租人作出之任何租賃付款，減任何已收租賃優惠以及承租人產生之初步估計修復成本及任何初始直接成本。租賃負債乃按尚未支付租賃付款於該日之現值初始確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

IFRS 16 Leases (Continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 will supersede the current lease standards including IAS 17 *Leases* and the related Interpretations when it becomes effective.

IFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16. Since the Group enters into lease arrangements with lease term ranging from one to thirty years, the Group may be required to recognise the right-of-use asset and lease liability in the future. The Directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

2. 應用新修訂及經修訂國際財務報告準則(國際財務報告準則)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

國際財務報告準則第16號租賃(續)

其後，使用權資產乃按成本減任何累計折舊及任何累計減值虧損計量，並就租賃負債之任何重新計量作出調整。租賃負債其後藉增加賬面值以反映租賃負債利息，減少賬面值以反映已作出之租賃付款而計量，並重新計量賬面值以反映任何重估或租賃修訂或反映經修訂之實質固定租賃付款。使用權資產之折舊及減值開支(如有)將按照國際會計準則第16號物業、廠房及設備之規定於損益扣除，而租賃負債之應計利息則計入損益。

就出租人會計處理而言，國際財務報告準則第16號實質上沿用國際會計準則第17號的出租人會計規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，以不同方式將此兩類租賃入賬。

國際財務報告準則第16號生效後，將取代現有租賃準則，包括國際會計準則第17號租賃及相關詮釋。

國際財務報告準則第16號將於二零一九年一月一日或之後開始之年度期間生效，並可提早應用，惟實體須於國際財務報告準則第16號初步應用當日或之前已採用國際財務報告準則第15號來自客戶合約之收益。由於本集團訂立租賃安排之平均租賃期限為一至三年，本集團於日後可能須確認使用權資產及租賃負債。本公司董事正在評估該等規定對於綜合財務報表之影響。然而，於本集團進行詳盡審閱前提供該影響之合理估計乃不切實際。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Application of New and Revised International Financial Reporting Standards (“IFRS(s)”) (Continued)

New and revised IFRSs in issue but not yet effective (Continued)

Amendment to IAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to IAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The Directors of the Company anticipate that the adoption of Amendments to IAS 7 in the future may have significant impact on presentation and additional disclosure of the Group’s consolidated statement of cash flows. However, it is not practicable to provide a reasonable estimate of the effect of Amendments to IAS 7 until the Group performs a detailed review.

2A. Change of Accounting Estimates

Change of depreciation rate for the year ended 31 December 2015

In previous years, machinery was depreciated at 10% per annum. With effect from 1 January 2015, machinery has been depreciated at 6.7% per annum. The decrease in depreciation rate used is due to the low utilisation rate of machinery with shrinking revenue. This change in depreciation rate has decreased the depreciation charge for the year ended 31 December 2015 by approximately RMB3,293,000.

2. 應用新修訂及經修訂國際財務報告準則(國際財務報告準則)(續)

已頒佈尚未生效之新訂及經修訂國際財務報告準則(續)

國際會計準則第7號披露計劃的修訂

該等修訂要求實體提供使財務報表用戶能夠評估融資活動所產生的負債變動的披露資料，包括現金流量產生的變動及非現金變動。該等修訂並無限定達成新披露規定的指定方法。然而，該等修訂指出其中一個方法為提供融資活動產生的負債之期初及期末結餘之對賬。

該等修訂於二零一七年一月一日或之後開始之年度期間生效。

本公司董事預期，日後採用國際財務報告準則第7號之修訂或會對本集團綜合現金流量表之呈列及額外披露造成重大影響。然而，直至完成詳細審閱為止，無法就有關影響作出合理估計。

2A. 會計估值的變更

截至二零一五年十二月三十一日止折舊率的變更

在過去的幾年裏，機器以每年10%的比率計提折舊，從二零一五年一月一日開始，機器每年以6.7%的比率計提折舊。折舊率的下降是由於整個收入的縮減而引至設備的使用率下降。這種折舊率的改變使本年折舊費用減少了約人民幣3,293,000。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for biological assets that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

3. 主要會計政策

本綜合財務報表乃根據國際會計準則委員會發佈的國際財務報告準則編製。此外，本綜合財務報表包括了聯交所證券上市規則(「上市規則」)和香港公司條例要求的適用披露事項。

如下文載列之會計政策所說明，綜合財務報表於各報告期末按歷史成本基準而編製，以公允價值計量之生物資產除外。

歷史成本通常基於就交換貨品而支付代價的公允價值。

公允價值是於計量日期市場參與者間在主要市場(或最有利的市場)按照現行市況(即平倉價)進行的有序交易所出售資產所收取或轉讓負債須支付的價格，不論該價格是否直接可觀察或使用另一估值技術估計所得。有關公允價值計量的詳情於下文所載會計政策中解釋。

主要會計政策載列如下：

綜合賬目之基準

綜合財務報表包括本公司及受其控制實體(即其子公司)的財務報表。

控制乃指本集團擁有：(i)權力支配被投資方；(ii)藉對被投資方的參與而有權改變由其獲取的回報；及(iii)藉對該被投資方行使權力而有能力影響本集團回報。倘本集團於被投資方的投票權少於半數，可因應相關事實及情況，透過下列方式取得被投資方的權力：(i)與其他投票持有人訂立合約安排；(ii)來自其他合約安排的權利；(iii)本集團的投票權及潛在投票權；或(iv)綜合上述各項。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

3. 主要會計政策(續)

綜合賬目之基準(續)

倘有事實及情況顯示上述三項控制因素中有一項或以上出現變化，本集團將重新評估其是否對投資對象擁有控制權。

當本集團取得附屬公司之控制權時，該等附屬公司之賬目開始合併，而當本集團失去附屬公司之控制權時終止合併。

附屬公司之收入及開支自本集團取得控制權之日起至本集團失去控制權之日計入綜合損益表中。

損益及其他全面收益之各項目歸屬於本公司擁有人及非控股權益。即時會導致非控股權益產生虧損結餘，附屬公司之全面收益總額易歸屬於本公司擁有人及非控股權益。

集團內部各實體之間之資產及負債、所有者權益、收入、開支以及現金流量，將於綜合賬目時悉數對消。

合營公司的投資

合營公司為一項合營安排，共同控制有關安排之各方對合營安排中之淨資產享有權利。共同控制乃各方訂立合約同意分享某項安排之控制權，只在就相關活動所作決定須獲共同控制方一致同意之情況下存在。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Investment in a joint venture (Continued)

The Group's investment in a joint venture is accounted for in the consolidated financial statements using the equity method. Under the equity method, investment in a joint venture is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the joint venture are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of loss of a joint venture equals or exceeds its interest in the joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture.

After application of the equity method, including recognising the joint venture's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the joint venture. The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. 主要會計政策(續)

合營公司的投資(續)

集團於合營公司之投資乃以權益會計法併入綜合財務報表內。根據權益法，於合營公司之投資按成本初步於綜合財務狀況表確認，其後作出調整以確認本集團分佔合營公司之損益及其他全面收益。當本集團分佔合營公司之虧損超出其於該合營公司之權益(包括任何實質上構成本集團於該合營公司之投資淨額之長期權益)時，本集團終止確認其分佔之進一步虧損。只在本集團須代合營公司承擔法律或推定責任，或支付款項之情況下始須確認額外虧損並確認負債。

於合營公司之投資，自被投資方成為合營公司之日起採用權益法列賬。

採用權益法核算後，包括計入該合營公司的虧損(如有)，本集團決定是否有必要確認其在合營公司之投資任何額外的減值損失。該項投資的全部賬面值以單一資產的方式進行減值測試，方法是比較其可收回金額(即使用價值與公允價值減出售成本的較高者)與其賬面值。任何已確認的減值虧損構成該項投資的賬面值的一部份，有關減值虧損的任何撥回乃於該項投資的可收回金額其後增加。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Investment in a joint venture (Continued)

When the investment ceases to be a joint venture upon the Group losing joint control over the joint venture, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. 主要會計政策(續)

合營公司的投資(續)

當不再是對本集團的合營公司或喪失共同控制的合營公司的投資，本集團中止採用權益法，並且任何保留權益公允價值以在初始確認之日按照香港會計準則第39條關於財務資產的公允價值計量。並從合資公司部分權益處置任何收益，並在權益法被中斷之日起把投資的賬面價值之間的差額，計入當期損益。其他綜合收益相對於投資以前確認的金額重分類至損益或在同一基礎上的留存收益，它會被要求投資直接設置相關的資產和負債。

收入確認

收入按已收或應收代價的公允價值計算，乃經扣除預計客戶退貨、返利及其他類似撥備。

銷售貨品之收入於貨品付運及擁有權轉移時，並符合下列所有條件時確認入賬：

- 本集團已將貨物的重大風險及回報轉嫁至買方；
- 本集團並無保留一般與擁有權有關之已出售貨品持續管理權或實際控制權；
- 收入金額能可靠計量；
- 交易涉及之經濟利益很可能流向本集團；及
- 就交易所引致或將引致之成本能可靠計量。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. 主要會計政策(續)

收入確認(續)

財務資產之利息收入於經濟利益有可能流入本集團且收入金額能可靠計量時確認。利息收入乃按時間基準，參考未償還本金及適用實際利率，即初次確認時按該財務資產估計未來現金在預期可使用期內實切地折現至資產賬面淨值之利率累計。

租賃

凡租約條款規定擁有權附帶的一切風險及回報轉移至承租人者，均分類為融資租賃。所有其他租約則分類為經營租賃。

本集團作為承租人

經營租賃款項按相關租賃年期以直線法確認為支出。對於經營租約中獲得的租金減免應記為負債。而合共的租金減免之收益會以直線法於有關租金扣除確認。

外幣

於編製個別集團實體之財務報表時，以該實體之功能貨幣以外貨幣(外幣)進行之交易乃按交易當日之通行匯率折算確認。於呈報期末，以外幣列值之貨幣項目按該日之通行匯率重新換算。以外幣列值按公允價值入賬之非貨幣項目按釐定公允價值當日之通行匯率換算。以外幣列值按歷史成本計量之非貨幣項目不予重新換算。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

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

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. 主要會計政策(續)

外幣(續)

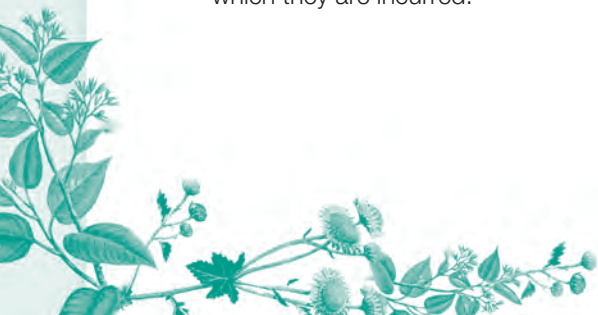
結算貨幣項目及貨幣兌換項目所產生之匯兌差異於其產生期間內在損益中確認，除了公司一項境外業務淨投資所產生之匯兌差異，在這種情況下，這些匯兌差異都計入其他綜合收益並在權益中累計，並將境外業務處置從權益重分類至損益。以外幣列值按公允價值入賬之非貨幣項目所產生之匯兌差異直接計入其他綜合收益，在這種情況下，匯兌差異也直接計入其他綜合收益。

就呈列綜合財務報表而言，本集團之海外業務資產及負債採用呈報期末之通行匯率換算為本集團之呈列貨幣(即人民幣)。除非採用交易日之匯率，而當期匯率變動明顯，否則收入及開支項目會按年內之平均匯率換算。所產生之匯兌差額(如有)於其他全面收益內確認並累計入權益項下之匯兌儲備中。

借款成本

可直接歸屬於購建或者生產符合條件的資產的借款成本，指需要經過相當長的時間週期來達到他們的預定可使用狀態或者可銷售狀態的資產。直至達到他們的預定可使用狀態或者可銷售狀態時作為資產增加到這些資產的成本中。

借款成本於產生期間會於損益中確認。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs and termination benefits

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. 主要會計政策(續)

政府補助

在合理地保證本集團會遵守政府補助的附帶條件以及將會得到資助後，政府補助方會予以確認。

政府補助於本集團將有關補助擬補償之有關成本確認為開支之期間，按系統化基準於損益中確認。具體來說，政府補助，其基本條件是本集團應購買，建造或以其他方式取得非流動資產，被認為財務狀況的合併報表遞延收益，並在使用壽命轉移到利潤或虧損系統合理的基礎上的相關資產。

用作補償本集團已產生開支或虧損或旨在為本集團提供即時財務資助(而無未來相關成本)之應收政府補助，乃於其成為可收取之期間於損益確認。

退休福利成本和辭退福利

支付給國家管理的退休福利計劃及強制性公積金計劃被認為是當僱員提供使其有權獲得有關供款的服務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。

短期和其他長期僱員福利

僱員就工資、薪金、年假及病假應計之福利，於提供服務期間按預期就服務所支付的福利未折現金額而確認為負債。

短期僱員福利按相關服務換取的未折現預期福利金額計量，確認為負債。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Short-term and other long-term employee benefits (Continued)

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. 主要會計政策(續)

短期和其他長期僱員福利(續)

就其他長期僱員福利確認的負債按預計本集團就僱員直至報告日期提供的服務而估計的未來現金流出的現值計量。

稅項

所得稅支出指應繳即期稅項及遞延稅項之總和。

應繳即期稅項根據本年度之應課稅溢利計算。應課稅溢利與綜合損益表中呈報的稅前溢利不同，乃基於其並無計入其他年度應課稅收入或可扣稅開支以及無需課稅及不獲扣稅之項目所致。本集團之即期稅項負債乃按呈報期末已訂定或大致訂定之稅率計算。

遞延稅項乃於綜合財務報表內資產及負債賬面值與用於計算應課稅溢利之相應稅基兩者間之暫時性差異確認。遞延稅項負債一般按所有應課稅暫時性差異確認。遞延稅項資產一般按可能會出現可用作抵銷可扣稅暫時性差異之應課稅溢利就所有可扣稅的暫時性差異確認。倘暫時性差異乃初始確認(業務合併中的除外)一項交易中的資產及負債所產生但不影響應課稅溢利或會計溢利，則不會確認該等遞延資產及負債。此外，倘商譽的初始確認引起暫時性差異，則不會確認遞延稅項負債。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. 主要會計政策(續)

稅項(續)

遞延稅項負債乃按附屬公司投資有關之應課稅臨時差額確認，惟若本集團可控制臨時差額之回撥及臨時差額很有可能不會於可見將來回撥之情況除外。有關該等投資及權益之可扣除暫時差額所產生之遞延稅項資產僅於可能有足夠應課稅溢利可動用暫時差額利益且預計於可見將來撥回時確認。

遞延稅項資產之賬面值於每一呈報期末進行檢討，並於不可能再有足夠應課稅溢利可用以收回所有或部分遞延稅項資產時作出相應的賬面值扣減。

遞延稅項資產及負債乃根據於呈報期末時已頒佈或實際已頒佈之稅率(及稅法)，按預期於清償負債或變現資產期間適用之稅率計算。

遞延稅項負債及資產之計算反映本集團預期於呈報期末時收回或償還其資產及負債之賬面值所產生之稅務後果。

即期及遞延稅項於損益中確認，惟倘關於在其他全面收益內或直接在權益中確認之項目有關，在此情況下，即期及遞延稅項亦分別於其他全面收益內或直接在權益中確認。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods, or for administrative purposes and bearer plants, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment other than construction in progress and immature bearer plants less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Bearer plants are classified as immature until the produce can be commercially harvested. At that point, immature bearer plants are reclassified to bearer plants and depreciation commences. Immature bearer plants are measured at accumulated costs.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 主要會計政策(續)

物業、廠房及設備

物業、廠房及設備包括持作生產或供應貨品或服務或作行政用途的樓宇，乃以成本值減隨後累計折舊及隨後累計減值損失(如有)於綜合財務狀況表列賬。

折舊於其估計可使用年期內撤銷廠房及設備之成本減其估計剩餘價值後以直線法確認。估計可使用年期、剩餘價值及折舊方法於每個呈報期末作出檢討，其估計變動之影響按未來適用基準入賬。

物業指用作生產、供應或行政用途乃按成本值減任何已確認減值虧損列賬。成本包括專業費用，符合條件之資產需根據本集團會計政策將貸款成本資本化。該等物業需在完工後合適地分類至物業、廠房及設備。相關的折舊亦應根據其他物業資產的基準，在該等物業可供其擬定用途時入賬。

生產性植物被歸類為不成熟，直到能產生商業收穫。這一點上，不成熟的生產性植物被重新分類為生產性植物並開始計提折舊。不成熟的生產性植物以累計投入的成本計量。

一項物業廠房和設備報廢或者將來預期繼續使用該項資產不會帶來經濟效益時被終止確認。任何有報廢或者設備的退出所帶來的收入或者損失于銷售收入和該項資產的賬面價值之間的差異被確認為利潤或者損失。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets into agricultural produce for sale or into additional biological assets. Biological assets are measured at fair value less costs to sell at initial recognition and at the end of each reporting period while agricultural produce harvested from the biological assets are measured at fair value less costs to sell at the point of harvest, which is deemed as the cost at that date when the agricultural produce becomes inventory or additional biological assets.

A gain or loss arising on the initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset is included in profit or loss for the period in which it arises. A gain or loss arising on the initial recognition of agricultural produce at fair value less costs to sell is included in profit or loss for the period in which it arises.

If an active market exists for a biological asset or agricultural produce with reference to comparable species, growing condition and expected yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers.

Subsequent expenditure relating to producing and harvesting biological assets are charged to expense when incurred and costs that increase the number of units of biological assets owned or controlled by the Group are capitalised in the carrying amount of the biological assets.

3. 主要會計政策(續)

生物資產

生物資產乃有生命之植物，涉及將生物資產轉化為待售農產品或轉化為更多生物資產。生物資產於初步確認及各呈報期末按公允價值減銷售成本計量，而農產品按公允價值減收成時的銷售成本計量，這被視為農產品轉至存貨或更多生物資產之成本。

初步確認與其後公允價值變動產生之盈虧減生物資產之銷售成本乃於產生期間於損益表確認。初步確認與其後公允價值變動產生之盈虧減農業產品之銷售成本及於產生期間於損益表確認。

倘生物資產或農產品經參考可比較農作物之品種、生長狀況及預期收穫後存在活躍市場，則採納市場上所報價格釐定該資產之公允價值。倘並不存在活躍市場，本集團則採用最近之市場交易價計算，惟交易日與報告期末之間並無出現重大經濟情況變動或同類資產之市價已經調整至反映差額以釐定公允價值或由獨立專業估值師釐定。

後續有關生產和收割生物資產所產生的支出在發生時計入費用，而那些增加了集團擁有或者控制的生物資產數量的成本按照賬面價值資本化。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Internally-generated intangible assets — research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured on the same basis as intangible assets acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3. 主要會計政策(續)

內部產生的無形資產 — 研究及開發費用

由開發活動(或由一項在發展階段期間之內部項目)內部所產生之無形資產，只會在以下全部已被證明之情況下方會予以確認：

- 完成無形資產以使該無形資產可供使用或出售的技術可行性；
- 完成無形資產及使用或出售該無形資產的意向；
- 使用或出售無形資產的能力；
- 無形資產如何於日後產生可能的經濟利益；
- 是否有足夠的技術、財務及其他資源以完成開發及使用或出售無形資產；及
- 可靠計量無形資產於開發期間應佔支出的能力。

內部產生的無形資產金額之初始確認是指滿足無形資產確認條件后發生開支總和。如果沒有可被識別的內部產生無形資產，於期間內產生之開發支出計入當期損益。

初始確認后，內部產生的無形資產按照單獨購買無形資產計量。

研究活動之開支於其產生期間確認為費用。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method, and include 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 represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

3. 主要會計政策(續)

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決定，並包括購入存貨及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，按照適當比例分配的生產製造費用。可變現淨值指存貨的估計售價減估計全部完工成本及必要的銷售開支。

存貨撇減至可變現淨值之減幅及所有存貨損失均於撇減或損失產生期間確認為開支。任何已撇減存貨之撥回金額，在作為撥回期間內確認為減少已確認為開支的存貨金額。

現金及現金等價物

綜合財務狀況表之銀行結餘及現金包括銀行現金及手頭現金以及三個月或以內到期之短期存款。

就綜合現金流量表而言，現金及現金等價物由上文所定義之現金及銀行結餘組成。

對附屬公司的投資

對附屬公司的投資按成本扣除累計減值損失列示於本公司財務狀況表。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. 主要會計政策(續)

金融工具

當一間集團實體成為金融工具合約條款的一方時，金融資產及金融負債須於綜合財務狀況表中進行確認。

金融資產及金融負債初步按公允價值計量。初步確認時，直接歸於收購或發行金融資產及金融負債的交易成本須加入該等金融資產或金融負債的公允價值或從中扣除(如適用)。

金融資產

本集團金融資產分類為貸款及應收款項。分類乃根據金融資產的性質及目的進行，並初步確認時予以釐定。所有常規買賣之金融資產乃按交易日期確認及終止確認。以常規方式買賣指須根據市場規則或慣例所規定之限期內交付資產之金融資產買賣。

實際利率法

實際利率法乃計算相關期間內債務工具之攤銷成本及分配利息收入之方法。實際利率指確切折現金融資產之預計可使用年期或較短期間(如適用)內估計未來現金收入(包括構成實際利率不可或缺部分之已付或已收之一切費用及利率差價、交易成本及其他溢價或折讓)至初步確認賬面淨值之利率。

利息收入按債務工具的實際利率確認。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, pledged bank deposit, deposit with bank and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy on impairment loss of financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

貸款及應收款項

貸款及應收款項為並無於活躍市場報價但具有固定或可釐定付款之非衍生金融資產。經初步確認後，貸款及應收款項(包括貿易及其他應收款項、銀行存款及銀行結存及現金)以實際利率法按攤銷成本減任何已識別減值虧損計算(請參閱下文金融資產減值之會計政策)。

金融資產減值損失

金融資產於各呈報期末評估是否有減值跡象。倘有客觀證據初步確認金融資產後發生之一項或多項事件令金融資產的估計未來現金流量受到影響，則視該金融資產已減值。

就所有金融資產而言，減值之客觀證據可包括：

- 發行人或對方有重大財政困難；或
- 違約，如逾期或拖欠利息或本金還款；或
- 借款人有可能破產或財務重組；或
- 因財務困境而使金融資產喪失活躍市場。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

For certain categories of financial assets, such as trade and other receivables, assets are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance amount are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值損失(續)

就若干類別之金融資產(如貿易及其他應收款項)而言,不會單獨進行額外減值評估的資產會於其後一併進行評估。應收款項組合出現減值的客觀證據包括本集團收回款項的過往經組合中超過平均信貸期30至90天的滯延付款數量增加,及與欠款有關的國家或地區經濟狀況的顯著變動。

就以攤銷成本列賬之金融資產而言,所確認之減值虧損金額為該資產賬面金額與按該金融資產原實際利率折現之估計未來現金流量現值之差額。

所有金融資產之減值虧損會直接於金融資產之賬面金額中作出扣減,惟貿易及其他應收款項除外,其賬面金額會透過撥備賬扣減。撥備賬內之賬面金額變動會於損益中確認。當貿易及其他應收款項被視為不可收回時,其將於撥備賬內撤銷。先前已撤銷之款項如於其後收回,將計入損益。

就以攤銷成本計量之金融資產而言,倘於期後期間,減值虧損金額減少且能客觀地證明與確認減值損失後所發生之事件有關,則先前確認之減值虧損會透過損益撥回,惟減值撥回當日之資產賬面金額不得超過如無確認減值時之攤銷成本。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities are classified into other financial liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related parties, bank borrowings and loans from controlling shareholders are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. 主要會計政策(續)

金融工具(續)

金融負債及股權工具

集團實體發行之債務及股權工具按所訂立之合約安排性質，以及金融負債及股權工具之定義分類為金融負債及股權。

本集團的金融負債被劃分為其他金融負債。

其他金融負債

其他金融負債(包括貿易及其他應付款項、應付關連方款項及控股股東借款)於期後使用實際利率法按攤銷成本計算。

實際利率法

實際利率法為計算有關期間金融負債之攤銷成本及分配利息開支之方法。實際利率乃準確將金融負債預計年期或較短期間(如適用)內產生之估計未來現金付款(包括所支付或所收取構成實際利率一部份之所有費用及息差、交易成本及其他溢價或折現)折現至初步確認時之賬面淨額之利率。

利息開支按實際利息確認。

股權工具

股權工具為證明一間實體的資產經扣除其所有負債後之剩餘權益的任何合約。本集團發行之股權工具以扣除直接發行成本後之已收所得款項確認。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. 主要會計政策(續)

金融工具(續)

終止確認

當從金融資產收取現金流之合約權利已屆滿，或當本集團向另一實體轉移金融資產及其擁有權之絕大部份風險及回報時，方會終止確認金融資產。

於全面終止確認金融資產時，資產賬面金額與已收及應收代價及已於其他全面收益確認並於權益累計之累積盈虧之總和之差額，會於損益中確認。

當本集團之債務獲解除、撤銷或屆滿時，本集團方會終止確認金融負債。終止確認之金融負債賬面金額與已付及應付代價之差額會於損益中確認。

計提準備

倘本集團因過往事件而須承擔現有法律責任或推定責任，且本集團極有可能須履行該責任，並能可靠地估計所須承擔之金額，則須確認計提準備。

確認為計提準備之金額乃呈報期間未履行現時責任所需代價之最佳估計，並計及有關責任之風險及不確定因素。當計提準備按履行現時責任估計所需之現金流量計量時，其賬面值為有關現金流量之現值(當貨幣時間價值之影響為顯著)。當結算計提準備所需部分或全部經濟利益預期可自第三方收回時，倘大致確定將可獲償付及應收款項可作可靠計量，則將應收款項確認為資產。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (capital reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital reserve.

When share options are exercised, the amount previously recognised in capital reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in capital reserve will be transferred to accumulated losses.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. 主要會計政策(續)

以股份為基礎的支付交易

以股權結算並以股份為基礎的交易

授予僱員的購股權

接受業務的公允價值參照股票期權交易的授予日之公允價值以直線基準在歸屬期間費用化，並於權益(資本儲備)作出相應增加。

在呈報期末，本集團會修訂預期最終歸屬的估計購股權數量。更改最初預計歸屬期內的影響會於損益中確認並相應地調整資本儲備，以使累計費用反映經修訂估計。

購股權獲行使時，先前在資本儲備確認的金額將轉入股份溢價。倘歸屬日後被沒收或於屆滿日仍未行使，之前在資本儲備確認的金額會轉入累計損失。

有形資產之減值損失

於呈報期末，本集團審閱其有形資產之賬面值以釐定是否有任何跡象顯示該等資產已蒙受減值損失。倘存在任何該等跡象，將對資產之可收回金額作出估計以確定減值損失(如有)之程度。倘無法估計個別資產之可收回金額，本集團將估計該資產所屬之現金產生單位之可收回金額。倘可辨識到合理及一致之分配基準，企業資產亦分配到個別現金產生單位或彼等獲分配到可辨識合理及一致之分配基準之現金產生單位最小之組別。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Impairment losses on tangible assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of property, plant and equipment for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. 主要會計政策(續)

有形資產之減值損失(續)

可收回金額乃公允價值減銷售成本及使用價值兩者中之較高者。評估使用價值時，估計之未來現金流量在未作出調整時應按當時市場對貨幣時間值及該資產特定風險之估計之稅前折現率折現至其現值。

倘估計一項資產(或現金產生單位)之可收回金額低於其賬面值，該資產(或該現金產生單位)之賬面值將減少至其可收回金額。減值損失將即時於損益確認。

倘減值損失於其後撥回，其資產之賬面值將增加至其經修訂之估計可收回金額，惟所增加賬面值不得超過倘於過往年度該資產沒有減值損失情況下所釐定之賬面值。減值損失撥回即時被確認為收入。

公允價值計量

計量公允價值(除本集團以股份為基礎的支付交易，租賃交易，存貨的可變現淨值和物業，廠房及設備使用價值的減值評估外)而言，倘市場參與者於計量日期對資產或負債定價時考慮其特徵，則本集團亦會考慮該等特徵。

非金融資產的公允價值計量計及市場參與者透過使用其資產的最高及最佳用途或透過將資產出售予將使用其最高及最佳用途的另一名市場參與者而能夠產生經濟利益的能力。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Significant Accounting Policies (Continued)

Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

3. 主要會計政策(續)

公允價值計量(續)

本集團採用估值技術，在適當的情況下為其提供足夠的數據衡量公允價值，最大限度地利用相關的可觀察輸入值，並盡量減少使用不可觀察輸入值。具體而言，該集團分類的公允價值計量根據投入的特徵分為如下三層級：

- 第一級 — 同類資產或負債於活躍市場的報價(未經調整)。
- 第二級 — 估值技術(對公允價值計量而言屬重要輸入數據的最低層級直接或間接可觀察)。
- 第三級 — 估值技術(對公允價值計量而言屬重要輸入數據的最低層級不可觀察)。

於報告期末，本集團釐定資產及負債的公允價值層級是否已發生轉移，公允價值層級乃通過審閱其各自的公允價值計量按經常性基準以公允價值計量。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the Directors of the Company has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Going concern consideration

The assessment of the going concern assumptions involves making judgements by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 1.

4. 關鍵會計判斷及估計不確定因素之主要來源

本集團於應用附註3所述之會計政策時，本公司董事須就該等資產、負債、收入和支出報告及合併財務報表作出的披露作出判斷、估計及假設。該等估計及相關假設乃根據董事過往經驗及其認為相關之其他因素而作出。實際結果與估計可能出現誤差。

該等估計及相關假設按持續基準進行審閱。會計估計之修訂乃於作出修訂估計之期間內確認(倘修訂僅影響該期間)，或於修訂期間及未來期間確認(倘修訂影響本期及未來期間)。

應用會計政策之關鍵判斷

除涉及估計者外(見下文)，以下關鍵判斷為本公司董事於應用本集團會計政策之過程中所作出，並對綜合財務報表內確認之金額和披露構成最重大影響者。

持續經營考慮

評估持續經營假設時涉及由管理層於某一特定時間對本身不確定之事件或狀況之未來結果作出判斷。本公司董事認為，本集團有能力持續經營，而可能單獨或集體引致業務風險的之主要事件或狀況載於附註1。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated useful life of property, plant and equipment

The Group depreciates the property, plant and equipment on a straight-line basis between the rates of 5% to 50% per annum, commencing from the date the property, plant and equipment are available for use. The estimated useful lives that the Group places the property, plant and equipment into productive use reflects the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. As at 31 December 2016, the carrying amount of property, plant and equipment was approximately RMB137,237,000 (2015 (Restated): RMB155,284,000). Depreciation of approximately RMB11,898,000 (2015 (Restated): RMB17,280,000) has been recognised for the year.

During the year ended 31 December 2015, the Directors of the Company determined the useful lives of certain items should be revised, due to the low utilisation rate of machinery with shrinking revenue. The financial effect of the reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease the Group's loss by approximately RMB3,293,000 for the each of the years ending 31 December 2016 to 2024.

4. 關鍵會計判斷及估計不確定因素之主要來源(續)

估計不確定因素之主要來源

於呈報期末就未來和其他估計的不明朗因素的主要來源所作出的主要假設，此等假設足以致使下一個財政年度的資產及負債賬面值發生重大調整的風險，列載如下。

物業、廠房及設備的預計可使用年限

本集團由物業、廠房及設備開始可供使用當日起使用直線法按5%至50%之年率就物業、廠房及設備計算折舊。本集團作生產用途之物業、廠房及設備之估計可用年期反映董事估計本集團擬藉使用其物業、廠房及設備取得未來經濟利益之期間。截至二零一六年十二月三十一日，物業、廠房及設備的賬面價值約為人民幣137,237,000(二零一五年度(經重列)：人民幣155,284,000)。年內已確認折舊約人民幣11,898,000(二零一五年度(經重列)：人民幣17,280,000)。

於二零一五年十二月三十一日止期間，本公司董事決定某些項目的使用年限應予修改，由於收入下降導致機器利用率低。重新評估的財務影響，假設資產持有至預計可使用年限結束後，二零一六年到二零二四年十二月三十一日期間，每年度可為集團減少約人民幣3,293,000的虧損。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2016, the carrying amount of trade and other receivables was approximately RMB65,584,000 (2015 (Restated): RMB64,794,000), net of accumulated impairment loss of approximately RMB11,946,000 (2015: RMB9,521,000).

Allowance of inventories

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. As at 31 December 2016, the carrying amount of inventories was approximately RMB41,827,000 (2015: RMB40,909,000), net of accumulated allowance of approximately RMB2,503,000 (2015: RMB1,319,000).

4. 關鍵會計判斷及估計不確定因素之主要來源(續)

估計不確定因素之主要來源(續)

貿易及其他應收款項減值

當存在減值損失的客觀證據，集團會考慮未來現金流的估計。減值損失的金額以資產的賬面金額與預計未來現金流量(不包括尚未發生的未來信用損失)，按照該金融資產原實際利率折現(即實際利率的現值之間的差額利率在初始確認時計算)。當實際現金流量少於預期，將導致減值虧損。於二零一六年十二月三十一日，貿易及其他應收款項之賬面值約為人民幣65,584,000(二零一五年度(經重列)：人民幣64,794,000)，已扣除累計減值虧損約人民幣11,946,000(二零一五年度：人民幣9,521,000)。

存貨撥備

存貨是按成本與可變現淨值兩者較低者入賬。任何超過可變現淨值的存貨成本將計入存貨撥備以抵減存貨價值。

可變現淨值為日常業務中以存貨的估計售價減去至完工估計將要發生的成本及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，本集團參考其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。於二零一六年十二月三十一日，存貨的賬面值約為人民幣41,827,000(二零一五年度：人民幣40,909,000)，已扣除累計撥備淨值約為人民幣2,503,000(二零一五年度：人民幣1,319,000)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Impairment on property, plant and equipment

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 fair value less costs of disposal and the value in use. It is difficult to precisely estimate fair value 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 judgement relating to items such as level of revenue and amount of operating costs and discount rate. 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 revenue and operating costs. As at 31 December 2016, the carrying amount of property, plant and equipment is approximately RMB137,237,000 (2015 (Restated): RMB155,284,000), net of accumulated impairment losses of approximately RMB113,622,000 (2015: RMB114,597,000).

Income taxes

Determining income tax provisions involves judgement 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.

4. 關鍵會計判斷及估計不確定因素之主要來源(續)

估計不確定因素之主要來源(續)

物業、廠房及設備減值

考慮物業、廠房及設備減值時應釐定該資產的可收回金額。可收回金額，乃公允價值減去處置費用及使用價值之較高者。鑒於此類資產可能沒有及時的市場報價，難以準確估計其公允價值。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和折扣率等項目的合理及有理據的假設及預測作出的估計。於二零一六年十二月三十一日，物業、廠房及設備之賬面值約為人民幣137,237,000(二零一五年度(經重列)：人民幣155,284,000)，已扣除累計減值虧損約為人民幣113,622,000(二零一五年度：人民幣114,597,000)。

所得稅

釐定所得稅撥備涉及對若干交易日後稅務處理之判斷。本集團謹慎評估交易之稅務影響並據此製訂稅務撥備。本集團定期重新審議上述交易之稅務處理以便將所有稅法變動考慮在內，並就未動用之稅務虧損及可抵扣暫時差額確認遞延稅項資產。由於遞延稅項資產只限極可能抵扣之未來應課稅溢利時才會確認，因此需要管理層判斷獲得未來應課稅溢利之可能性。本集團定期審閱管理層之評估，倘若極可能獲得能利用遞延稅項資產之未來應課稅溢利，便會確認額外之遞延稅項資產。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes of biological assets

The Group's biological assets are measured at fair value less cost to sell for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The financial controller reports the valuers' findings to the Directors of the Company to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of the assets. Note 20 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of biological assets. As at 31 December 2016, the carrying amount of biological assets was approximately RMB457,000 (2015 (Restated): RMB426,000).

Provision in respect of litigation

Provision for the expected cost of legal obligations is recognised at the Directors' best estimate and with reference to legal advice of the expenditure required to settle the Group's obligations. As at 31 December 2016, the carrying amount of provision is approximately RMB2,503,000 (2015: RMB3,826,000). Details are set out in note 25.

4. 關鍵會計判斷及估計不確定因素之主要來源(續)

估計不確定因素之主要來源(續)

公允價值計量及估值流程

本集團生物資產價值乃按公允價值減銷售成本計量用於財務申報目的。管理層釐定有關公允價值計量之適用估值方法及輸入數據。

在估計資產的公允價值時，本集團可能使用可觀察市場數據。在並非第1級的輸入數據的情況下，本集團委聘合資格第三方估值師進行估值。管理層與合資格外聘估值師緊密合作設立適用之估值方法及模型輸入數據。財務總監定期將估值團隊之調查結果向本公司董事匯報，解釋資產之公允價值波動之原因。

於估計該資產的公允價值時，本集團採用包括並非根據可見市場數據之資料的估值技術。有關估值技術、輸入數據及用於釐定生物資產之公允價值使用之主要假設的詳細資料載於附註20。截至二零一六年十二月三十一日，生物資產的賬面價值約為人民幣457,000(二零一五年度(經重列)：人民幣426,000)。

相關法律訴訟撥備

預計法律訴訟責任之計提費用已在參考了相關可能需要支付費用的法律意見後，根據董事對其最準確之預計確認。於二零一六年十二月三十一日，該撥備賬面值約為人民幣2,503,000(二零一五年度：人民幣3,826,000)。詳情於附註25列明。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. Capital Risk 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's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings and loans from controlling shareholders disclosed in note 34(i), net of pledged bank deposit, deposit with bank and bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

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

The Directors of the Company review the capital structure on a semi-annual basis. As part of this review, the Directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors of the Company, the Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

6. Financial Instruments

(a) Categories of financial instruments

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Financial assets	金融資產		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等價物)	112,680	91,412
Financial liabilities	金融負債		
Other financial liabilities at amortised cost	以攤銷成本列賬之其他金融負債	(119,085)	(204,532)

5. 資本風險管理

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。本集團整體策略與去年維持不變。

本集團的資本結構包括債務淨額(包括附註34(i)中披露的控股股東借款，扣除銀行結存及現金)及本公司權益持有人應佔權益(包括股本和儲備)。

本公司及其任何附屬公司概不受外界資本規定限制。

本公司董事每半年會審閱資本結構。就有關審閱，董事考慮資本成本及與各級別資本相關之風險。根據本公司董事建議，本集團將透過發行新股份、發行新債務或贖回現有債務，以平衡其整體資本架構。

6. 金融工具

(a) 金融工具類別

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Financial Instruments (Continued)

(b) Financial risk management objective and policies

The Group's major financial instruments include trade and other receivables, amounts due from related parties, pledged bank deposit, deposit with bank, bank balances and cash, trade and other payables, amounts due to related parties, bank borrowings and loans from controlling shareholders. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. Approximately 5% (2015: 5%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale. The Group currently does not have a foreign currency hedging policy. The Group will monitor foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

6. 金融工具(續)

(b) 金融風險管理目標及政策

本集團之主要金融工具包括貿易及其他應收款項、應收關聯方款項、抵押銀行存款、銀行存款、銀行結存及現金、貿易及其他應付款項、應付關連方款項、銀行貸款和控股股東借款。該等金融工具之詳情於各附註內披露。與該等金融工具有關之風險包括市場風險(貨幣風險和利率風險)、信貸風險及流動性風險。下文載列如何降低該等風險之政策。管理層管理及監控該等風險，以確保適時及有效地採取適當措施。

市場風險

貨幣風險

本公司旗下多間附屬公司之銷售是外幣計價，本集團因而面對外匯風險。本集團約5%(二零一五年度：5%)之銷售以集團實體功能貨幣以外之貨幣計價。本集團目前並無任何外幣對沖政策。本集團會監控外匯風險，如有必要時，亦會考慮對沖重大外匯風險。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Financial Instruments (Continued)

(b) Financial risk management objective and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

市場風險(續)

貨幣風險(續)

本集團以外幣計價之貨幣資產及貨幣負債於呈報期末之賬面值如下：

		Assets 資產		Liabilities 負債	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
RMB	人民幣	63	185	(8,914)	(6,820)
Hong Kong Dollar ("HK\$")	港元(「港元」)	17,104	2,153	(1,112)	(13,414)
United States Dollar ("USD")	美元(「美元」)	38	33	—	—

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Financial Instruments (Continued)

(b) Financial risk management objective and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency of RMB, HK\$ and USD.

The following table details the Group's sensitivity to a 5% (2015: 5%) increase and decrease in exchange rates of the relevant foreign currencies against the respective entity's functional currency. 5% (2015: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2015: 5%) change in foreign currency rates. A positive number below indicates an increase/decrease in post-tax profit/loss where the respective functional currencies of the reporting entity weaken 5% (2015: 5%) against the relevant foreign currencies. For a 5% (2015: 5%) strengthening of the respective functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the loss, and the balances below would be negative.

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

市場風險(續)

貨幣風險(續)

敏感度分析

本集團主要面對人民幣、港元及美元貨幣風險。

下表詳列本集團於相關外幣兌各匯報實體功能貨幣之匯率上升及下跌5%(二零一五年度:5%)之敏感度。5%(二零一五年度:5%)之敏感度,乃於內部向主要管理人員匯報外匯風險時採用,並為管理層對外幣匯率可能出現之合理變動之評估。敏感度分析僅包括未兌換以外幣計值之貨幣項目,並於呈報期末按5%(二零一五年度:5%)之匯率變動調整其換算。下表列示之正數顯示倘各匯報實體功能貨幣兌相關外幣貶值5%(二零一五年度:5%)時稅後盈利/虧損增加/減少之數額。倘相關功能貨幣兌相關外幣升值5%(二零一五年度:5%),將會對虧損造成等額但相反之影響,而下表之結餘將為負數。

		RMB 人民幣		HK\$ 港元		USD 美元	
		2016 二零一六年 RMB'000 人民幣千元 (note (a)) (附註(a))	2015 二零一六年 RMB'000 人民幣千元 (note (a)) (附註(a))	2016 二零一六年 RMB'000 人民幣千元 (note (b)) (附註(b))	2015 二零一六年 RMB'000 人民幣千元 (note (b)) (附註(b))	2016 二零一六年 RMB'000 人民幣千元	2015 二零一六年 RMB'000 人民幣千元
Profit or (loss)	溢利或(虧損)	(370)	(328)	602	(476)	2	1

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Financial Instruments (Continued)

(b) Financial risk management objective and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

Notes:

- (a) This is mainly attributable to the exposure outstanding on bank balances and cash denominated in RMB at the end of the reporting period.
- (b) This is mainly attributable to the exposure outstanding on loans from controlling shareholders and bank balances and cash denominated in HK\$ at the end of the reporting period.

Interest rate risk

As at 31 December 2016 and 2015, the Group is exposed to cash flow interest rate risk in relation to bank balances and cash (note 23). No sensitivity analysis is presented because the risk is considered insignificant.

As at 31 December 2016 and 2015, the Group is also exposed to fair value interest rate risk in relation to fixed rate deposit with bank (note 23) and fixed rate bank borrowings (note 27). No sensitivity analysis is presented because the risk is considered insignificant.

Credit risk

As at 31 December 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

市場風險(續)

貨幣風險(續)

敏感度分析(續)

附註：

- (a) 此乃主要由於在呈報期末以人民幣計值的銀行結存及現金所承受之風險所致。
- (b) 此乃主要由於在呈報期末以港元計值的銀行結存及現金和控股股東借款所承受的風險所致。

利率風險

於二零一六年及二零一五年十二月三十一日，本集團面對之現金流利率風險關於銀行結存及現金(附註23)。鑒於該風險較小，故無呈列敏感度分析。

於二零一五年和二零一六年十二月三十一日，本集團面對公允價值利率風險關於銀行存款(附註23)以及固定利率銀行貸款(附註27)。鑒於該風險較小，故概無呈列敏感度分析。

信貸風險

於二零一六年十二月三十一日，本集團之最高信貸風險(因交易方未能履行責任及本集團提供之財務擔保而令本集團蒙受財務損失)來自各項金融資產於綜合財務狀況表所列之賬面值。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Financial Instruments (Continued)

(b) Financial risk management objective and policies (Continued)

Credit risk (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group's concentration of credit risk by geographical location is mainly in the PRC, which accounted for 99% (2015: 97%) of the total trade receivable as at 31 December 2016.

As at 31 December 2016, the Group has concentration of credit risk of 15% (2015: 22%) and 42% (2015: 44%) of the total trade receivables, which was due from the Group's largest customer and the five largest customers respectively.

None of the Group's financial assets are secured by collateral or other credit enhancements.

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

信貸風險(續)

為儘可能減低信貸風險，本集團之管理層已委派一支隊伍負責釐定信貸限額、審批信貸及進行其他監察程序，確保採取跟進行動以收回逾期債務。此外，本集團亦於呈報期末檢討各個別貿易債務之可收回金額，以確保就不可收回款項作出足夠之減值虧損。就此而言，本公司董事認為已大幅減低本集團有關貿易債務之信貸風險。

由於交易方為具有高信貸評級之銀行及其他金融機構，故流動資金之信貸風險有限。

本集團按地理位置劃分，信貸風險主要集中於中國，截至二零一六年十二月三十一日，應收賬款總額佔99%（二零一五年：97%）。

於二零一六年十二月三十一日，本集團最大客戶及五大客戶信貸風險集中情況分別佔全部貿易應收款項之15%（二零一五年度：22%）及42%（二零一五年度：44%）。

本集團之金融資產概無抵押或其他信貸提升。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Financial Instruments (Continued)

(b) Financial risk management objective and policies (Continued)

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.

As at 31 December 2015, the Group is exposed to liquidity risk as the Group had net current liabilities of approximately RMB56,852,000. The Directors of the Company were of the opinion that the Group had sufficient working capital to meet its financial obligations due to the available facility amounted to approximately RMB85,058,000.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2016, the Group has available unutilised short-term bank loan facilities of approximately RMB4,400,000 (2015: nil). Details of which are set out in note 27.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

流動性風險

流動性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。

因為本集團於二零一五年十二月三十一日存在流動負債淨值約人民幣56,852,000，本集團因而面對流動性風險。本公司董事認為本集團有足夠營運資本來償付其負債因為可用的設備約為人民幣85,058,000。

本集團以銀行貸款作為重要的流動資金來源。截至二零一六年十二月三十一日止年度，本集團可獲得未使用的短期借款約為人民幣4,400,000元(二零一五年度：無)詳見附註27。

下表詳列本集團之非衍生金融負債之剩餘合約期限。該表乃基於本集團須作出支付之最早日期並根據金融負債之未折現現金流量制定。其他非衍生金融負債之到期日以協定償還日期為基礎。表中包括利息及本金現金流量。倘利率以浮息計量，未折現金額乃於呈報期末從利率圖表得出。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Financial Instruments (Continued)

(b) Financial risk management objective and policies (Continued)

Liquidity risk (Continued)

		Repayable on demand or within 1 year 按要求 償還或 一年內 RMB'000 人民幣千元	More than 1 year but less than 2 years 多於一年 但少於兩年 RMB'000 人民幣千元	Total undiscounted cash flows 未折現現金 流量總計 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
At 31 December 2016	於二零一六年 十二月三十一日				
Non-derivative financial liabilities	非衍生金融負債				
Trade and other payables	貿易及其他應付款項	112,815	—	112,815	112,815
Amounts due to related parties	應付關連方款項	660	—	660	660
Bank borrowings	銀行貸款	5,927	—	5,927	5,610
		119,402	—	119,402	119,085
At 31 December 2015	於二零一五年 十二月三十一日				
Non-derivative financial liabilities	非衍生金融負債				
Trade and other payables	貿易及其他應付款項	142,285	—	142,285	142,285
Amounts due to related parties	應付關連方款項	7,301	—	7,301	7,301
Loans from controlling shareholders	控股股東借款	—	60,578	60,578	54,946
		149,586	60,578	210,164	204,532

6. 金融工具(續)

(b) 金融風險管理目標及政策(續)

流動性風險(續)

(c) Fair value measurements of financial instruments

The Directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recognised at amortised cost in the consolidated financial statements as at 31 December 2016 and 2015 approximate their fair values due to the short maturities. The carrying amounts of non-current loans from controlling shareholders recognised at amortised cost using the effective interest rate method approximate to their fair values.

(c) 以公允價值計量之金融工具

本公司董事認為，由於綜合財務報表內流動金融資產及流動金融負債會於二零一六年及二零一五年十二月三十一日短期內到期，故其賬面值近似於公允價值。控股股東的非流動借款之公允價值與其以實際利率法計量的攤餘成本之賬面值相等。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. Revenue and Segment Information

Revenue represents the net amounts received and receivable of the goods sold to customers, net of discounts allowed, sales return, volume rebates and sales related taxes where applicable.

Information reported to the Executive Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on a mixture of product lines and geography. The Directors of the Company have chosen to organise the Group around differences in products. The segments are managed separately as each operating segment offers different products which require different production information to formulate different strategies. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Hair-care products
- Skin-care products
- Other household and personal care products

An operating segment regarding herbal tea products was discontinued in prior years. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 13.

Also, the Executive Directors of the Company are provided with segment information concerning segment revenue and result. Segment assets and liabilities are not reported to the Executive Directors of the Company regularly.

7. 營業額及分部資料

營業額指本集團出售予客戶的貨物並扣除折扣、銷售返利、銷售退貨及相關銷售稅(如適用)後的已收款及應收款。

為注重產品線與區域性而優化分部間資源分配及評估分部表現的基礎上，有關分部訊息已向本公司執行董事(即主要營運決策者)報告。本公司董事已決定根據不同的產品組織分部。各分部是根據其獨特的產品特點和戰略作為單獨經營分部來管理的。主要營運決策者認為本集團沒有可以合併呈報的經營分部。

本集團之可報告的經營分部為：

- 護髮產品
- 護膚產品
- 其他家用及個人護理產品

本集團於過往年度終止經營涼茶分部的業務，以下呈報內容不包括此等已終止的產品業務，已終止涼茶產品業務的詳情載於附註13。

本公司的執行董事獲提供有關分部收入和分部業績的信息，而分部資產和業績的信息則不會定期向本公司執行董事報告。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. Revenue and Segment Information (Continued)

7. 營業額及分部資料(續)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments.

分部收入及業績

以下是本集團按可報告的持續經營分部收入及業績分析。

		Continuing operations 持續經營業務							
		Hair-care products 護髮產品		Skin-care products 護膚產品		Other household and personal care products 其他家用及 個人護理產品		Total 合計	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
Sales to external customers	銷售予外部客戶	215,638	200,057	13,276	7,138	35,315	24,986	264,229	232,181
Segment profit/(loss)	分部盈利/(虧損)	30,571	(70,668)	2,430	(3,015)	(8,489)	(21,797)	24,512	(95,480)
Changes in fair value less costs to sell in respect of biological assets	生物資產公允價值 減銷售成本的 變動損益							29	116
Bank interest income	銀行利息收入							406	620
Other income	其他收入							23,512	1,164
Share of loss of a joint venture	應佔合營公司虧損							—	(696)
Waiver of capital injection in a joint venture	豁免合營公司注資							—	696
Corporate and other unallocated expenses	未分配之總部與 其他開支							(5,892)	(13,087)
Finance costs	融資成本							(1,473)	(3,755)
Profit/(loss) before taxation (continuing operations)	持續經營之稅前 盈利/(虧損)							41,094	(110,422)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. Revenue and Segment Information (Continued)

7. 營業額及分部資料(續)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit/(loss) from each segment without allocation of changes in fair value less costs to sell of biological assets, bank interest income, write-back of payables for property, plant and equipment, recovery from litigation claims, gain on sales of scrap materials, government grants, net foreign exchange gains, provision for litigation recognised/reversed, central administration cost, directors' emoluments and finance costs. This is the measure reported to the Executive Directors of the Company for the purposes of resource allocation and performance assessment.

Other segment information

分部收入及業績(續)

經營分部的會計政策與附註3所述之本集團的會計政策一致。分部業績指各分部所錄得之虧損，當中並無分配生物資產的公允價值減銷售成本的變動損益、銀行利息收入、處置廢料收益、政府補助、匯兌收益/(虧損)淨額、訴訟計提費用確認/撥回、其他應收款項撇銷、中央管理成本、董事薪酬以及融資成本。此乃為資源分配及表現評估而向本公司之執行董事報告之計量方式。

其他分部資料

		Continuing operations 持續經營業務									
		Hair-care products 護髮產品		Skin-care products 護膚產品		Other household and personal care products 其他家用及個人護理產品		Unallocated 未分配的		Total 合計	
		2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元
			(Restated) (經重列)								(Restated) (經重列)
Amounts included in the measure of segment results	計算分部結果時已計入款項										
Depreciation of property, plant and equipment	物業、廠房及設備折舊	8,470	13,511	612	572	2,656	3,197	160	—	11,898	17,280
Impairment loss recognised in respect of property, plant and equipment	物業、廠房及設備之減值損失確認	—	46,843	—	1,671	—	5,850	—	—	—	54,364
Loss/(gain) on disposal of property, plant and equipment	處置物業、廠房及設備損失(收益)	396	(44)	24	(2)	65	(5)	970	—	1,455	(51)
Impairment loss recognised in respect of trade receivables	貿易應收款項之減值損失確認	1,979	4,143	122	148	324	518	—	—	2,425	4,809
Reversal of write-down of inventories	存貨跌價撥回	(202)	(1,361)	(17)	(115)	(24)	(161)	—	—	(243)	(1,637)
Write-down of inventories	存貨跌價	1,016	608	75	28	336	160	—	—	1,427	796
Write-off of inventories	存貨報廢	860	2,655	463	2,715	1,170	736	—	—	2,493	6,106

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. Revenue and Segment Information (Continued)

Geographical information

The Group's continuing operations are mainly located in the PRC (country of domicile) and Hong Kong.

The geographical location of customers is based on the location at which the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and biological assets.

7. 營業額及分部資料(續)

地區資料

本集團持續經營業務主要集中在中國大陸(所在國家)和香港。

客戶的所在地區乃根據提供服務或交付貨品的位置釐定。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)而釐定。

		Revenue from external customers 來自外部客戶的收入		Non-current assets 非流動資產	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
PRC (country of domicile)	中國(所在國家)	257,263	220,283	136,247	154,660
Hong Kong	香港	4,813	5,011	990	624
Singapore	新加坡	505	2,700	—	—
Thailand	泰國	551	2,933	—	—
Malaysia	馬來西亞	1,097	899	—	—
Others	其他	—	355	—	—
Total	總計	264,229	232,181	137,237	155,284

Information about major customers

Included in revenue arising from continuing operations for the year ended 31 December 2016 of approximately RMB264,229,000 is revenue of approximately RMB28,889,000 which arose from sales of hair-care products and other household and personal care products to the Group's largest customer. During the year ended 31 December 2015, included in revenue of approximately RMB232,181,000 is revenue of approximately RMB31,703,000 which arose from sales of hair-care products and other household and personal care products to the Group's largest customer. No other single customer contributed more than 10% to the Group's revenue for the years ended 31 December 2016 and 2015.

主要客戶信息

截至二零一六年十二月三十一日止年度,持續經營業務銷售額約人民幣264,229,000,其中銷售護髮產品及其他家用及個人護理產品給本集團最大客戶的約人民幣28,889,000。截至二零一五年十二月三十一日止年度,銷售額約人民幣232,181,000,其中銷售護髮產品及其他家用及個人護理產品給本集團最大客戶的約佔人民幣31,703,000。截至二零一五年和二零一六年十二月三十一日止年度,本集團沒有其他單一客戶貢獻超過本集團營業額的10%。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. Other Income

8. 其他收入

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Continuing operations			
Bank interest income	持續經營業務 銀行利息收入	406	620
Write-back of payables for property, plant and equipment	撥回物業廠房和設備應付款項	4,083	—
Gain on sales of scrap materials	處置廢料收益	598	—
Gain on disposal of property, plant and equipment	處置物業、廠房及設備收益	—	51
Recovery from litigation claim (note a)	訴訟索賠彌償(附註a)	18,815	—
Government grant (note b)	政府補助(附註b)	2,811	802
Net exchange gains	匯兌收益	810	—
Others	其他	478	362
		28,001	1,835

Note a: During the year ended 31 December 2016, a claim against other parties in respect of malicious falsehood by a media company and unsatisfactory performance of plant and machineries by a supplier were settled and amounts of approximately RMB18,646,000 (2015: nil) and RMB169,000 (2015: nil) were recovered by the Group respectively.

附註a: 截至二零一六年十二月三十一日止年度內，針對一家媒體公司對其他方面提出的惡意虛假陳述以及供應商提供的廠房和機器設備性能不佳，結算金額約人民幣18,646,000元(二零一五年：無)和人民幣169,000元(二零一五年：無)分別由本集團追回。

Note b: Included in the amount of government grants recognised during the year ended 31 December 2016 of approximately RMB2,811,000 (2015: approximately RMB802,000) were received from the PRC government in respect of certain research projects, electronic shopping platform projects and export encourage scheme, the relevant granting criteria for which have been fulfilled and were immediately recognised as other income for the years.

附註b: 截至二零一六年十二月三十一日，錄得政府補助金額約為人民幣2,811,000元(二零一五年：人民幣802,000元)，該金額是中國政府就關於某些研究項目、電商平台項目和出口鼓勵計劃達到發放標準而發放的，並於當年確認為其他收入。

9. Finance Costs

9. 融資成本

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Continuing operations			
Imputed interest on non-interest bearing loans from controlling shareholders	持續經營 控股股東無息借款之 估算利息	1,473	3,755

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. Taxation

10. 稅項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Continuing operations	持續經營業務		
Overprovision in prior years: Hong Kong profits tax	以前年度超額計提： 香港利得稅	(579)	—
Deferred tax (note 26): Current year	遞延稅(附註26)： 目前年度	(2,031)	—
		(2,610)	—

- (a) Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries is 25% from 1 January 2008 onwards.

The PRC EIT 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) Co., Ltd. (“**Bawang Guangzhou**”), a PRC subsidiary of the Group, was qualified as a HNTE in 2009 and the qualification was renewed and valid until 2018. However, Bawang Guangzhou did not have any assessable profits subject to Enterprise Income Tax for the years ended 31 December 2016 and 2015.

- (b) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been provided for the year ended 31 December 2016 and 2015 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for 2016 and 2015.

- (a) 根據中國企業所得稅法(「**企業所得稅法**」)及企業所得稅法實施條例，本集團附屬公司的稅率自二零零八年一月一日起為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，而獲得該資格的企業可以享有15%的優惠稅率。霸王(廣州)有限公司(「**霸王廣州**」)，集團的一間中國附屬公司，於二零零九年被認定為高新技術企業，並再次被認定及該資格有效至二零一八年。然而，截至二零一六年及二零一五年十二月三十一日止年度，霸王廣州並沒有任何須繳納企業所得稅之應課稅溢利。

- (b) 兩個年度之香港利得稅按應課稅溢利的16.5%來計算。截至二零一五年和二零一六年十二月三十一日止年度，本集團並沒有任何須繳納香港所得稅之應課稅溢利，所以二零一五年度和二零一六年度並無計提香港利得稅。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. Taxation (Continued)

- (c) Pursuant to the laws 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 for the current and previous years.
- (d) Pursuant to the Implementation Rules of the EIT Law, overseas investors of foreign investment companies 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 the beneficial owner is 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 does not make provision of withholding income tax for the years ended 31 December 2016 and 2015 since only one of the PRC subsidiaries generated profits which were offset by accumulated losses and the remaining PRC subsidiaries incurred losses in 2016, while all the PRC subsidiaries incurred losses in 2015.

10. 稅項(續)

- (c) 根據開曼群島及英屬處女群島的規則及條例，本集團無須為以前及本年度繳納開曼群島及英屬處女群島的任何稅項。
- (d) 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。根據避免中港兩地雙重徵稅安排，於香港創立的投資者如果持有中國附屬公司不低於25%權益且為受益擁有人，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%。本集團截至二零一六年及二零一五年十二月三十一日止年度並未提供預提所得稅，因為只有一家中國子公司在二零一六年產生利潤但被累計虧損抵銷，其餘的中國子公司在二零一六及二零一五年均發生虧損。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. Taxation (Continued)

Taxation for the years can be reconciled to the Profit/(Loss) before taxation per the consolidated statement of profit or loss as follows:

10. 稅項(續)

年內稅項與綜合損益表之稅前虧損對賬如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Continuing operations	持續經營業務		
Profit/(loss) before taxation	稅前盈利/(虧損)	41,094	(110,422)
Tax calculated at the domestic income tax rate of 25% (2015: 25%)	按本地所得稅稅率25%計算之稅項(二零一五年度: 25%)	10,274	(27,606)
Effect of different tax rates of entities operating in other jurisdictions	於其他司法權區經營之不同稅率之稅務影響	(6,501)	3,389
Tax effect of expenses not deductible for tax purpose	不可扣減費用之稅務影響	1,534	2,691
Tax effect of share of loss of a joint venture	應佔合營公司虧損的稅務影響	—	174
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(5,288)	(1,527)
Tax effect of tax losses not recognised	未確認稅務虧損之稅務影響	603	7,560
Tax effect of other deductible temporary differences not recognised	未確認可扣減暫時性差異之稅務影響	—	15,339
Utilisation of other deductible temporary differences not recognised	動用其他可抵扣的未確認的暫時性差異	(622)	—
Utilisation of tax losses previously not recognised	動用先前未確認之稅項虧損	—	(20)
Over-provision in prior years	以前年度超額計提	(579)	—
Reversal of temporary differences recognised in prior years	撥回以前年度遞延所得稅	(2,031)	—
Income tax credit	稅項	(2,610)	—

Details of deferred tax are set out in note 26.

遞延稅項詳見附註26。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

11. Profit/(loss) for the year from Continuing Operations

Profit/(loss) for the year from continuing operations has been arrived at after charging/(crediting):

11. 持續經營業務之年內虧盈利/(虧損)

持續經營業務之稅前盈利/(虧損)已扣除/(計入)下列項目：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
Auditor's remuneration	核數師酬金	938	847
Cost of inventories recognised as an expense (note (a))	確認為開支之存貨成本 (附註(a))	137,699	143,896
Depreciation of property, plant and equipment	物業、廠房及設備折舊	11,898	17,280
Impairment loss recognised in respect of property, plant and equipment (included in other expenses)	物業、廠房及設備之減值 損失確認(計入其他費用)	—	54,364
Impairment loss recognised in respect of trade receivables	貿易應收款項之減值 損失確認	2,425	4,809
Loss/(gain) on disposal of property, plant and equipment	處置物業、廠房及設備的 損失/(收益)	1,455	(51)
Net foreign exchange (gains)/losses	匯兌(收益)/虧損淨額	(810)	171
Provision for litigation (included in administrative expenses)	訴訟計提費用(計入行政費用)	722	3,487
Research and development costs recognised as an expense	確認為開支之研發成本	10,130	8,697
Reversal of write-down of inventories (included in cost of inventories recognised as an expense above)	存貨跌價撥回(計入以上確認為 開支之存貨成本)	(243)	(1,637)
Staff costs (note (b))	員工成本(附註(b))	48,133	69,713
Write-down of inventories (included in cost of inventories recognised as an expense above)	存貨跌價(計入以上確認為 開支之存貨成本)	1,427	796
Write-off of inventories (included in cost of inventories recognised as an expense above)	存貨報廢(計入以上確認為 開支之存貨成本)	2,493	6,106

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

11. Profit/(loss) for the year from Continuing Operations (Continued)

Notes:

- (a) Cost of inventories recognised as an expense from continuing operations included depreciation of property, plant and equipment and staff costs of approximately RMB10,695,000 (2015: RMB15,089,000) and RMB13,675,000 (2015: RMB17,069,000) respectively. The amounts were also included in the respective amounts disclosed above.
- (b) Staff costs from the continuing operations included redundancy costs of approximately RMB377,000 (2015: RMB4,221,000) for the year ended 31 December 2016.

11. 持續經營業務之年內盈利/(虧損)(續)

附註：

- (a) 持續經營業務中確認為開支之存貨成本包括物業、廠房及設備折舊及員工成本分別約為人民幣10,695,000(二零一五年度：人民幣15,089,000)及人民幣13,675,000(二零一五年度：人民幣17,069,000)。以上金額均已分別包含在以上披露金額中。
- (b) 截至二零一六年十二月三十一日止年度，持續經營業務中員工成本包括遣散費用約人民幣377,000(二零一五年度：人民幣4,221,000)。

12. Staff Costs

12. 員工成本

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Continuing operations	持續經營業務		
Staff costs (including directors' emoluments) comprise:	員工成本(包括董事酬金)：		
Salaries, allowances and benefits	薪金、津貼及福利	45,558	62,814
Contributions to retirement benefits schemes	退休福利計劃供款	2,198	2,678
Termination benefits	辭退福利	377	4,221
		48,133	69,713



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

13. Discontinued Operation

The Directors of the Company resolved to discontinue the production and sales of its herbal tea products due to the unsatisfactory financial performance of the business of the herbal tea products with effect from 1 July 2013.

As the herbal tea products segment represented a separate major line of business of the Group in prior years, the discontinuance of production and sales of herbal tea products has constituted a discontinued operation during the year ended 31 December 2013.

The results of the herbal tea products operation for the years ended 31 December 2016 and 2015 were as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Administrative expenses and loss before taxation	行政費用及稅前虧損	—	(3)
Taxation	稅項	—	—
Loss for the year	年內虧損	—	(3)

No tax charge or credit arose on loss on discontinuance of the operation.

已終止經營業務的損失無引發稅費或撥回。

Net cash outflows on discontinued operation are as follows:

已終止經營業務淨現金流出如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Operating activities	經營活動	—	(3)

13. 已終止經營業務

由於涼茶產品經營狀況不理想，本公司董事決定由二零一三年七月一日起停止涼茶產品的生產及銷售。

鑒於去年涼茶產品分部代表了本集團一個單獨的主要產品線，停止涼茶產品的生產和銷售構成於截至二零一三年十二月三十一日止年度內已終止經營業務。

涼茶產品業務截至二零一六年及二零一五年十二月三十一日止年度的業績如下：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

14. Dividends

No dividend was paid or proposed for the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: nil).

14. 股息

截至二零一六年十二月三十一日止年度並無派付或擬派任何股息，自呈報期間後亦無擬派任何股息(二零一五年度：無)。

15. Earnings/(Loss) Per Share

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

15. 每股盈利/(虧損)

來自持續經營業務及已終止經營業務

本公司擁有人應佔每股基本及攤薄盈利/(虧損)列示如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
Earnings/(loss)	每股盈利/(虧損)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	每股基本和攤薄盈利/(虧損)	43,704	(110,425)
		2016 二零一六年 '000 千股	2015 二零一五年 '000 千股
Number of shares	股數		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	為基本和攤薄盈利/(虧損)目的持有的加權平均普通股的數量	3,057,986	2,911,461
Effect of dilutive potential ordinary shares: Options	潛在普通股攤薄影響期權	499	508
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	為攤薄盈利/(虧損)目的持有的加權平均普通股的數量	3,058,485	2,911,969

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

15. Earnings/(loss) Per Share (Continued)

From continuing operations

The calculation of the basic and diluted Earnings/(loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
Earnings/(loss)	盈利/(虧損)		
Profit/(loss) for the year attributable to owners of the Company	本公司擁有人應佔有年內收益/(虧損)	43,704	(110,425)
Less:	減:		
Loss for the year from discontinued operations	來自已終止經營業務之虧損	—	(3)
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	以每股基本和攤薄為目的盈利/(虧損)	43,704	(110,422)

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operation

Basic and diluted loss per share for the discontinued operation attributable to owners of the Company is RMB0 cents per share (2015: RMB0.0001 cent per share), based on the loss for the year from the discontinued operation of RMB0 (2015: RMB3,000) and the denominators detailed above for both basic and diluted loss per share.

For the year ended 31 December 2015, the diluted loss per share is same as the basic loss per share. The computation of diluted loss per share for the year ended 31 December 2015 does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

15. 每股盈利/(虧損)(續)

來自持續經營業務

本公司擁有人應佔持續經營業務之每股基本及攤薄虧損是根據持續經營業務之年內盈利/(虧損)。

運用的共同特徵和上述詳列的基本的和攤薄每股盈利/(虧損)相同。

來自已終止經營業務

本公司擁有人應佔已終止經營業務之每股基本及攤薄虧損為人民幣0仙(二零一五年度:每股人民幣0.0001仙),是根據已終止經營業務之年內虧損約人民幣0(二零一五年度:人民幣3,000)及上文詳述每股基本及攤薄虧損所用之分母計算。

截至二零一五年十二月三十一日止年度的每股攤薄虧損等同每股基本虧損。由於行使購股權將減少每股虧損,所以在計算截至二零一五年十二月三十一日止年度每股攤薄虧損時,並無假設行使任何本公司的購股權。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

16. Directors' and Chief Executive's Emoluments 16. 董事及主要行政人員酬金

The emoluments paid or payable to each of the six (2015: seven) Directors and the Chief Executive were as follows:

已付或應付六名(二零一五年度:七名)董事及主要行政人員之酬金如下:

For the year ended 31 December 2016

截至二零一六年十二月三十一日止年度

		Mr. CHEN Zheng He (Chief Executive Officer) 陳正鶴先生 (首席執行官)	Mr. WONG Sin Yung 黃善榕先生	Dr. NGAI Wai Fung 魏偉峰博士	Mr. CHEUNG Kin Wing 張建榮先生	Mr. LI Bida 李必達先生	Total 合計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking	本公司或其附屬公司的董事就其服務支付或應收的酬金						
Fees	袍金	—	—	—	257	171	599
Other emoluments	其他酬金						
Salaries	薪金、津貼	—	124	1,029	—	—	1,153
Contributions to retirement benefits scheme	退休福利計劃供款	—	6	15	—	—	21
Total emoluments	合計酬金	—	130	1,044	257	171	1,773

For the year ended 31 December 2015

截至二零一五年十二月三十一日止年度

		Mr. CHEN Qiyuan (Chairman) 陳啟源先生 (主席)	Ms. WAN Yuhua 萬玉華女士	Mr. CHEN Zheng He (Chief Executive Officer) 陳正鶴先生 (首席執行官)	Mr. WONG Sin Yung 黃善榕先生	Dr. NGAI Wai Fung 魏偉峰博士	Mr. CHEUNG Kin Wing 張建榮先生	Mr. LI Bida 李必達先生	Total 合計
		RMB'000 人民幣千元	RMB'000 人民幣千元 (note (a)) (附註(a))	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
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking	本公司或其附屬公司的董事就其服務支付或應收的酬金								
Fees	袍金	—	—	—	—	241	161	161	563
Other emoluments	其他酬金								
Salaries	薪金、津貼	—	—	116	964	—	—	—	1,080
Contributions to retirement benefits scheme	退休福利計劃供款	—	—	6	14	—	—	—	20
Total emoluments	合計酬金	—	—	122	978	241	161	161	1,663

Note (a): The director resigned on 9 December 2015

附註(a): 該董事於二零一五年十二月九日辭任

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

16. Directors' and Chief Executive's Emoluments (Continued)

There was no discretionary bonus provided to the directors for the both years ended 31 December 2015 and 2016.

With effect from 9 December 2015, Mr. CHEN Zheng He is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

From 1 January 2015 to 9 December 2015, Ms. WAN Yuhua was also the chief executive of the Company and her emoluments disclosed above included those for services rendered by him as the chief executive.

Neither the chief executive nor any of the Directors waived or agreed to waive any emoluments in the year ended 31 December 2016 (2015: nil).

16. 董事及主要行政人員酬金 (續)

於二零一五年和二零一六年十二月三十一日董事無自由裁量的分紅。

自二零一五年十二月九日起生效，陳正鶴先生擔任本公司首席執行官，上述披露之薪酬包括其擔任首席執行官的服務酬金。

於二零一五年一月一日至二零一五年十二月九日期間，萬玉華女士擔任本公司首席執行官，上述披露之薪酬包括其擔任首席執行官的服務酬金。

截至二零一六十二月三十一日止年度，本集團無董事及執行董事放棄或同意放棄任何酬金(二零一五年度：無)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

17. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, four (2015: two) were Directors of the Company whose emoluments are included in the disclosures in note 16 above. The emoluments of the remaining one (2015: three) individuals were as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Salaries, allowances and benefits	薪金、津貼及福利	165	82
Retirement benefits scheme contributions	退休員工福利計劃供款	8	17
Termination benefits	辭退福利	—	575
		173	674

Their emoluments were all within nil to HK\$1,000,000 (equivalent of approximately RMB857,000 (2015: RMB837,000)).

During the years ended 31 December 2016 and 2015, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) or other directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

17. 員工薪酬

五位最高薪酬人士中，四位(二零一五年度：兩位)為董事，彼等薪酬於以上附註16披露。有關其他一名(二零一五年度：三位)最高薪酬人士的薪酬詳情如下：

其薪酬全部介乎零至人民幣857,000，相等於港元1,000,000(二零一五年：人民幣837,000)。

於截至二零一六年及二零一五年十二月三十一日止年度期間，本集團並無支付酬金予本集團五名最高薪酬人士(包括董事及員工)或其他董事，作為邀請加入或於加盟本集團時之獎勵或作為離職補償。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. Share of Loss of a Joint Venture/Waiver of Capital Injection in a Joint Venture

A joint venture, Bawang Tata, was formed in August 2015 between a subsidiary of the Company and an independent third party. The Group had intended to develop a network platform for distribution of its product through the joint arrangement. The Group held 51% interest in Bawang Tata but no capital has been injected by the Group. In December 2015, the Group decided to terminate the project as several network platforms in the PRC suffered a slump in their operations since the second half of 2015 and therefore decided to dispose of the 51% interest to an independent third party. By using equity method of accounting, the Group had to share the expenses incurred by Bawang Tata from August 2015 up to the date of disposal amounted to approximately RMB696,000. The disposal was completed on 30 December 2015 at a consideration of HK\$1. As the Group was waived from the injection of any capital into the joint venture through the disposal arrangement, a gain on disposal of approximately RMB696,000 was recognised in profit or loss as waiver of capital injection in a joint venture for the year ended 31 December 2015.

18. 應佔合營公司虧損/豁免合營公司注資

霸王他她是由本集團旗下子公司與獨立第三方於二零一五年八月成立的合營公司。本集團擬通過合營安排，開發網絡平台分銷產品。本集團在霸王他她中持有51%的股權，但沒有注入資本。鑒於中國幾家網路平台在二零一五年下半年的業績下滑，本集團於二零一五年十二月決定終止該合作項目並將51%的股權處置售賣給獨立第三方。採用權益法核算，本集團已均攤霸王他她自二零一五年八月到處置日為止之虧損約為人民幣696,000。於二零一五年十二月三十日以代價港幣1元處理完成及約人民幣696,000處理虧損在損益中確認。跟據處置協議，本集團該注入而未注入的資本全被豁免，豁免合營公司的金額為約人民幣696,000，該金額已在截止二零一五年十二月三十一日的損益中確認。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. Property, Plant and Equipment

19. 物業、廠房及設備

		Buildings	Machinery	Leasehold improvements	Motor vehicles	Office equipment and others	Display furniture	Bearer plants	Immature bearer plants	Construction in progress	Total
		房屋	機器	經營租賃改良支出	運輸工具	辦公室設備及其他	展示專櫃	生產性植物	不成熟的生產性植物	在建工程	總計
		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
COST	成本										
At 1 January 2015 (Restated)	於二零一五年一月一日(經重列)	5,494	116,482	142,020	11,024	21,607	937	47	110	77,666	375,387
Exchange realignment	匯兌調整	—	—	—	413	164	—	—	—	—	577
Additions	添置	—	329	391	—	334	—	—	146	142	1,342
Disposals	出售	—	(14)	—	(91)	(209)	—	—	—	—	(314)
Transfer from construction in progress	轉撥自在建工程	—	1,447	2,366	—	1,024	—	—	—	(4,837)	—
At 31 December 2015 and 1 January 2016 (Restated)	於二零一五年十二月三十一日及二零一六年一月一日(經重列)	5,494	118,244	144,777	11,346	22,920	937	47	256	72,971	376,992
Exchange realignment	匯兌調整	—	—	—	462	67	—	—	—	—	529
Additions	添置	—	3	16	769	87	—	—	150	544	1,569
Disposals	出售	—	(2,602)	—	(465)	(2,975)	—	(2)	—	—	(6,044)
Write-off		—	—	(10,200)	—	—	—	—	—	—	(10,200)
Transfer from construction in progress	轉撥自在建工程	—	60	320	—	55	—	—	—	(435)	—
At 31 December 2016	於二零一六年十二月三十一日	5,494	115,705	134,913	12,112	20,154	937	45	406	73,080	362,846
ACCUMULATED DEPRECIATION AND IMPAIRMENT	累計折舊										
At 1 January 2015 (Restated)	於二零一五年一月一日(經重列)	1,072	53,280	46,033	10,120	17,723	819	15	—	20,843	149,905
Exchange realignment	年內折舊撥備	—	—	—	346	103	—	—	—	—	449
Depreciation provided for the year	已確認損益之減值	248	3,933	11,688	500	893	15	3	—	—	17,280
Impairment loss recognised in profit or loss	出售時對銷	—	16,005	22,947	220	1,031	21	—	—	14,140	54,364
Eliminated on disposals	匯兌調整	—	(10)	—	(91)	(189)	—	—	—	—	(290)
At 31 December 2015 and 1 January 2016 (Restated)	於二零一五年十二月三十一日及二零一六年一月一日(經重列)	1,320	73,208	80,668	11,095	19,561	855	18	—	34,983	221,708
Exchange realignment	年內折舊撥備	—	—	—	397	42	—	—	—	—	439
Depreciation provided for the year	已確認損益之減值	247	3,077	8,184	163	224	1	2	—	—	11,898
Eliminated on disposals	出售時對銷	—	(1,812)	—	(428)	(2,113)	—	—	—	—	(4,353)
Write-off	匯兌調整	—	—	(4,083)	—	—	—	—	—	—	(4,083)
At 31 December 2016	於二零一六年十二月三十一日	1,567	74,473	84,769	11,227	17,714	856	20	—	34,983	225,609
CARRYING VALUES	賬面值										
At 31 December 2016	於二零一六年十二月三十一日	3,927	41,232	50,144	885	2,440	81	25	406	38,097	137,237
At 31 December 2015	於二零一五年十二月三十一日	4,174	45,036	64,109	251	3,359	82	29	256	37,988	155,284

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. Property, Plant and Equipment (Continued)

Depreciation is calculated to write off the cost 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	房屋	20 years	20年
Machinery	機器	15 years	15年
Leasehold improvements	經營租賃改良支出	10 years	10年
Motor vehicles	運輸工具	5-8 years	5-8年
Office equipment and others	辦公室設備及其他	5 years	5年
Display furniture	展示專櫃	2 years	2年
Bearer plants	生產性植物	3-25 years	3-25年

In 2015, the Directors of the Company has reassessed the estimated useful lives of property, plant and equipment and resolved that the useful life of machinery should be adjusted from 10 years to 15 years in view of the low utilisation rate of machinery with the shrinking revenue. The change in accounting estimate decreased the depreciation charge and loss before taxation since 2015.

No depreciation is provided in respect of construction in progress and immature bearer plants 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.

As at 31 December 2016, buildings with carrying values of approximately RMB3,927,000 (2015: nil) has been pledged to secure banking facilities granted to the Group.

During the year ended 31 December 2015, the Directors of the Company conducted a review of the property, plant and equipment which were used in the continuing operations and determined that those assets were impaired with reference to their value in use. Accordingly, impairment loss of approximately RMB54,364,000 has been recognised under other expenses of continuing operations in the consolidated statement of profit or loss. The value in use calculation was determined based on the financial budgets covering a eleven-year period which was referenced to the estimated useful life of the assets, and a pre-tax discount rate of 15.27% per annum, approved by the management of the Group.

19. 物業、廠房及設備(續)

折舊是基於物業、廠房及設備的成本金額減去其預計剩餘價值後以下列預計可使用年期按直線法計算。

二零一五年內，本公司董事對物業、廠房及機器設備的預計使用年限進行重新估值，考慮到機器設備的因營業額縮減而使用率低，故決定將機器設備的使用壽命由十年調整至十五年。該會計估計變更將自二零一五年十二月三十一日減少了折舊費用及稅前虧損。

在建工程及不成熟的生物資產不計提折舊，直至當資產實質上完工，並達到可使用狀態。當其完工及投入運作時，將按上文所載適當比率開始計提折舊。

於二零一六年十二月三十一日，本集團抵押賬面價值約人民幣3,927,000元的建築物(二零一五年：無)以確保銀行給予的授信額度。

截至二零一五年十二月三十一日止年度內，本公司董事對用於持續經營業務的物業、廠房及設備進行了檢閱並以該資產的使用價值作為資產減值的參考。減值損失約人民幣54,364,000已被確認於綜合損益表持續經營業務的其他費用內。其資產的使用價值是以集團管理層參考其資產的估計使用年限及稅前年折現率15.27%而編製的十一年期財務預算來計算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. Biological Assets

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

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
At 1 January	於一月一日	426	426
Changes in fair value less costs to sell	公允價值減銷售成本的 變動損益	29	116
Plantation expenditure	種植支出	14	29
Herbs harvested during the year	年內收獲的中草藥	(12)	(145)
At 31 December	於十二月三十一日	457	426

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

Consumable biological assets which only have one harvest in each planting are classified as current asset. Bearer plants providing multiple harvests over years are classified as non-current asset.

As at 31 December 2016, the Group had 24 (2015 (Restated): 44) hectares of growing herbs.

Biological assets are stated at fair value less costs to sell at the end of the reporting period 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 fair value measurements of biological assets are categorised within level 3 of the fair value hierarchy. There were no transfers among any levels of the fair value hierarchy for both years.

20. 生物資產

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。

每次種植只發生一次收成之消耗性生物資產歸類為流動資產。多年間提供多次收成之生產性植物歸類為非流動資產。

於二零一六年十二月三十一日，本集團擁有24公頃(二零一五年度(經重列)：44公頃)種植的中草藥。

於呈報期末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評估，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。生物資產之公允價值計量界定為第3級公允價值等級。於兩個年度，公允價值等級之間並無任何轉撥。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. Biological Assets (Continued)

The following unobservable inputs were used in level 3 fair value measurements of the Group's biological assets as at 31 December 2016:

Unobservable inputs 不可觀察資料	Range of unobservable inputs (weighted average) 不可觀察資料範圍(加權平均值)	Relations of unobservable inputs to fair value 不可觀察資料與公允價值之關係
Growing herbs yield — kg per hectare 種植之中草藥收成 — 每公頃千克	750–850 (769) per year 每年750–850 (769)	The higher the growing herbs yield, the higher the fair value 種植之中草藥收成越多， 公允價值越高
Growing herbs price 種植之中草藥價格	RMB31 per kg 每千克人民幣31元	The higher the market price, the higher the fair value 種植之中草藥市值越高， 公允價值越高
Discount rate 折現率	11% (11%) per annum 每年11% (11%)	The higher the discount rate, the lower the fair value 種植之中草藥折現率越高， 公允價值越低

The following unobservable inputs were used in level 3 fair value measurements of the Group's biological assets as at 31 December 2015 (Restated):

Unobservable inputs 不可觀察資料	Range of unobservable inputs (weighted average) 不可觀察資料範圍(加權平均值)	Relations of unobservable inputs to fair value 不可觀察資料與公允價值之關係
Growing herbs yield — kg per hectare 種植之中草藥收成 — 每公頃千克	400–550 (542) per year 每年400–550 (542)	The higher the growing herbs yield, the higher the fair value 種植之中草藥收成越多， 公允價值越高
Growing herbs price 種植之中草藥價格	RMB22 per kg 每千克人民幣22元	The higher the market price, the higher the fair value 種植之中草藥市值越高， 公允價值越高
Discount rate 折現率	11% (11%) per annum 每年11% (11%)	The higher the discount rate, the lower the fair value 種植之中草藥折現率越高， 公允價值越低

20. 生物資產(續)

以下為於二零一六年十二月三十一日有關生物資產第3級公允價值計量之不可觀察資料：

以下為於二零一五年十二月三十一日有關生物資產第3級公允價值計量之不可觀察資料(經重列)：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. Biological Assets (Continued)

The discount rates used in the valuation of the biological assets in the PRC at the end of the reporting period were based on the market-determined pre-tax rate.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

Reconciliation of Level 3 fair value measurements of biological assets on recurring basis:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
At 1 January	於一月一日	426	426
Addition	添置	14	29
Changes in fair value due to transformation	因性能轉變而產生之 公允價值變動	29	116
Transfer to inventory	轉至存貨	(12)	(145)
At 31 December	於十二月三十一日	457	426

The above changes in fair value for the year ended 31 December 2016 recognised in profit or loss of approximately RMB29,000 (2015 (Restated): RMB116,000) is presented as a separate line item on the consolidated statement of profit or loss and is wholly attributable to the change in unrealised gains or losses relating to biological assets held at the end of the reporting period.

The Group is exposed to demand risks arising from environmental and climatic changes. To mitigate these risks, the Group does not rely on the self-supply of herbs, but also sources herbs from a number of external suppliers.

20. 生物資產(續)

於呈報期末，為於中國種植的生物資產估值使用之折現率是基於市場釐定之稅前利率。

估值技術較上一年度所用者並無改變。就計量生物資產之公允價值而言，生物資產之最有效使用值為其現時之使用值。

生物資產之循環性第3級公允價值計量對賬：

截至二零一六年十二月三十一日止年度，以上於損益中確認之公允價值變動約人民幣29,000(二零一五年度(經重列)：人民幣116,000)。歸於與報告期末持有生物資產相關之未實現利潤或虧損之變動。

本集團面對環境和氣候變化帶來的需求風險。為降低此風險，本集團不單單依賴自給的中草藥，同時亦會向一定數量之外部供應商外購。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. Inventories

21. 存貨

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Raw materials	原材料	13,057	10,879
Work-in-progress	在製品	929	1,583
Finished goods	製成品	15,354	19,267
Packing materials and consumable goods	包裝材料及消耗品	12,487	9,180
		41,827	40,909

During the year ended 31 December 2016, there was an increase in the net realisable value following a decrease in selling expenses. As a result, a reversal of write-down of inventories of approximately RMB243,000 (2015: RMB1,637,000) has been recognised and included in cost of sales in the current year.

於截至二零一六年十二月三十一日止年度內，可變現淨值因銷售開支下跌而上升。因此，約人民幣243,000(二零一五年度：人民幣1,637,000)之存貨跌價準備撥回已被確認及於本年度包括於銷售成本中。

22. Trade and Other Receivables

22. 貿易及其他應收款項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)
Trade receivables	貿易應收款項	56,288	69,193
Less: allowance for impairment of trade receivables	減：貿易應收款項減值準備	(11,946)	(9,521)
		44,342	59,672
Prepayment for purchase of raw materials	購買原材料預付款項	1,516	1,655
Short-term prepaid advertising fee	短期待攤廣告費用	212	44
Litigation costs receivable (note 35 (a))	訴訟費用應收款項(附註35(a))	16,101	—
Other receivables	其他應收款項	3,413	3,423
Total trade and other receivables	貿易及其他應收款項合計	65,584	64,794

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

22. Trade and Other Receivables (Continued)

The Group allows an average credit period of 30 to 90 days to its trade customers.

- (a) The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Less than 3 months	少於3個月	23,952	39,592
More than 3 months but less than 6 months	多於3個月但少於6個月	11,203	15,719
More than 6 months but less than 12 months	多於6個月但少於12個月	2,249	3,651
More than 12 months	多於12個月	6,938	710
		44,342	59,672

- (b) The following is an aged analysis of trade receivables, net of impairment, presented based on the due date at the end of the reporting period:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Neither past due nor impaired	即期	26,380	40,301
Less than 3 months past due	逾期少於3個月	14,973	14,213
More than 3 months but less than 6 months past due	逾期3至6個月	1,797	2,666
More than 6 months but less than 12 months past due	逾期6至12個月	290	215
More than 12 months past due	逾期多於12個月	902	2,277
		17,962	19,371
		44,342	59,672

22. 貿易及其他應收款項(續)

本集團允許貿易客戶平均信貸期限為30至90天。

- (a) 根據發票日呈列之貿易應收款項(扣除減值)於呈報期末的分析如下：

- (b) 根據到期日呈列之貿易應收款項(扣除減值)於呈報期末的分析如下：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

22. Trade and Other Receivables (Continued)

(b) (Continued)

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

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB17,962,000 (2015: RMB19,371,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. 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 to be fully recoverable. The Group does not hold any collateral over the trade and other receivables.

(c) Movement in the allowance for impairment for trade receivables:

At 1 January	於一月一日		
Impairment loss recognised	已確認之減值損失		
At 31 December	於十二月三十一日		

At 31 December 2016, the Group's trade receivables of approximately RMB11,946,000 (2015: RMB9,521,000) 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 provision for these doubtful debts was recognised. The Group does not hold any collateral over these balances.

22. 貿易及其他應收款項(續)

(b) (續)

並無逾期及減值的應收款項屬於眾多之客戶，彼等近期並無逾期付款記錄。

於呈報期末，本集團的已逾期但無作出減值撥備之貿易應收款項結餘賬面總值約人民幣17,962,000(二零一五年度：人民幣19,371,000)。逾期但無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。由於信用質素並無重大變化，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出減值撥備。本集團並無就該等應收及其他應收款項持有任何抵押品。

(c) 貿易應收款項的減值撥備變動：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
At 1 January	於一月一日	9,521	4,712
Impairment loss recognised	已確認之減值損失	2,425	4,809
At 31 December	於十二月三十一日	11,946	9,521

於二零一六年十二月三十一日，本集團有約人民幣11,946,000(二零一五年度：人民幣9,521,000)的貿易應收款項經個別確認後進行減值損失。該等出現個別減值的應收款為客戶陷入財務困難，而且管理層評估認為不能全數收回的應收款項。因此本集團已對該等呆賬做出全數撥備。本集團並無就該等結餘持有任何抵押品。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

23. Pledged Bank Deposit/Deposit with Bank/ Bank Balances and Cash

Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB10,000 (2015: RMB nil) have been pledged to secure short-term bank loans and are therefore classified as current assets.

The pledged deposits carry fixed interest rate of 1.10% (2015: nil) per annum.

Deposit with bank

As at 31 December 2016, deposit with bank of RMB20,000,000, with maturity in May 2017 (2015: RMB20,000,000, with maturity in May 2016), carries interest at fixed rate of 1.75% (2015: 2.75%) per annum.

Bank balances and cash

As at 31 December 2016, cash at bank carries interest at floating rates based on daily bank deposits rates of 0.001% to 1% (2015: 0.001% to 0.35%) per annum.

24. Trade and Other Payables

23. 抵押銀行存款/銀行存款/ 銀行結餘及現金

抵押銀行存款

抵押銀行存款指集團為獲得銀行的授信額度，將存款抵押於銀行的一種。已經抵押給銀行獲得銀行的短期借款人民幣10,000(二零一五年：無)因此被劃分為流動資產。

抵押銀行存款固定年利率為1.10%(二零一五年：無)

銀行存款

於二零一六年十二月三十一日，銀行存款人民幣20,000,000(二零一五年度：人民幣20,000,000，在二零一六年五月到期)將於二零一七年五月到期，固定年利率為1.75%(二零一五年度：2.75%)。

銀行結存及現金

於二零一六年十二月三十一日，銀行現金按每日銀行存款浮動年利率0.001%至1%(二零一五年度：0.001%至0.35%)計算利息。

24. 貿易及其他應付款項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Trade payables	貿易應付款項	33,646	33,834
Receipt in advance	預收款項	14,306	29,595
Payable for acquisition of property, plant and equipment	應付物業、廠房及設備 購置費用	4,287	14,152
Promotion fee payable	應付推廣費用	14,875	19,042
Accrued payroll	應付工資	874	1,012
Other payables and accrual	其他應付款項及預提費用	59,133	74,253
Total trade and other payables	貿易及其他應付款項合計	127,121	171,888

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

24. Trade and Other Payables (Continued)

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within 1 month or on demand	1個月內到期或按通知償還	25,540	32,856
After 1 month but within 3 months	1個月後但於3個月內到期	8,106	978
		33,646	33,834

The average credit period on purchases is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

24. 貿易及其他應付款項(續)

根據發票日期之日呈列之貿易應付款項於呈報期末之賬齡分析如下：

由供應商給予的信貸期介於30至90日。本集團有相應的財務風險管理策略保證所有應付款項及時償還。

25. Provisions

		Provision for litigation 訴訟計提費用	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
At 1 January	於一月一日	3,826	2,044
Provision recognised	計提費用確認	722	3,487
Payment made	已支付款項	(2,045)	(1,705)
At 31 December	於十二月三十一日	2,503	3,826

Provision for litigation is made based on management best estimates and judgement, as described in note 4. Details of the litigations are set out in note 35.

25. 計提準備

如附註4所述，訴訟計提費用是基於管理層最好的估計和判斷。訴訟詳見附註35。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

26. Deferred Tax

The following is the deferred tax liability recognised and movements thereon during the current and prior years:

		Undistributed profits of PRC subsidiary 中國附屬公司 未分配利潤 RMB'000 人民幣千元
At 1 January 2015, 31 December 2015	於二零一五年一月一日，二零一五年 十二月三十一日	2,031
Credit to profit or loss	沖減利潤或損失	(2,031)
At 31 December 2016	於二零一六年十二月三十一日	—

As at 31 December 2016, the Group has unused estimated tax losses of approximately RMB719,596,000 (2015 (restated): RMB1,139,996,000) and RMB33,358,000 (2015: RMB29,806,000) for certain subsidiaries in the PRC and Hong Kong respectively. The tax losses incurred by the subsidiaries incorporated in the PRC will expire in five years from the year in which the loss originated, while the ones incurred by the subsidiaries in Hong Kong will not expire under current tax legislation in Hong Kong. Certain tax losses of approximately RMB421,612,000 expired during the year ended 31 December 2016.

As at 31 December 2016, the Group has deductible temporary differences of approximately RMB424,810,000 (2015 (restated): RMB428,957,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

26. 遞延稅項

主要遞延稅項負債年內及以前年度的變動如下：

於二零一六年十二月三十一日，本集團估計於中國及香港若干附屬公司並未就可扣減的稅務虧損分別約人民幣719,596,000(二零一五年度(經重列)：人民幣1,139,996,000)和人民幣33,358,000(二零一五年度(經重列)：人民幣29,806,000)。其中，由中國成立的附屬公司所產生之稅務虧損將於相關之業務虧損始源之五年內到期，而由香港的附屬公司產生的稅務虧損不會根據香港現行的稅務法例而屆滿。某些約人民幣421,612,000的稅務虧損截至二零一六年十二月三十一日止年度已屆滿。

於二零一六年十二月三十一日，本集團可扣減的暫時性差異約為人民幣424,810,000(二零一五年度(經重列)：人民幣428,957,000)。並無任何因可扣減暫時性差異而確認之遞延稅項資產，因為極低可能有應課稅溢利可抵銷令其可抵扣暫時性差異能夠使用。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

26. Deferred Tax (Continued)

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC subsidiaries in prior years amounted to approximately RMB2,031,000 as at 31 December 2015. During the year ended 31 December 2016, the Directors of the Company considered that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Accordingly, deferred tax liabilities of approximately RMB2,031,000 was reversed.

26. 遞延稅項(續)

根據稅法規定，自二零零八年一月一日起，對中國子公司未分配利潤分配的股利代扣代繳企業所得稅，遞延所得稅暫時性差異被反映在在二零一五年十二月三十一日的綜合財務報表中的以前年度產生的累計金額人民幣2,031,000元。本公司董事認為集團可以控制撥回上述暫時性差異的時間，而有關可暫時性差異在可預見的未來不會撥回，故此於二零一六年十二月三十一日將這筆人民幣2,031,000元的遞延所得稅撥回。

27. Bank Borrowings

27. 銀行借款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Secured bank loans (note a)	擔保銀行貸款(附註a)	5,610	—
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):	承付額度(根據貸款協議規定的計劃還款日期):		
Within one year	一年內	5,610	—

Note a:

As at 31 December 2016, bank loans with carrying amounts of approximately RMB5,600,000 (2015: nil) bore interest at fixed rate and due within one years. The fixed rate borrowing carried interest rates at 5.66% per annum during the year ended 31 December 2016.

As at 31 December 2016, bank loans with carrying amounts of approximately RMB10,000 (2015: nil) bore interest at fixed rate and due within one years. The fixed rate borrowing carried interest rates at 4.35% per annum during the year ended 31 December 2016.

附註a:

截至二零一六年十二月三十一日止，賬面金額約人民幣5,600,000元(二零一五年度：無)的銀行貸款利率為固定利率，並在一年內到期。截至二零一六年十二月三十一日止年度，固定利率借款年利率為5.66%。

截至二零一六年十二月三十一日止，賬面金額約人民幣10,000元(二零一五年度：無)的銀行貸款利率為固定利率，並在一年內到期。截至二零一六年十二月三十一日止年度，固定利率借款年利率為4.35%。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

27. Bank Borrowings (Continued)

Note b:

The Group's bank borrowings at the end of each reporting period were secured or guaranteed by the followings:

As at 31 December 2016, a borrowing of the Group with outstanding balance of approximately RMB5,600,000 (2015: nil) was guaranteed by Mr. CHEN Qiyan and by a related party in which the party was wholly owned by the Controlling Shareholders and was secured by the property of a subsidiary as set out in note 19.

As at 31 December 2016, a borrowing of the Group with outstanding balance of approximately RMB10,000 (2015: nil) was secured by the Group's pledged bank deposits as set out in note 23.

Note c:

At the end of the reporting period, the Group has the undrawn bank loan facilities of approximately RMB4,400,000 (2015: nil).

27. 銀行借款(續)

附註b:

本集團的借款在每個報告期末均由以下做為擔保:

截至二零一六年十二月三十一日止,本集團待結款項約人民幣5,600,000元(二零一五年度:無)由陳啟源先生及其關聯方擔保,該方由控股股東全權擁有,並以附註19所示的附屬物業所擔保。

截至二零一六年十二月三十一日止,本集團待結款項約人民幣10,000元(二零一五年度:無)的借款由附註23所示的本集團銀行存款所擔保。

附註c:

於呈報期末,本集團未使用的銀行貸款額度約人民幣4,400,000元(二零一五年度:無)。

28. Share Capital and Reserves

(a) Share capital

		Number of shares 股份數目 '000 千股	RMB'000 人民幣千元
Ordinary shares of HK\$0.1 each	每股港元0.1之普通股		
Authorised:	法定:		
At 1 January 2015, 31 December 2015 and 2016	於二零一五年一月一日, 二零一五年及二零一六年十二月三十一日	10,000,000	880,500
Issued and fully paid ordinary shares:	已發行及繳足:		
At 1 January 2015	於二零一五年一月一日	2,910,971	256,639
Issue of shares under share option scheme (note i)	發行股票期權計劃 (附註i)	840	66
At 31 December 2015	於二零一五年十二月三十一日	2,911,811	256,705
Issue of shares by way of placing (note ii)	以增發的方式發行股票 (附註ii)	250,000	21,173
At 31 December 2016	於二零一六年十二月三十一日	3,161,811	277,878

28. 股本及儲備

(a) 股本

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. Share Capital and Reserves (Continued)

(a) Share capital (Continued)

Note i:

Shares issued under share option scheme

During the year ended 31 December 2015, options were exercised to subscribe for 840,000 ordinary shares of the Company at a consideration of HK\$84,000, equivalent to approximately RMB66,000, which was credited to share capital. RMB1,627,000 has been transferred from the capital reserve to the share premium account in accordance with policy set out in note 3. No options were exercised during the year ended 31 December 2016.

Note ii:

Issue of shares by private placement under general mandate

On 11 May 2016, arrangements were made for a private placement to independent private investors of 250,000,000 shares of HK\$0.1 each in the Company, at a price of HK\$0.31 per share representing a discount of approximately 19.48% to the closing market price of the Company's shares on 11 May 2016.

Pursuant to subscription agreements of the same date, six Subscribers subscribed for 250,000,000 new shares of HK\$0.1 each in the Company at a price of HK\$0.31 per share. The proceeds were used for repayment of the existing shareholders' loans and to provide additional working capital for the Group. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 31 May 2016 and rank pari passu with other shares in issue in all respects.

(b) 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 set out in note 3.

28. 股本及儲備(續)

(a) 股本(續)

附註 i:

根據購股權計劃所發行的股票

於截至二零一五年十二月三十一日止年度內，購股權持有人通過行使購權認購本公司840,000股普通股，支付對價約為港元84,000(相當於約人民幣66,000)全部計入股本。根據附註3所述的會計政策，約人民幣1,627,000已經從資本儲備轉至股本溢價。截至二零一六年十二月三十一日止年度未行使期權。

附註 ii:

在一般授權條件下向私人配售股票

二零一六年五月十一日，本公司向私人投資者配售面值為0.1港幣的250,000,000股股票，配售價格為0.31港元，這個配售價格是公司股票在二零一六年五月十一日收市價格折讓約19.48%。

依照相同日期的增發協議，這六位認購者以每股0.31元港幣的價格認購了面值為0.1港幣的250,000,000的新股。股款被公司用來支付大股東的借款和日常營運資金。這些於在二零一六年五月三十一日股東周年大會上就董事一般授權條件下發行的新股於其他股票在各方面享有同等的權益。

(b) 儲備性質及用途

(i) 股本溢價

本公司股本溢價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3股份支付的會計政策於資本儲備中確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. Share Capital and Reserves (Continued)

(b) Nature and purpose of reserves (Continued)

(iii) PRC statutory reserves

PRC statutory reserves are 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 are approved by the directors of Bawang Guangzhou.

Bawang Guangzhou and Bawang (China) Beverage Co., Ltd, 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 were made by the PRC subsidiaries during the years ended 31 December 2016 and 2015, as they recorded losses for both years.

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.

28. 股本及儲備(續)

(b) 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。由於中國附屬公司於截至二零一六年和二零一五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 Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. Share Capital and Reserves (Continued)

(b) Nature and purpose of reserves (Continued)

(iv) Merger reserve

On 20 December 2007, Bawang International Group Holding (HK) Limited, a wholly-owned subsidiary of the Company, acquired all the equity interest of Bawang Guangzhou amounting to USD12,500,000, which was previously held by a company owned by the Controlling Shareholders of the Group, 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 into the presentation currency of the Group (i.e. RMB).

(vi) Other reserve

The other reserve represents the deemed contribution by the Controlling Shareholders in the form of non-interest bearing loans to a subsidiary as detailed in note 34(i). The amounts are estimated by discounting the nominal value of the non-interest bearing loans to the subsidiary at an effective interest rate.

28. 股本及儲備(續)

(b) 儲備性質及用途(續)

(iv) 合併儲備

於二零零七年十二月二十日，本公司全資附屬公司霸王國際集團控股(香港)有限公司以同等價格收購美元12,500,000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銷，抵銷時的匯兌差額產生合併儲備。

(v) 匯兌儲備

匯兌儲備包括換算中國境外業務之財務報表(即人民幣)所產生的全部匯兌差額。

(vi) 其他儲備

其他儲備是指控股股東借給於附註34(i)所述之附屬公司的免息貸款所產生之視同注資。該數額由以實際利率折現的借給子公司之免息貸款的賬面價值來估算。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

29. Equity-Settled Share-Based Transactions

(a) Pre-IPO share option scheme

The Directors of the Company 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 of the then 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.

29. 以股權結算並以股份為基礎的交易

(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本公司合共4,200,000股，以及40名高級管理層和僱員認購本公司股份合共10,332,000股的權利。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港元0.1（4人在此列，其中包括兩名董事）或港元1.19，即按全球發售下發售價港元2.38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歸屬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 Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

29. Equity-Settled Share-Based Transactions
(Continued)

(a) Pre-IPO share option scheme (Continued)

Details of specific categories of Pre-IPO Share Options Scheme are as follows:

	Date of grant 授予日期	Number of instruments 購股權數目	Vesting period 歸屬期	Contractual life of options 購股權合約期
Options granted to directors 授予董事的購股權	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一年	10 years 十年
	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兩年	10 years 十年
	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三年	10 years 十年
	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四年	10 years 十年
	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五年	10 years 十年
Options granted to employees 授予僱員的購股權	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一年	10 years 十年
	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兩年	10 years 十年
	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三年	10 years 十年
	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四年	10 years 十年
	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五年	10 years 十年
Total share options granted 授予購股權總數		14,532,000		

29. 以股權結算並以股份為基礎的交易(續)

(a) 首次公開發售前購股權計劃(續)

首次公開發售前購股權計劃詳情如下：



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

29. Equity-Settled Share-Based Transactions
(Continued)

(b) The following table disclosed the movements of the Company's share options held by Directors and employees for the years ended 31 December 2016 and 2015:

Option type	Outstanding at 1 January 2015 於 二零一五年 一月一日 尚未行使	Number of share options 購股權數目		Outstanding at 31 December 2015 and 2016 於二零一五年 和二零一六年 十二月三十一日 尚未行使
		Exercised during the year ended 31 December 2015 二零一五年 年內行使	Forfeited during the year ended 31 December 2015 二零一五年 年內被沒收	
Pre-IPO Share Option Scheme 首次公開發售前 購股權	2,834,000	(840,000)	(340,000)	1,654,000
Exercisable at the end of the reporting period	2,834,000			1,654,000
Weighted average exercise price	HK\$0.62	HK\$0.1	HK\$1.19	HK\$0.77

The options outstanding at 31 December 2016 had a weighted average remaining contractual life of 2.43 years (2015: 3.43 years).

29. 以股權結算並以股份為基
礎的交易(續)

(b) 下表披露截至二零一六年及二零一五年十二月三十一日止年度董事及僱員持有股權之變動：

於二零一六年十二月三十一日，尚未行使購股權的加權平均剩餘合約期為2.43年(二零一五年度：3.43年)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

30. Statement of Financial Position of the Company

30. 本公司財務狀況表

		Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Unlisted investments in subsidiaries	於非上市附屬公司的投資		—	—
Amounts due from subsidiaries	應收附屬公司款項	a	3,653	39,372
			3,653	39,372
Current assets	流動資產			
Other receivable	其他應收款		16,417	239
Bank balances and cash	銀行結存及現金		399	1,442
			16,816	1,681
Current liability	流動負債			
Other payables	其他應付款項		3,915	3,338
Net current assets/(liabilities)	流動資產/(負債) 淨額		12,901	(1,657)
Total assets less current liability	資產總值減流動負債		16,554	37,715
Net assets	資產淨值		16,554	37,715
Capital and reserves	資本及儲備			
Share capital	股本		277,878	256,705
Reserves	儲備	b	(261,324)	(218,990)
Total equity	權益總額		16,554	37,715

Notes:

(a) The amounts are unsecured, non-interest bearing and not expected to be recoverable within the next twelve months.

附註:

(a) 該款項免息無抵押，預期未來十二個月內不會收回。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

30. Statement of Financial Position of the Company (Continued)

30. 本公司財務狀況表(續)

Notes: (Continued)

附註：(續)

(b) Movements in the reserves during the years are as follows:

(b) 儲備年內變動情況如下：

		Share premium 股本溢價 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Translation reserve 匯兌儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2015	於二零一五年一月一日	1,354,742	4,966	(110,531)	(1,355,156)	(105,979)
Recognition of equity-settled share-based payments	確認以股權結算並以股份為基礎的付款	1,627	(1,627)	—	—	—
Forfeiture of vested equity-settled share-based payments	沒收歸屬的以股權結算並以股份為基礎的付款	—	(525)	—	525	—
Total comprehensive income (expense)	全面收入(開支)總額	—	—	32	(113,043)	(113,011)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	1,356,369	2,814	(110,499)	(1,467,674)	(218,990)
Issue of shares by way of placing (note 28)	以增發方式發行股票(附註28)	44,462	—	—	—	44,462
Share issue expenses	股票發行費用	(181)	—	—	—	(181)
Total comprehensive (expense) income	全面(費用)收入總額	—	—	(46)	(86,569)	(86,615)
At 31 December 2016	於二零一六年十二月三十一日	1,400,650	2,814	(110,545)	(1,554,243)	(261,324)



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

31. Lease Commitments

The Group as lessee

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Minimum lease payments paid under operating leases during the year:	根據經營租約已付之最低租賃款項		
Production premises	生產場地	6,984	7,773
Office premises	辦公場所	615	908
		7,599	8,681

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於呈報期末，本集團不可撤銷的經營租約之未來最低租金承擔到期情況如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within one year	一年以內	6,461	5,377
In the second to fifth year inclusive	第二至第五年 (包括首尾兩年在內)	10,380	422
Over five years	五年以上	495	525
		17,336	6,324

Operating lease payments represent rentals payable by the Group for certain of its production premises and office. Leases are negotiated for original terms ranging from 1 to 30 years (2015: 1 to 30 years). Rentals are fixed over the terms of respective leases.

經營租金是指本集團支付租用其生產廠房及辦公場所的租賃費用。租期經協商之原租期介乎一年至三十年(二零一五年度：一年至三十年)。租金在各租約期內固定不變。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

32. Capital Commitments

32. 資本承擔

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided in the consolidated financial statements	未在財務報表中反映的有關購買物業、廠房及設備的資本承擔	2,406	7,553

33. Retirement Benefit Scheme Contributions

33. 退休福利計劃供款

(a) The PRC

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.

(b) Hong Kong

The Group also maintains a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, of which the contribution was matched by employees and subject to a cap of HK\$1,500 per employee.

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

The total expense recognised in profit or loss of approximately RMB2,198,000 (2015: RMB2,678,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

(a) 中國大陸地區

根據中國有關勞動法規，中國附屬公司參與由中國有關當地政府機構組織之定額供款退休福利計劃(「該計劃」)。有關附屬公司須按照工資之一定百分比向該計劃供款。當地政府機構會負責支付退休僱員的全部退休金。

(b) 香港地區

根據強制性公積金計劃(「強積金計劃」)的相關條例及規定，本集團亦為所有符合條件的香港僱員設立強積金計劃。強積金計劃之資產與本集團其他資產分開，由受託人控制之基金持有。本集團按相關工資之5%向計劃供款。每名員工的供款上限為港元1,500。

本集團除了上述供款計劃，並無其他義務為員工支付退休及其他退休後福利。

損益表中之總開支約人民幣2,198,000(二零一五年度：人民幣2,678,000)，即本集團就該等計劃制定的一定百分比應付之供款。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. Related Party Transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties:

- (a) The following balances were outstanding at the end of the reporting period:

34. 關連方交易

除綜合財務報表各部分所披露者外，本集團已進行下列重大關連方交易：

- (a) 於呈報期末尚未償付之結餘如下：

		Amounts due from/(to) related parties 應收/(付)關聯方款項	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Non-trade related			
Guangzhou Bawang Cosmetics Co., Ltd. ("Guangzhou Bawang") (note i)	廣州霸王化妝品有限公司 (「廣州霸王」)(附註i)	—	(5,308)
Guangzhou Bawang International Hotel Co., Ltd. ("Guangzhou Bawang Hotel") (note iv)	廣州霸王國際大酒店有限公司 (「廣州霸王酒店」)(附註iv)	(54)	—
Trade related			
Guangzhou Chenming Paper Products Company Limited ("Guangzhou Chenming") (note iii)	廣州市晨明紙品有限公司 (「廣州晨明」)(附註iii)	(310)	(1,934)
Guangzhou Qiancai Packaging Materials Co., Ltd. ("Guangzhou Qiancai") (note iii)	廣州市倩采包裝材料有限公司 (「廣州倩采」)(附註iii)	(295)	(59)
Guangzhou Xiaoxiao Supply Chain Management Co., Ltd. ("Guangzhou Xiaoxiao") (note v)	廣州小小供應鏈管理有限公司 (「廣州小小」)(附註v)	(1)	—
		(660)	(7,301)
Trade related			
Guangzhou Friend's Group Information Technology Company Limited ("Guangzhou Friend's Group") (note ii)	廣州親友團科技信息有限公司 (「廣州親友團」)(附註ii)	48	75
Non-trade related			
Guangzhou Bawang (note i)	廣州霸王(附註i)	8,027	—
		8,075	75

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. Related Party Transactions (Continued)

(a) (Continued)

Notes:

- (i) Guangzhou Bawang was effectively 100% owned by the Controlling Shareholders of the Company. As at 31 December 2016 and 2015, the balance due from (to) Guangzhou Bawang mainly represented prepayment of rental expenses and rental payable. The balance was unsecured, interest-free and repayment on demand.
- (ii) Guangzhou Friend's Group was under the control of the close family members of the Controlling Shareholders of the Company. The credit term granted to Guangzhou Friend's Group is 15 days. The balances were unsecured and interest-free.
- (iii) Guangzhou Chenming and Guangzhou Qiancai were under the control of the close family members of the Controlling Shareholders of the Company. The credit term granted by Guangzhou Chenming and Guangzhou Qiancai is 30 days. The balances were unsecured and interest-free. As at 31 December 2016, the amounts due to Guangzhou Chenming and Guangzhou Qiancai were due within 1 month or on demand (2015: due within 1 month or on demand).
- (iv) Guangzhou Bawang Hotel was effectively 100% owned by the Controlling Shareholders of the Group. The balance due to Guangzhou Bawang International mainly represented meeting and catering services payable. The balance was unsecured, interest-free and repayment on demand.
- (v) Guangzhou Xiaoxiao were under the control of the Controlling Shareholders of the Group. The credit term granted by Guangzhou Xiaoxiao is payment before delivery. The balances were unsecured and interest-free.

- (b) During the year ended 31 December 2016, meeting and catering services were provided to the Group by Guangzhou Bawang Hotel amounting to approximately RMB1,039,000 (2015: RMB1,292,000). Guangzhou Bawang Hotel was effectively 100% owned by the Controlling Shareholders of the Company. The Directors of the Company are of the opinion that the above transactions were conducted on normal commercial terms in the ordinary course of business.

34. 關連方交易(續)

(a) (續)

附註：

- (i) 廣州霸王由本公司控股股東100%有效擁有。於二零一六年和二零一五年十二月三十一日，廣州霸王的期末結餘主要為應付費用和應付租金。有關結餘無抵押、免息並按要求償還。
- (ii) 廣州親友團由本公司控股股東家庭成員緊密控制。授予廣州親友團的信用期限為15天。該餘額為無抵押免息。
- (iii) 廣州晨明和廣州倩采是由與本公司控股股東關係密切的家庭成員控制的。由廣州晨明和廣州倩采給予的信貸期為30日。有關結餘無抵押及免息並按要求償還。於二零一六年十二月三十一日，應付廣州晨明和廣州倩采款項於1個月內到期或按通知償還(二零一五年度：1個月內到期或按通知償還)。
- (iv) 廣州霸王酒店由本集團控股股東100%有效擁有。廣州霸王酒店的期末結餘主要是應付會議及餐飲服務費。有關結餘無抵押、免息並按要求償還。
- (v) 廣州小小供應鏈管理有限公司由本集團控股股東控制。授予廣州小小的信用期限為款到發貨。有關結餘無抵押、免息。

- (b) 於截至二零一六年十二月三十一日止年度內，廣州霸王酒店向本集團提供的會議及餐飲服務費用總計約人民幣1,039,000(二零一五年度：人民幣1,292,000)。廣州霸王酒店由本公司控股股東100%有效擁有。本公司董事認為上述交易乃在日常業務過程中按正常商業條款進行的。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. Related Party Transactions (Continued)

- (c) During the year ended 31 December 2016, raw materials were purchased from Guangzhou Chenming amounting to approximately RMB5,124,000 (2015: RMB4,700,000). The Directors of the Company have confirmed that the basis of consideration for the purchase of raw materials is the prevailing market price.
- (d) During the year ended 31 December 2016, raw materials were purchased from Guangzhou Qiancai amounting to approximately RMB597,000 (2015: RMB183,000). The Directors of the Company have confirmed that the basis of consideration for the purchase of raw materials is the prevailing market price.
- (e) During the year ended 31 December 2016, utilities expenses were paid on behalf of the Group by Guangzhou Bawang amounting to approximately RMB1,036,000 (2015: RMB1,255,000).
- (f) On 9 August 2013, Bawang Guangzhou and Guangzhou Bawang entered into two lease agreements, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the production plant and office premises at fixed monthly rental and management fee of RMB1,120,000 and RMB92,800, respectively. The terms of the lease under the agreements are 3 years from 9 August 2013. The lease agreement was renewed on 9 August 2016 and the new terms of the lease are 3 years from 9 August 2016. The renewed monthly rental fee for production premises and office premises are approximately RMB490,000 and RMB45,000 respectively. The renewed monthly management fee for production premises and office premises are approximately RMB310,000 and RMB39,000 respectively. Details of which were set out in the Company's announcement dated 9 August 2016. During the year ended 31 December 2016, approximately RMB12,906,000 (2015: RMB14,554,000) in aggregate was recognised in the consolidated statement of profit or loss.

34. 關連方交易(續)

- (c) 於截至二零一六年十二月三十一日止年度內，向廣州晨明購買的原材料之金額約人民幣5,124,000(二零一五年度：人民幣4,700,000)。本公司董事確認上述原材料的購買是以現行市價為考慮基準。
- (d) 於截至二零一六年十二月三十一日止年度內，向廣州倩採購的原材料之金額約人民幣597,000(二零一五年度：183,000)。本公司董事確認上述原材料的購買是以現行市價為考慮基準。
- (e) 於截至二零一六年十二月三十一日止年度內，廣州霸王代本集團支付的水電費合共約人民幣1,036,000(二零一五年度：人民幣1,255,000)。
- (f) 於二零一三年八月九日，霸王廣州與廣州霸王訂立兩份租賃協議。據此，霸王廣州向廣州霸王租賃生產廠房和辦公場地，每月固定租金及管理費用分別為人民幣1,120,000和人民幣92,800，租賃協議更新於二零一六年八月九日租期自二零一三年八月九日起有效期三年。新的租賃期限為自二零一六年八月九日起三年。生產場所和辦公樓的月租費分別約為人民幣490,000元和45,000元。生產場所和辦公樓每月管理費新增約310,000元和人民幣39,000元。詳情載於公司二零一六年八月九日發佈的公告。截至二零一六年十二月三十一日止年度，約人民幣12,906,000(二零一五年度：約人民幣14,554,000)已計入綜合損益表中。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. Related Party Transactions (Continued)

- (g) During the year ended 31 December 2016, finished goods were sold by the Group to Guangzhou Friend's Group amounting to nil (2015: RMB75,000). The Directors of the Company have confirmed that the basis of consideration for the sales of finished goods is the prevailing market price.
- (h) During the year ended 31 December 2016, finished goods were sold by the Group to Guangzhou Xiaoxiao amounting to RMB36,000 (2015: nil). The Directors of the Company have confirmed that the basis of consideration for the sales of finished goods is the prevailing market price.
- (i) The Controlling Shareholders and Guangzhou Bawang undertook to provide a loan facility to the Group in an amount up to RMB140,000,000 for a period from 15 March 2013 to 31 December 2015 and was further extended to 31 December 2017. The long-term loans are unsecured, interest-free and repayable by 31 December 2017 or earlier as determined by the Group. During the year ended 31 December 2016, the Group had drawn down HK\$35,000,000 (equivalent to approximately RMB29,323,000) under the facility. On 3 June 2016, all the loans from the controlling shareholders were fully repaid. As at 31 December 2016, the carrying amount of the loans from Controlling Shareholders was approximately nil (2015: RMB54,946,000). The effective interest rate of the loans from Controlling Shareholders was 5% (2015: 5%) per annum. As at 31 December 2016, the available facilities is approximately RMB140,000,000 (2015: RMB85,058,000).

34. 關連方交易(續)

- (g) 截至二零一六年十二月三十一日止年度，賣給廣州親友團的成品金額約人民幣零元(二零一五年度：人民幣75,000)。本公司董事確認銷售成品價格是參照當時的市場價格確定。
- (h) 截至二零一六年十二月三十一日止年度，賣給廣州小小的成品金額約人民幣36,000(二零一五年度：無)。本公司董事確認銷售成品價格是參照當時的市場價格確定。
- (i) 控股股東及廣州霸王承諾向本集團提供一筆長期貸款融資，金額高達人民幣140,000,000，有效期自二零一三年三月十五日至二零一五年十二月三十一日，進一步延長至二零一七年十二月三十一日。此長期借款為無抵押、免息及由本集團決定於二零一七年十二月三十一日或之前償還。截至二零一六年十二月三十一日止年度內，本集團獲得一筆金額為港元35,000,000(相當於人民幣29,323,000)的借款。在二零一六年六月三日，所有控股股東的借款已償還。截至二零一六年十二月三十一日，控股股東借款賬面價值為人民幣零元(二零一五年度：人民幣54,946,000)。控股股東借款的有效年利率為5%(二零一五年度：5%)。截至二零一六年十二月三十一日，可供使用融資額度約為人民幣140,000,000(二零一五年度：人民幣85,058,000)。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. Related Party Transactions (Continued)

Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of notes (c) and (f) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the "Report of the Directors" section to the annual report. The related party transactions in respect of notes (b), (d), (e), (g) and (h) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

(1) Compensation of key management personnel

The remuneration of key management personnel of the Group during the year was as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Short-term benefits	短期福利	1,995	1,854
Post-employment benefits	離職後福利	219	166
Termination benefits	辭退福利	111	575
		2,325	2,595

The remuneration of key management personnel of the Group was determined by the board of Directors, in consultation with the remuneration committee, having regard to the performance of individuals and market trends.

34. 關連方交易(續)

有關關連交易適用的上市規則

附註(c)及(f)提及的關連交易，符合上市規則第14A章所界定的關連交易或持續關連交易。上市規則第14A章要求之披露會在年度報告「董事會報告」一章中呈列。附註(b)、(d)、(e)、(g)及(h)提及的關連交易，符合上市規則第14A章所界定的關連交易或持續關連交易但豁免上市規則第14A章所需之披露。

(1) 主要管理人員報酬

本集團於年內主要管理人員的酬金載列如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Short-term benefits	短期福利	1,995	1,854
Post-employment benefits	離職後福利	219	166
Termination benefits	辭退福利	111	575
		2,325	2,595

本集團主要管理人員之報酬由董事諮詢薪酬委員會就彼等個人表現及市場趨勢釐定的。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. Litigations

- (a) The Directors of the Company consider that the contents of the relevant article published by a media company on 14 July 2010 are defamatory to the Group and/or amount to malicious falsehood. Therefore, the Group commenced legal proceedings in the High Court of Hong Kong in October 2010 against the media company seeking, inter alia, damages and an injunction to restrain the media company from publishing such contents or similar contents. The trial of the legal proceedings has been completed on 29 August 2015. On 23 May 2016, the Group received the final judgment handed down by the Court of First Instance of the High Court of Hong Kong in respect of the legal proceedings and the Group won the Legal Proceedings. According to the final judgment the media company was ordered by the High Court of Hong Kong to pay the Group, general damages for libel in an aggregate amount of approximately HK\$3,005,000 (the “**Damages**”). The High Court of Hong Kong also made a costs order nisi that Next Magazine should pay to the Group 80% of the legal costs of the Company and Bawang Guangzhou in respect of the Legal Proceedings (the “**Costs**”). On 16 December 2016, the Court of First Instance made an order by consent of the parties that in lieu of taxation of the costs of the action, the Defendant do pay the Plaintiffs the sum of HK\$18,000,000 (inclusive of interest and the cost of taxation) (equivalent of approximately RMB16,101,000) in full and final settlement of the Costs payable by the Defendant to the Plaintiffs in the action pursuant to the above. The Damages was received by the Group during the year ended 31 December 2016. Subsequent to the end of the reporting period, on 25 January 2017, the Group received the Costs of HK\$18,000,000 (equivalent to RMB16,101,000).

The Damages and the Costs have been recognised as other income for the year ended 31 December 2016.

35. 法律訴訟

- (a) 董事認為一間傳媒公司於二零一零年七月十四日發表的相關雜誌文章內容均為對本集團的誹謗及/或惡意中傷。因此，本集團已於二零一零年十月在香港高等法院向該傳媒公司提起法律訴訟。其中，要求該傳媒公司賠償損失並且禁止出版該內容或類似內容。該法律訴訟已於二零一五年八月二十九日結束審訊。於二零一六年五月二十三日，本集團收到了香港高等法院原訟庭頒佈的判決結果即本集團法律訴訟獲勝。根據判決結果，該傳媒公司被高等法院下令支付本集團合共約3,005,000港元的誹謗「**一般損害賠償**」，並支付本集團有關法律訴訟的80%的法律費用。香港高等法院亦作出下列通知，即壹周刊應向本集團支付就本公司和霸王廣州涉及的法律訴訟費用（「**訴訟費**」）的80%。於二零一六年十二月十六日，原訟法庭以雙方當事人意願作出命令，代替訴訟費用徵稅，被告向原告支付港幣18,000,000元（含利息及訟費）（相當於人民幣161,101,000元），此事以被告須向原告依法支付以上費用圓滿解決。截至二零一六年十二月三十一日止年度，本集團收到誹謗一般損害賠償。最後在報告期末，本集團於二零一七年一月二十五日收到訴訟費港幣18,000,000元（折合人民幣16,101,000元）。

誹謗一般損害賠償和費用於二零一六年十二月三十一日年度被確認為其他收入。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. Litigations (Continued)

- (b) In prior years, a lawsuit was filed by a former subcontractor against Bawang (China) Beverage Co., Limited (“**Bawang Beverage**”) in People’s Court of Songjiang District of Shanghai (the “**Shanghai Court**”) in respect of a dispute in the material processing contract between the former subcontractor and Bawang Beverage. In 2013, Bawang Beverage received a civil order issued by the Shanghai Court, which accepted the application by the former subcontractor for property attachment prior to lawsuit to freeze Bawang Beverage’s bank accounts in the amount of approximately RMB873,000 or other assets under the name of Bawang Beverage. In connection with the lawsuit, one of Bawang Beverage’s bank accounts with an amount of approximately RMB309,000 was frozen. No accrual has been recorded by the Group as at 31 December 2013 based on the opinion provided by the PRC legal counsel acting on behalf of Bawang Beverage.

On 20 June 2014, Shanghai No. 1 Intermediate People’s Court gave its final ruling that Bawang Beverage was liable to the former subcontractor for an amount of approximately RMB643,000 and a legal cost of approximately RMB19,000. Accordingly, provision for litigation in amount of approximately RMB662,000 was recognised as other expense in the consolidated statement of profit or loss and amount of approximately RMB324,000 was settled during the year ended 31 December 2014. During the year ended 31 December 2015 and 2016 and up to the date of this report, the remaining provision of approximately RMB338,000 has not been settled.

35. 法律訴訟(續)

- (b) 早前，一名前分銷商在上海松江區人民法院(「**上海法院**」)就該前分銷商及霸王(中國)飲料有限公司(「**霸王飲料**」)之間的原料加工合同糾紛向霸王飲料提起訴訟。於二零一三年，霸王飲料收到了上海法院的民事判決書，上海法院受理了前分銷商的訴前財產保全申請，凍結了霸王飲料銀行賬戶約人民幣873,000元或霸王飲料名下的其他資產。在此訴訟中，霸王飲料其中一個銀行賬戶被凍結了約人民幣309,000元。於二零一三年十二月三十一日，根據中華人民共和國代表霸王飲料的法律顧問提供的意見，本集團尚未對此計提任何準備。

上海第一中級人民法院於二零一四年六月二十日作出最終裁決，霸王飲料須向前分銷商支付約人民幣643,000元的賠償金和約人民幣19,000元的訴訟費。此外，訴訟計提合計約人民幣662,000元已被確認於綜合損益表中為其他費用，約人民幣324,000元已在截至二零一四年十二月三十一日止年度內償還。截至二零一五年和二零一六年十二月三十一日止年度至本報告日，約人民幣338,000元的剩餘計提尚未結算。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. Litigations (Continued)

- (c) During the year ended 31 December 2014, a lawsuit was filed by Bawang Guangzhou against a supplier in District Court for the incomplete construction and unsatisfactory performance of plant and machineries provided by the supplier. On 2 February 2015, the District Court issued a verdict for the lawsuit whereby (i) the purchase contracts for the plant and machineries were terminated; (ii) the supplier should pay Bawang Guangzhou a sum of approximately RMB22,518,000 representing purchase cost paid and liquidated damages in addition to interest; and (iii) the plant and machineries concerned should be dismantled and removed from the factory of Bawang Guangzhou.

During the year ended 31 December 2015, Bawang Guangzhou applied for an injunction against the supplier in District Court to execute the court order handed down in 2014. On 14 October 2016, the Group received approximately RMB170,000 from the supplier through the execution by the court and the above amount has been recognised as other income for the year ended 31 December 2016. Upon further negotiation with the supplier, Bawang Guangzhou is willing to settle the case outside the court. During the year ended 31 December 2016 and up to the date of this report, no agreement has been signed and no settlement has been received from the supplier except the above amount.

35. 法律訴訟(續)

- (c) 截至二零一四年十二月三十一日止年度，霸王廣州就未完成之工程及所提供的廠房和機器設備性能不佳向地方法院起訴某供應商。於二零一五年二月二日，地區法院作出判決(i)終止機器設備的採購合同；(ii)供應商應支付霸王廣州購買成本、違約金及利息損失合計約人民幣22,518,000元；並(iii)從霸王廣州的廠房拆除該廠房和機器設備。

截至二零一五年十二月三十一日止年度，霸王廣州向地方法院申請向該供應商執行二零一四年作出的法院判決。於二零一六年十月十四日，本集團通過法院執行程序從某供應商獲得執行收到大約人民幣170,000元並且上述金額已於二零一六年十二月三十一日止年度確認為其他收入。與供應商進一步談判，霸王廣州願意接受庭外和解。截至二零一六年十二月三十一日止年度直至本報告日，雙方尚未簽署任何協議，除以上金額外也並未收到供應商任何賠付。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. Litigations (Continued)

- (d) During the year ended 31 December 2015, a lawsuit was filed by a total of 14 former employees against Bawang Guangzhou in the District Court in respect of termination compensation for a total sum of approximately RMB2,891,000 representing related severance payments, salaries and social insurance expenses. Provision of litigation in the amount of RMB500,000 was recognised as administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2015.

During the year ended 31 December 2016, the District Court handed down the judgement for 12 out of 14 employees that the Group was liable to the former employees for a sum of approximately RMB652,000. The Group lodged an appeal against the decision to the Intermediate Court for 9 out of 12 employees and the other 3 employees appealed by themselves against the decision to the Intermediate Court. As at the date of this report, the legal proceedings are in progress and based on the opinion provided by the PRC legal counsel acting on behalf of Bawang Guangzhou, representing that the maximum compensation was RMB700,000 expected by the PRC legal counsel up to the date of this report.

For the remaining two employees, the court handed down the judgment for one of them that the Group was liable to the former employee for a sum of approximately RMB208,000 and the appeal by the Group was rejected by the court. For the other one, the court handed down the judgment that the Group was liable to the former employee for a sum of approximately RMB45,000 and the Group lodged an appeal against the decision. On 8 March 2017, the appeal by the Group was rejected by the court.

Accordingly, additional provision of approximately RMB453,000 was recognised as administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2016.

35. 法律訴訟(續)

- (d) 截至二零一五年十二月三十一日止年度，十四名公司前任僱員在地區法院訴請霸王廣州違法解除勞動合同賠償金、工資和社保費用約人民幣2,891,000元。於二零一五年十二月三十一日確認了人民幣500,000元的計提準備計入合併報表的行政費用中。

截至二零一六年十二月三十一日止年度，地區法院對14名僱員中的12名作出了判決，本集團應付前任僱員約人民幣652,000元。本集團向中級法院對12名僱員中的9人判決提出上訴，另有3名僱員向中級法院的判決提出上訴。截至本報告日，法律程序正在進行中，截至本報告日，根據霸王廣州的中國代表律師的法律意見，預估的最大賠償金額為人民幣700,000元。

至於其他兩名僱員，法院對其中一人作出了判決，本集團應付前任僱員約人民幣208,000元，本集團上訴被法院駁回。對於另一人，法院判定本集團應付前任僱員約人民幣45,000元，本集團對該判決提出上訴。二零一七年三月八日，本集團的上訴被法院駁回。

因此，在截至二零一六年十二月三十一日止年度的合併利潤表中，追加撥付人民幣453,000元確認為管理費用。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. Litigations (Continued)

- (e) During the year ended 31 December 2015, a lawsuit was filed by a former employee against Bawang Guangzhou in the District Court in respect of termination compensation. On 8 October 2015, the District Court gave its first ruling that Bawang Guangzhou was liable to the former employee for a sum of approximately RMB149,000 representing related severance payments and salaries. Both the plaintiff and Bawang Guangzhou lodged an appeal against the decision. No hearing has yet been fixed for the appeal. Accordingly, provision of litigation in the amount of approximately RMB149,000 was recognised as administrative expenses in the consolidated statement of profit or loss.

During the year ended 31 December 2016, the Intermediate Court handed down the judgment that the Group was liable to the former employee for a sum of approximately RMB167,000 representing related severance payments and salaries and the Group settled the amount during the year. Accordingly, additional provision of approximately RMB18,000 was recognised as administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2016.

- (f) During the year ended 31 December 2015, a lawsuit was filed by a former employee against Bawang Guangzhou in the Guangzhou Labour Dispute Arbitration Commission (“**Guangzhou Labour Commission**”) in respect of termination compensation for a sum of approximately RMB174,000. On 8 April 2015, the Guangzhou Labour Commission gave its ruling that Bawang Guangzhou was liable to the former employee for a sum of approximately RMB17,000 representing related salaries. The plaintiff lodged an appeal against the decision to the District Court. On 15 October 2015, the District Court gave its ruling that Bawang Guangzhou was liable to the former employee for a sum of approximately RMB17,000. The plaintiff did not file further appeal. The amount has been recognised in administrative expenses and settled during the year ended 31 December 2015.

35. 法律訴訟(續)

- (e) 截至二零一五年十二月三十一日止年度，一名公司前任僱員在地區法院訴請霸王廣州終止賠償。於二零一五年十月八日，地區法院作出一審盤踞，霸王廣州向原告支付遣散費和工資約人民幣149,000。原告和霸王廣州均表示不服判決要上訴。目前尚未收到上訴通知。因此，確認約人民幣149,000計提準備計入合併報表中的管理費用。

截至二零一六年十二月三十一日止年度，中級法院作出判決，本集團應付前任僱員約人民幣167,000元的遣散費和薪金，並且集團應於年內結清金額。因此，截至二零一六年十二月三十一日止年度的合併利潤表中，追加撥付約人民幣18,000元確認為管理費用。

- (f) 截至二零一五年十二月三十一日止年度，一名公司前任僱員向廣州市勞動爭議仲裁委員會（「**廣州勞動委員會**」）訴請霸王廣州支付合共約人民幣174,000的終止賠償金。於二零一五年四月八日，廣州市勞動委員會作出裁決霸王廣州向前僱員支付總額約人民幣17,000元的工資。原告不服判決向地區法院提出上訴。於二零一五年十月十五日，地區法院作出裁決，霸王廣州向前僱員支付合共約人民幣17,000元。原告沒有進一步提出上訴。該筆金額已計入行政費用中並於截至二零一五年十二月三十一日止年度支付。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. Litigations (Continued)

- (g) During the year ended 31 December 2015, a total of 3 lawsuits were filed by the same supplier against Bawang Guangzhou in the District Court and Guangzhou Arbitration Commission for a total sum of approximately RMB1,810,000 and RMB859,000 respectively, representing outstanding retention fees and construction fees. Accordingly, provision of litigation in the amount of approximately RMB2,669,000 was recognised as administrative expenses in the consolidated statement of profit or loss based on the opinion provided by the PRC legal counsel acting on behalf of Bawang Guangzhou.

During the year ended 31 December 2016, the District Court and Guangzhou Arbitration Commission handed down the judgment that the Group was liable to settle the amount of approximately RMB1,810,000 and RMB928,000 respectively with corresponding legal cost and arbitration fee of approximately RMB23,000 and RMB23,000 respectively. Therefore, the Group entered an agreement with the supplier that the Group will settle the above amounts by 8 times installments for the period from August 2016 to March 2017. The monthly installment is RMB350,000 and the remaining balance will be settled by the last time of installment. Additional provision of RMB115,000 was recognised as administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2016.

The Group has settled approximately RMB1,750,000 and the remaining provision of approximately RMB1,034,000 has not been settled for the year ended 31 December 2016.

- (h) During the year ended 31 December 2016, a lawsuit was filed by the Group against a former joint venture in the District Court for the outstanding receivable amount of rental deposit and goods sold. The Group requested for the following claim: (i) Repayment of the rental deposit of approximately RMB57,000; (ii) Repayment of the goods sold of approximately RMB232,000; and (iii) Repayment of the overdue penalty of goods sold of approximately RMB232,000.

Subsequent to the end of the reporting period, on 15 March 2017, the Group withdrew the lawsuit.

35. 法律訴訟(續)

- (g) 截至二零一五年十二月三十一日止年度，一個供應商分別在地區法院和廣州市仲裁委員會向霸王廣州提起總共三項訴訟，要求支付金額分別為約人民幣1,810,000元和約人民幣859,000元。根據霸王廣州的中國代表律師的法律意見，確認了約人民幣2,669,000元計提準備計入合併報表中的行政費用。

截至二零一六年十二月三十一日止年度，地區法院和廣州市仲裁委員會作出判決，本集團應付約人民幣1,810,000元和約人民幣928,000元以及相應的法律費用和仲裁費約人民幣23,000元和人民幣23,000元。因此，本集團與供應商達成協議，本集團將於二零一六年八月至二零一七年三月期間分八期付款，每期付款金額為人民幣35萬元，餘額將於最後一期結清。截至二零一六年十二月三十一日止年度，附加條款的人民幣115,000元已於合併利潤表中確認為管理費用。

截至二零一六年十二月三十一日止年度，本集團已結清約人民幣1,750,000元，其餘約人民幣1,034,000元尚未結清。

- (h) 截至二零一六年十二月三十一日止年度，本集團在地區法院就租賃保證金和貨款的應收賬款向前合資企業提出訴訟。本集團要求提出以下索賠：(i)償還約人民幣57,000元的租金；(ii)償還銷售貨款約人民幣232,000元；及(iii)償還已售商品的逾期費用約人民幣232,000元。

繼呈報期後，本集團於二零一七年三月十五日撤銷訴訟。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. Principal Subsidiaries

Details of the Company's principal subsidiaries at 31 December 2016 and 2015 are as follows:

36. 主要附屬公司

於二零一六年及二零一五年十二月三十一日本公司主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ establishment and operation 成立及經營地點	Issued and paid-up/ registered ordinary share 已發行及 繳足資本	Proportion ownership interest and voting power held by the Company 本公司持有的權益及 擁有的投票權比例		Principal activities 主要業務		
			2016 二零一六年 Direct 直接 %	Indirect 間接 %	2015 二零一五年 Direct 直接 %	Indirect 間接 %	
Forever Giants Limited	BVI	USD1	100	—	100	—	Marketing and promotion of household and personal care products
Forever Giants Limited	英屬處女群島	美元1					營銷及推廣家用及個人護理產品
Bawang International Group Holding (HK) Limited	Hong Kong	HK\$1	—	100	—	100	Investment holding, advertising agency and trading of household and personal care products
霸王國際集團控股(香港)有限公司	香港	港元1					投資控股、廣告代理及營銷及推廣家用及個人護理產品
Hong Kong Bawang International Trading Limited	Hong Kong	HK\$1	—	100	—	100	Advertising agency and trading of household and personal care products
香港霸王國際貿易公司	香港	港元1					廣告代理及營銷及推廣家用及個人護理產品
Bawang Guangzhou (note a)	The PRC	USD67,500,000	—	100	—	100	Manufacturing and trading of household and personal care products
霸王廣州(附註(a))	中國	美元67,500,000					製造及營銷及推廣家用及個人護理產品
Bawang Beverage (note a)	The PRC	HK\$180,000,000	—	100	—	100	Inactive during the year
霸王飲料(附註(a))	中國	港元180,000,000					年內不活動
Guangzhou Fanmei Electronic Business Company Limited*	The PRC	RMB1,000,000	—	100	—	—	Inactive during the year
廣州梵魅電子商務有限公司	中國	人民幣1,000,000					年內不活動
Guangzhou Bawang Trading Company Limited*	The PRC	RMB1,000,000	—	100	—	—	Inactive during the year
廣州霸王貿易有限公司	中國	人民幣1,000,000					年內不活動

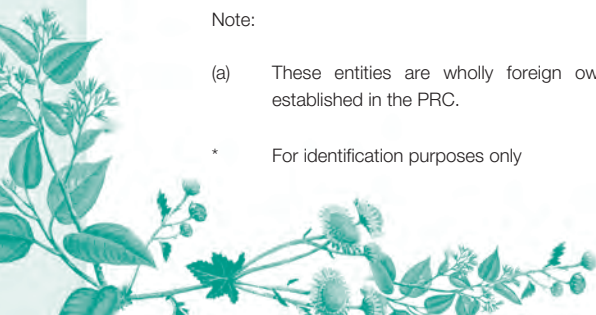
Note:

(a) These entities are wholly foreign owned and limited liability companies established in the PRC.

* For identification purposes only

附註：

(a) 此等實體為於中國成立的外商全資擁有的有限責任公司。



Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. Principal Subsidiaries (Continued)

The above table lists the subsidiaries of the Group which, in the opinion of the Directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of both years or at any time during the years.

At the end of the reporting period, the Company has other wholly-owned subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities 主要業務	Principal place of business 主要業務地點	Number of subsidiaries 附屬公司數目	
		2016 二零一六年	2015 二零一五年
Investment holding 投資控股	BVI 英屬處女群島	2	2
Investment holding 投資控股	Hong Kong 香港	1	1

37. Comparatives

Trade and other receivables presented in the consolidated statement of financial position previously included an amount due from a related party and trade and other receivables. To conform to current year's presentation, the amount due from a related party as at 31 December 2015 has been reclassified from trade and other receivables and separately presented in the consolidated statement of financial position to facilitate a better presentation.

38. Events after the Reporting Period

As mentioned in note 35(a), subsequent on 25 January 2017, the Costs of HK\$18,000,000 (equivalent of approximately RMB16,101,000) recovered from litigation was received by the Group.

36. 主要附屬公司(續)

上表僅列出本公司董事認為主要影響本集團業績或資產和負債之附屬公司。本公司董事認為提供其他附屬公司之詳情將令資料過於冗長而不在此列示。

於當年及上一年度期內，概無任何附屬公司發行任何債權債務。

於呈報期末，公司擁有其他就集團而言非重大的全資附屬公司。該等附屬公司之主要業務概述如下：

37. 對比

合併財務報表列示的貿易和其他應收款，其中包括關聯方應付款項，貿易和其他應收款。為符合本年度會計報表，截至截至二零一五年十二月三十一日止年度，關聯方應付金額已從貿易和其他應收款中重新分類，單獨列示在合併財務報表中，以便更好地展示。

38. 呈報期後事項

如附註35(a)所示，隨後於二零一七年一月二十五日，集團收回訴訟費港幣18,000,000元(約等於人民幣16,101,000元)。

Five Years Summary

五年財務概要

As at 31 December 2016 於二零一六年十二月三十一日

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元 (Restated) (經重列)	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元	2012 二零一二年 RMB'000 人民幣千元
Results	業績					
Turnover	營業額	264,229	232,181	294,649	478,380	555,955
Profit/(loss) before taxation	稅前利潤/(虧損)	41,094	(110,422)	(116,457)	(143,502)	(534,964)
Taxation	稅項	2,610	—	—	—	(82,605)
Profit/(loss) for the year attributable to the owners of the Company	本公司擁有人應佔之年內利潤/(虧損)	43,704	(110,422)	(116,457)	(143,502)	(617,569)
Assets and liabilities	資產及負債					
Property, plant and equipment	物業、廠房及設備	137,237	155,284	225,340	294,256	321,619
Prepaid advertising fee	預付廣告費用	—	—	—	123	1,454
Biological assets	生物資產	457	426	175	170	142
Net current/(liabilities) assets	流動(負債)資產淨值	13,305	(56,852)	(26,364)	(29,346)	91,485
Total assets less current liabilities	資產總值減流動負債	150,542	98,432	199,151	265,203	414,700
Loan from controlling shareholders	控股股東借款	—	54,946	44,069	—	—
Deferred tax liabilities	遞延稅項負債	—	2,031	2,031	2,031	2,031
Net assets	資產淨值	150,542	41,455	153,051	263,172	412,669
Capital and reserves	資本及儲備					
Share capital	股本	277,878	256,705	256,639	256,639	256,639
Reserves	儲備	(127,336)	(215,250)	(103,588)	6,533	156,030
Total equity	權益總額	150,542	41,455	153,051	263,172	412,669
Earning/(loss) per share Basic and diluted (RMB)	每股盈利/(虧損)基本及攤薄(人民幣)	0.01	(0.038)	(0.04)	(0.05)	(0.21)

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