



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



Interim Report 2019

2019 年中期報告

* for identification purposes only
 僅供識別



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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.)*
CHEUNG Kin Wing *FCA, CPA*
Dr. WANG Qi *PhD*

Audit and Risk Management Committee

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

Remuneration Committee

CHEUNG Kin Wing *FCA, CPA (Chairman)*
Dr. NGAI Wai Fung *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
CHEN Zheng He

Nomination Committee

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

Company Secretary

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.)*
張建榮 *FCA, CPA*
王琦博士 *PhD*

審核及風險管理委員會

魏偉峰博士 *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
(主席)
張建榮 *FCA, CPA*
王琦博士 *PhD*

薪酬委員會

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

公司秘書

黃善榕 *CPA*

Authorised Representatives

CHEN Zheng He
WONG Sin Yung *CPA*

Registered Office

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

Principal Place of Business in the People's Republic of China ("PRC")

Bawang Industrial Park
468 Guanghua 3rd Road
Baiyun District
Guangzhou
510450
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
2103B, 21/F., 148 Electric Road
North Point
Hong Kong

授權代表

陳正鶴
黃善榕 *CPA*

註冊辦事處

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

中國主要營業地點

中國
廣州
白雲區
廣化三路468號
霸王工業園
郵編：510450

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

香港證券登記及過戶處

寶德隆證券登記有限公司
香港
北角
電氣道148號21樓2103B室

Corporate Information 公司資料

Cayman Islands Principal Share Registrar and Transfer Office

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

Auditor

SHINEWING (HK) CPA Limited
43/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Legal Advisor on Hong Kong Law

Fangda Partners
26/F, 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 510410
PRC

開曼群島證券過戶登記總處

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

核數師

信永中和(香港)會計師事務所有限公司
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香港中環
康樂廣場8號
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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
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廣州市
機場路1073號
郵編：510410

Business Review

The directors (“**Directors**”) of the BaWang International (Group) Holding Limited (the “**Company**”) report that the total revenue of the Group for the six months ended 30 June 2019 was approximately RMB113.2 million, representing a decrease of approximately 10.2% from approximately RMB126.0 million for the same period last year. The operating loss of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2019 was approximately RMB17.8 million, as compared with the operating loss of approximately RMB11.4 million for the same period last year.

For the six months ended 30 June 2019, the net loss of the Group was approximately RMB18.6 million, as compared with the net loss of approximately RMB11.4 million for the same period last year.

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

During the period under review, the Group was operating under the value-chain-oriented business model to control the costs of sales and administration.

During the period under review, to expand the distribution channels to cover the unexplored market so as to enhance the sales of various branded products, the Group carried out marketing activity known as “Mine Field Clearing” in the conventional sales channels across the country. As at 30 June 2019, a total of approximately 54 new distributors have been recruited.

During the period under review, to enhance the sales of various branded products, we successfully upgraded the packaging of two Bawang branded series for the conventional sales channels. The new packagings have a trendy and professional image, which also successfully helped the creation of a social media celebrity version of Bawang hair-care products for sales through the conventional channel.

Additionally, we successfully developed a sales channel for college students. Leveraging on the “College Students Advertising Festival” (大學生廣告藝術節) and cooperating with some colleges, we introduced Bawang branded products to the campuses which publicized and educated the young people to understand the concept of haircare via herbal shampoo products.

業務回顧

霸王國際(集團)控股有限公司(「**公司**」)的董事(「**董事**」)報告本集團截至二零一九年六月三十日止六個月的總收入約人民幣113.2百萬元，較二零一八年同期約人民幣126.0百萬元下降了約10.2%。本公司及其子公司(「**本集團**」)截至二零一九年六月三十日止六個月期間錄得經營虧損約人民幣17.8百萬元，而去年同期錄得經營虧損約人民幣11.4百萬元。

本集團截至二零一九年六月三十日止六個月錄得淨虧損約人民幣18.6百萬元，而去年同期錄得淨虧損約人民幣11.4百萬元。

關於本集團經營業績的更多信息，請參照本報告之「財務回顧」部分。

於回顧期內，本集團繼續執行價值鏈導向的業務模式，用以控制銷售及行政費用的成本。

於回顧期內，為了拓展分銷渠道，以覆蓋空白市場，從而促進各品牌產品的銷售，本集團在全國線下渠道開展了「掃雷」活動。截止二零一九年六月三十日，累計大約完成54個新經銷商的招納。

於回顧期內，為了促進各品牌產品的銷售，我們成功更新了傳統渠道霸王品牌兩個系列的包裝。升級後的包裝更顯時尚和專業，成功打造網紅產品霸王育發液並開始於傳統渠道銷售。

此外，我們成功開發大學生市場。利用「大學生廣告藝術節」，和部分高校聯合，霸王品牌產品走進校園，讓更多的年輕人了解通過草本洗發水產品護髮的概念。

Management Discussion and Analysis 管理層討論及分析

Through the “China International Comics Festival Expo” (中國國際漫畫節博覽會), the Group has engaged in intensive cooperation with some major animation companies. A comic book known as “Herbal Fairytale” has been released and a revamped comic App has been launched for promoting the Bawang brand in the form of comics and animation, which enhanced and reinforced the consumers’ understanding of the concept to do haircare through traditional Chinese medicine shampoos and the different functionalities of various Bawang branded products.

In April 2019, the Group selected a popular Chinese style singer, Mr. Huo Zun (霍尊), as our short-term image and brand ambassador for Bawang branded shampoo and hair care products. We made full use of the image of the new brand ambassador to attract consumers’ attention via social media platforms such as Weibo and WeChat, advertisements posted in city metros and at the points of sales with the theme to promote Bawang’s anti-hair fall shampoos as national products. We believe that the marketing strategy of appointing young brand ambassadors to act as key opinion leaders on social media platforms has made an impact on the promotion of our products.

To further motivate the Group’s distributors and sales team, incentive leisure travel scheme for the participating distributors and internal staff members was offered for free to those who had completed the predetermined sales target within a specified period. During the period under review, eligible staff members and distributors who participated in the scheme travelled to five selected destinations.

As at 30 June 2019, the Bawang brand distribution network comprised approximately 794 distributors and seven KA retailers, covering 26 provinces and four municipalities in China. Furthermore, the products of the Group were also sold in Hong Kong, Singapore, Thailand and Malaysia.

During the period under review, the Group marketed the branded shampoo products, “Royal Wind”, with the theme “Let’s chase for the wind rather than wait for the wind”. As at 30 June 2019, the Royal Wind brand distribution network comprised approximately 185 distributors and seven KA retailers, covering 26 provinces and four municipalities in China.

Our Litao products mainly comprised shower gels and laundry detergents, targeting consumers living in the second-tier or third-tier cities in China. The Group’s goal is to widen the market coverage in China. As at 30 June 2019, the Litao products distribution network comprised approximately 95 distributors, covering 26 provinces and four municipalities in China.

借助「中國國際漫畫節博覽會」，本集團和各大動漫公司進行了深度合作。蔡精奇緣小說發布以及經改版的漫畫App也開始上線，用動漫的形式宣傳品牌。通過中藥洗髮水和各種霸王品牌產品的不同功能，增強和強化了消費者對使用中藥護髮理念的理解。

於二零一九年四月，本集團聘請了當紅國風代表歌手霍尊為霸王洗護產品的短期品牌形象代言人。我們充分利用新的品牌代言人形象，通過微博、微信等社交媒體平台，在城市地鐵、賣場內投放廣告，利用宣傳主題「尊享國貨強，防脫用霸王」來吸引顧客的注意力。我們相信，聘請年輕品牌代言人擔任社交媒體平台關鍵意見領袖的營銷策略對我們產品的推廣產生了影響。

為了進一步激勵本集團經銷商和銷售團隊，本集團向那些在指定期間完成銷售目標的參與經銷商和內部員工提供具有激勵性的休閒旅遊計劃。於回顧期內參與計劃的符合資格的經銷商和員工，前往了五個挑選出來的目的地旅遊。

截至二零一九年六月三十日止，霸王品牌分銷網絡包括大概794個分銷商及7個重點零售商，覆蓋中國26個省份及四個直轄市。此外，該集團的產品也銷往香港、新加坡、泰國以及馬來西亞。

於回顧期內，本集團推廣追風品牌的營銷主題「等風來，不如追風去」。截至二零一九年六月三十日，追風品牌分銷網絡包括大概185個分銷商及7個重點零售商，覆蓋中國26個省份及四個直轄市。

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。本集團的目標是將市場擴大至整個中國。截至二零一九年六月三十日，麗濤品牌分銷網絡包括大概95個分銷商，覆蓋中國26個省份及四個直轄市。

Our 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 are dedicated to pursue a healthy and natural lifestyle. As at 30 June 2019, the sales and distribution network for the Herborn Chinese herbal skincare products comprised approximately 35 distributors covering 26 provinces and four municipalities in China.

As at 30 June 2019, the Group has established online flagship stores for our Bawang, Royal Wind, Herborn and Little King branded products on 16 online retailing platforms in China. We will deepen our efforts in the development of this channel.

During the period under review, we have obtained, renewed, and/or are in possession of the following certificates and/or accreditations:

- our Chinese herbal hair care shampoo products and skincare series shower gel products have been recognised as “New Hi-tech Products of Guangdong Province” (廣東省高新技術產品) by the Guangdong Provincial New Hi-tech Enterprise Association for a period of three years until the end of 2020;
- the permit for production of cosmetic products, which was issued by Guangdong Provincial Food and Drug Administration, is valid until May 2021;
- three Bawang branded series shampoos were again recognised as “The 2018 New High-Tech Products in Guangdong” by the Guangdong Provincial Science and Technology Bureau in December 2018 for a period of three years until the end of 2021;
- our High-tech enterprise certificate has been renewed for a period of three years until the end of 2021;
- our production process for haircare and skincare products has been certified by SGS with a validity period until July 2022 as to meet the requirements of US FDA CFSAN by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2008;
- our production process for haircare and skincare products has been certified by SGS with a validity period until July 2022 as to meet the requirements of ISO22716:2007 by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines;

本草堂中草藥護膚產品之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。截至二零一九年六月三十日，本草堂中草藥護膚產品分銷網絡包括大概35個分銷商，覆蓋中國26個省份及四個直轄市。

截至二零一九年六月三十日止，本集團已經在16個線上零售平台上建立了霸王、追風、本草堂以及小霸王的線上旗艦店。我們會深化力量去發展這渠道。

於回顧期內，我們獲得、更新及/或依然持有的證書及/或認證如下：

- 我們的中草藥養髮護髮系列洗髮液產品及護膚系列沐浴露均獲廣東省高新技術企業協會評為「廣東省高新技術產品」，有效期為三年至二零二零年底；
- 廣東省食品藥品監督管理局頒發的化妝品生產許可證書，有效期截至二零二一年五月；
- 霸王品牌三大系列產品重新被廣東省科技技術廳認定為「2018年廣東省高新技術產品」，有效期為三年即截至二零二一年底；
- 我們更新了高新技術企業證書，有效期為三年即截至二零二一年底；
- 我們護髮護膚產品的生產流程通過了SGS機構的評估，獲得美國食品安全營養中心有關化妝品良好生產規範(GMP)2008的認證，有效期截至二零二二年七月；
- 我們護髮護膚產品的生產流程通過了SGS機構評估，獲得國際標準組織化妝品生產操作指南ISO22716:2007有關化妝品良好生產規範(GMP)認證，有效期截至二零二二年七月；

- we were awarded the “T-Mall Golden Award 2019” (天貓金妝獎) certificate by TMALL (天貓) recognising our outstanding logistics services in March 2019; and
 - we were awarded the “Golden Ant Star Award 2018–2019” certificate by the China (Guangzhou) International Logistic Equipment & Technology Exhibition Organization Committee in May 2019.
- 於二零一九年三月，我們獲得由天貓平台頒發的2019年度物流服務傑出品牌天貓金妝獎；及
 - 於二零一九年五月，我們獲得由中國(廣州)國際物流裝備與技術展組委會頒發的2018–2019年度中國物流行業金螞蟻明星獎；

Financial Review

Revenue

During the six months ended 30 June 2019, the Group’s revenue from operations amounted to approximately RMB113.2 million, representing a decrease of approximately 10.2% from approximately RMB126.0 million for the same period last year. Revenue through the online sales channel was approximately RMB62.5 million, representing an increase of approximately 7.2% from approximately RMB58.3 million for the same period last year, but such increase was partially offset by the decrease in the aggregate revenue generated from the traditional sales channels.

During the six months ended 30 June 2019, the Group’s core brand, Bawang, generated a revenue of approximately RMB105.5 million, which accounted for approximately 93.2% of the Group’s total revenue, and represented a decrease of approximately 6.0% as compared with the same period last year.

During the six months ended 30 June 2019, the Group’s branded Chinese herbal anti-dandruff haircare series, Royal Wind, generated a revenue of approximately RMB3.2 million, which accounted for approximately 2.8% of the Group’s total revenue, represented a decrease of approximately 28.9% as compared with the same period last year.

During the six months ended 30 June 2019, the Group’s natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated a revenue of approximately RMB3.2 million, which accounted for approximately 2.8% of the Group’s total revenue, represented a decrease of approximately 33.3% as compared with the same period last year.

During the six months ended 30 June 2019, the Group’s branded Chinese herbal skincare series, Herborn, generated a revenue of approximately RMB1.2 million, which accounted for approximately 1.1% of the Group’s total revenue, represented a decrease of approximately 70.0% as compared with the same period last year.

財務回顧

營業額

截至二零一九年六月三十日止六個月，本集團經營業務收入約人民幣113.2百萬元，較去年同期經營業務收入的約人民幣126.0百萬元減少了約10.2%。電商渠道的營業額約人民幣62.5百萬元，較去年同期約人民幣58.3百萬元上升了約7.2%。但該上升幅度被其他傳統渠道銷售的營業額下降部份抵減。

截至二零一九年六月三十日止六個月，本集團核心品牌，霸王的收入約人民幣105.5百萬元，約佔本集團總收入的93.2%，較去年同期下降了約6.0%。

截至二零一九年六月三十日止六個月，本集團的中草藥去屑品牌，追風的收入約人民幣3.2百萬元，約佔本集團總收入的2.8%，較去年同期下降了約28.9%。

截至二零一九年六月三十日止六個月，本集團的以純天然為基礎的洗髮水、沐浴露和洗衣液產品系列，麗濤的收入約人民幣3.2百萬元，約佔本集團總收入的2.8%，較去年同期下降了約33.3%。

截至二零一九年六月三十日止六個月，本集團的中草藥護膚品牌，本草堂的收入約人民幣1.2百萬元，約佔本集團總收入的1.1%，較去年同期減少約70.0%。

We sold our products through extensive distribution and retail networks, via conventional and/or online sales channels. During the six months ended 30 June 2019, a summary of our sales revenue in percentage through different networks and/or channels is as follows:

我們通過廣泛的分銷商和零售商網絡，也通過傳統和／或電商兩個渠道銷售我們的產品，截止二零一九年六月三十日止六個月，綜述我們通過不同網絡和／或渠道的銷售額百分比列示如下：

Network/Channel	網絡/渠道	Conventional 傳統 (%)	Online 電商 (%)	Total 合計 (%)
Distributor	分銷商	35.9	26.0	61.9
Retailer	零售商	8.9	29.2	38.1
Total	合計	44.8	55.2	100.0

During the six months ended 30 June 2019, our products were also sold in Hong Kong, Singapore, Thailand and Malaysia. The sales to these overseas markets accounted for approximately 1.5% of our total revenue during the six months ended 30 June 2019.

截至二零一九年六月三十日止六個月，我們的產品已在香港、新加坡、泰國和馬來西亞市場上銷售。截至二零一九年六月三十日止六個月，這些海外市場的營業額約佔本集團總銷售額的1.5%。

Cost of Sales

During the six months ended 30 June 2019, cost of sales amounted to approximately RMB65.8 million, representing a decrease of approximately RMB4.1 million (or approximately 5.9%) from approximately RMB69.9 million during the same period last year. The overall decrease in cost of sales was primarily due to a decrease in the volume of production which was driven by lower demand for our products. As a percentage of revenue, cost of sales for the six months ended 30 June 2019 increased from approximately 55.5% in 2018 to approximately 58.2%, which was mainly due to an increase in unit cost incurred in manufacturing overheads resulted from an increase in depreciation expenses arising from capitalization of construction in progress commencing from the second half of 2018, a decrease in write-back of impairment provision for previous year and an increase in direct labour costs.

銷售成本

截至二零一九年六月三十日止六個月，銷售成本約為人民幣65.8百萬元，較去年同期的約人民幣69.9百萬元下降了約人民幣4.1百萬元(或約5.9%)。整體銷售成本下降的主要原因是本集團產品的需求下降導致的生產量下降。就營業額佔比而言，截至二零一九年六月三十日止六個月的銷售成本從去年同期的約55.5%增加至約58.2%，其主要原因是由於部分在建工程從二零一八年下半年開始資本化而引起的折舊增加而使得單位製造費用成本增加，回撥的以前年度減值金額減少及直接人工的增加。

Gross Profit

During the six months ended 30 June 2019, the Group's gross profit amounted to approximately RMB47.4 million, representing a decrease of approximately 15.5% from approximately RMB56.1 million for the same period last year. The gross profit margin for the six months ended 30 June 2019 also decreased from approximately 44.5% in the first half of 2018 to approximately 41.9%. The decrease in the gross profit margin was mainly attributable to a decrease of sales volume, which led to an increase in production cost per unit.

Selling and Distribution Costs

During the six months ended 30 June 2019, selling and distribution costs amounted to approximately RMB53.3 million, representing a decrease of approximately 2.7% from approximately RMB54.8 million for the same period last year. As a percentage of revenue, our selling and distribution costs for the six months ended 30 June 2019 increased from approximately 43.5% in 2018 to approximately 47.1% in 2019. The increase was primary due to an increase in advertising and branding expenses and salaries of sales staff, but was partially set off by the decrease in travelling expenses and outsourced labour costs.

Administrative Expenses

During the six months ended 30 June 2019, administrative expenses amounted to approximately RMB15.5 million, representing an increase of approximately 14.8% from approximately RMB13.5 million for the same period last year. The increase was primarily due to an increase in R&D expenses in new products, exchange loss and salaries of the administrative staff, but was partially offset by the decrease in provision for bad debts and general office expenses.

Loss from Operations

The Group recorded an operating loss of approximately RMB17.8 million for the six months ended 30 June 2019, as compared with the operating loss of approximately RMB11.4 million for the same period last year. The increased operating loss was primarily attributable to the following factors: (1) a decrease in the revenue; (2) an increase in production costs; and (3) an increase in administrative expenses.

毛利

截至二零一九年六月三十日止六個月，本集團的毛利下降至約人民幣47.4百萬元，與去年同期約人民幣56.1百萬元相比下降了約15.5%。截至六月三十日止六個月的毛利率從二零一八年上半年的約44.5%下降到二零一九年上半年的約41.9%。毛利率下降的主要原因是由於銷售量的下降導致產品單位生產成本的增加。

銷售及分銷開支

截至二零一九年六月三十日止六個月，銷售及分銷開支約人民幣53.3百萬元，較去年同期的約人民幣54.8百萬元減少了約2.7%。就營業額佔比而言，截至二零一九年六月三十日止六個月的銷售及分銷開支，從去年同期的約43.5%增加至約47.1%，其主要原因是由於廣告和推廣費及總部銷售人員工資成本的增加，但部分被差旅費及外包勞務費的減少所抵減。

行政費用

截至二零一九年六月三十日止六個月，行政費用約人民幣15.5百萬元，較去年同期的約人民幣13.5百萬元增加了約14.8%。其增加的主要原因是投入的新品研發費用、匯兌損失及總部管理人員工資成本的增加，但部分被壞賬費用和辦公費用的減少所抵減。

經營虧損

本集團截至二零一九年六月三十日止六個月錄得經營虧損約為人民幣17.8百萬元，而去年同期錄得經營虧損約人民幣11.4百萬元。經營虧損主要受以下因素影響：(1)銷售收入的減少；(2)生產成本的增加；及(3)行政費用增加。

Finance Costs

For the six months ended 30 June 2019, finance costs of approximately RMB0.8 million represent the interest on bank borrowing in the amount of approximately RMB0.33 million (six months ended 30 June 2018: RMB1,000), and the interest on lease liabilities in the amount of approximately RMB0.45 million as a result of the adoption of IFRS16 with effect from 1 January 2019.

Other Income

The Group recorded other income of approximately RMB0.6 million for the six months ended 30 June 2019, representing a decrease of approximately 53.8% from approximately RMB1.3 million for the same period last year. Such decrease was primarily attributable to part of the utilities income (which was classified as other income in the same period last year) was reclassified to set off against the manufacturing overhead under the cost of sales for the period under review, thus reducing other income for the period under review.

Income Tax Expense

During the six month periods ended 30 June 2019, the Group had income tax expense of approximately RMB2,000 (six months ended 30 June 2018: Nil).

Net Loss for the Period from Operations

As a result of the combined effect of the abovementioned factors, the Group recorded a net loss from operations of approximately RMB18.6 million for the six months ended 30 June 2019, as compared with the net loss from operations of approximately RMB11.4 million for the six months ended 30 June 2018.

Loss for the Period Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded a loss attributable to owners of the Company of approximately RMB18.6 million for the six months ended 30 June 2019, as compared with a loss attributable to owners of the Company of approximately RMB11.4 million for the six months ended 30 June 2018.

融資成本

截至二零一九年六月三十日止六個月，融資成本約為人民幣0.8百萬元，其中銀行借款利息金額約人民幣0.33百萬元（截至二零一八年六月三十日止六個月：人民幣1,000元），及因二零一九年一月一日生效的國際財務報告準則第16號的採用而產生的租賃負債的利息金額約為人民幣0.45百萬元。

其他收入

本集團截止二零一九年六月三十日止六個月錄得其他收入約人民幣0.6百萬元，較去年同期約人民幣1.3百萬元下降了約53.8%，其下降的主要原因部份水電費收入（在去年同期劃分為其他收入）被重新劃分而抵消了當期的銷售成本製造費用及相應地減少當期的其他收入。

所得稅支出

截至二零一九年六月三十日期間，本集團發生約人民幣2,000元的所得稅支出（截至二零一八年六月三十日止六個月：無）。

期內營運淨虧損

因上述因素的綜合影響，本集團截至二零一九年六月三十日止六個月錄得營運淨虧損約為人民幣18.6百萬元，而截至二零一八年六月三十日止六個月錄得營運淨虧損約為人民幣11.4百萬元。

本公司擁有人應佔期內虧損

因上述因素的綜合影響，本集團截至二零一九年六月三十日止六個月錄得本公司擁有人應佔期內虧損約人民幣18.6百萬元，而截至二零一八年六月三十日止六個月錄得擁有人應佔虧損約人民幣11.4百萬元。

Outlook

The International Monetary Fund (“IMF”) recently downgraded its forecast on the China’s gross domestic product (“GDP”) growth to 6.2% for 2019 after having raised it to 6.3% only two months ago. The reason being that China is still facing downside risks and uncertainty over the trade war with the United States. Having said that, the forecast is within the growth target range of 6.0% to 6.5% set by China.

IMF went on to say that additional policy easing would be warranted if the trade tensions escalated further, that China could roll out other fiscal expansion measures to stabilise the economy under a deteriorating trade scenario, and that the near-term outlook of the Chinese economy remains particularly uncertain given the potential for further escalation of the trade tensions.

When formulating the business strategies of the Group, the Directors tend to be cautious about the future of Chinese economy.

The corporate theme for the rest of 2019 is “30 Years On; Casting the New Glory.”

For Bawang branded product series, the Group will leverage on the personal image of our Chinese style singer brand ambassador and his reputation to develop and expand its market segment to the younger generation. We will roll out four new Bawang branded product series with amino acids to capture the unexplored market and a couple of functional shower gel series to cover the unexplored product lines. To leverage on the combined festive effects of the 30th anniversary of the Bawang brand, the Mid-Autumn Festival and the National Day, we plan to enhance revenue through sales and promotional activities for our Bawang branded products series in the major supermarkets. We also plan to have cross-industry collaboration for production of video commercials to publicize the Group’s brands.

For Royal Wind branded product series, the Group always makes good efforts to promote its brand image to cater for the trendy lifestyle of young customers. We mainly promote the fragrance products series of this brand in the second half of 2019, and will sell our branded products through traditional sales channels, the exclusive zones inside the contracted supermarkets and the online flagship stores.

展望

國際貨幣基金組織最近將其對2019年中國國內生產總值(GDP)增長的預測下調至6.2%，而就在兩個月前，該組織還將中國國內生產總值(GDP)增速預測上調至6.3%。原因在於，中國與美國的貿易戰仍面臨下行風險和不確定性。儘管如此，該預測仍在中國設定的6.0%至6.5%的增長目標範圍內。

國際貨幣基金組織接著表示，如果貿易緊張局勢升級，將有必要進一步放鬆政策；在惡化的貿易形勢下，中國可以推出其他財政擴張措施來穩定經濟；及鑒於貿易緊張局勢有進一步升級的可能，中國經濟的短期前景仍然尤為不確定。

在制定集團經營戰略時，董事們往往對中國經濟的未來持謹慎態度。

2019年下半年的公司主題是「三十而立；鑄新輝煌」。

對於霸王品牌系列產品，集團將借助國風歌手品牌代言人霍尊的廣告勢頭繼續開拓及擴大年輕一代的市場份額；推出四款霸王氨基酸系列的新品來搶佔空白市場；並推出一些功效互補的沐浴露系列來覆蓋空白產品線；以霸王品牌創立三十周年為契機，以及中秋國慶雙檔期，在各大超市促銷我們的霸王品牌系列產品來促進銷售；我們還計劃跨界合作以及製作一些短視頻營銷方案，來推廣集團的品牌。

對於追風品牌系列產品，集團一直致力於提升品牌形象，以迎合年輕顧客的當下時尚生活方式。2019年下半年我們主推這品牌的香氣系列產品，並將通過流通、包場及電商旗艦店來銷售我們的品牌產品。

For conventional channels, the Group will continue to deepen cooperation and interaction with distributors and to carry out channel building activities known as “Mine Field Clearing”. Leveraging on the launch of new product series, the Group plans to develop potential customers in those unexplored markets, to utilize the new products for integrating various market resources for allocation to each store to increase sales revenue. The Group will strengthen the management and supervision of the sales teams whereby the Company and distributors will mobilize the training teams for carrying out promotional activities at the point-of-sale. The Group will re-distribute certain product series, which are customer favourites, from online sales channels into traditional sales channels so as to enhance sales volume. Through the reshuffling of the product structures of the traditional and the online sales channels, the Group hopes to create favorable competitive advantages to the traditional sales channels. In terms of investment in product development, the Group plans to develop a shower gel product line in addition to the existing haircare products.

As to the online sales channel, the Group hopes to achieve stable sales growth in future. In the second half of 2019, the Group will launch a branded 2D animation series to promote our products to the younger generation, with a view to increasing market share in the relevant segment. Through marketing video clips and cross-industry cooperation, we intend to incubate our home-grown social media celebrities. Through live broadcast of promotional events and publicity programs, we target to build up the brand loyalty of our young customers so as to enhance our revenue from online sales channels.

Apart from this, the Group intends to develop a new e-commerce platform for promoting our business and selling our products via social media platforms in the second half of this year. Social media is capable of attracting users of all ages. The Group intends to explore the potential for expanding its customer segment and increasing sales by tapping into the connections of its existing customers via social media platforms.

For production management, we strive to keep our customer satisfied with the quality of our products. While we maintain the usual quality of products, we will at the same time continue to reduce spoilages, lower the production costs, strengthen the turnover of production materials and minimize the inventory level. We continue to make good use of our management skills, advanced production equipment and spare production facilities and capacities for expanding an original equipment manufacturer (OEM) business. We believe that through the integration of production resources to achieve greater value enhancement, we can create more revenue for our shareholders.

對於傳統渠道，集團將繼續深耕與經銷商的合作與互動，開展建設渠道的「掃雷」活動；借助新品系列開發空白市場區域的潛在客戶及整合市場資源分配到各個賣場以促進銷售；加強對銷售團隊的管理與監督，公司和經銷商將組織培訓團隊在賣場開展動銷活動；繼續將線上爆品引入傳統渠道，擴寬銷售以增加銷售；通過調整傳統和電商渠道的產品結構，為傳統渠道創造良好的競爭優勢；在產品開發投入方面，集團計劃在現有護髮產品的基礎上，開發沐浴露產品線。

對於電商渠道，集團希望在未來實現穩定的銷售增長。二零一九年下半年，集團將推出二次元動漫系列產品，推廣我們的品牌產品，搶佔年輕市場份額；通過短視頻營銷及跨界合作，培養霸王自有網紅；通過宣傳推廣直播方式，建立年輕顧客的品牌忠誠度來促進電商渠道的銷售。

除此之外，本集團計劃於今年下半年開展一項新的電商渠道，通過社交平台，來促進我們的業務及銷售我們的產品。社交媒體將會吸引各個年齡層的消費者。本集團計劃通過社交媒體平台利用現有客戶人脈帶動和探索潛在的客戶群體和增加銷售。

對於生產管理，我們繼續努力保持客戶對我們產品的滿意度。在保證產品生產品質的同時，持續減少損耗，降低生產成本，加強貨物流轉管理，減少生產庫存；繼續利用我們良好的管理優勢和盈餘的設備產能，擴大原始設備製造商(OEM)業務。我們相信通過生產資源的整合實現更大的價值提升，為我們集團的股東們創造更多營收。

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, and will actively exploit and develop the social e-commerce platform business. The Group is open to explore further business opportunities with potential overseas distributors.

As at the date of this report, the Group did not have any outstanding acquisition opportunity nor was actively exploring business opportunities that may involve potential acquisition.

Looking forward, the strategic directions to sustain and develop our business in the present volatile economic environments will focus on two areas: in the short term, the Group intends to increase its revenue by exploring new sales channels in household and personal care (“HPC”) products in order to regain momentum for sales growth and profitability, and to improve investors’ confidence in the Group; in the long term, the Group will continue to focus on strengthening its business model and market positioning to increase its market share among domestic and international competitors, maintaining a multi-brand and multi-product strategy in the HPC sector, and becoming a leader in branded Chinese herbal HPC products.

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:

在業務拓展計劃方面，本集團將繼續開發與潛在經銷商合作的可能性，把本集團的品牌推廣至其他國家，積極開發與開展社交電商平台業務。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商業合作的機會。

截至本報告發佈之日，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。

展望未來，在當前不穩定的經濟環境中，維持和發展我們業務之戰略方向將集中在以下兩個方面。就短期而言，本集團擬在家庭及個人護理行業開拓新的銷售渠道，提升銷售收入，達到盈利，並提高本集團投資者的信心。就長期而言，本集團將繼續致力於加強其業務模式和市場定位，從而重新獲得銷售增長的動力和盈利能力以提高其在國內外競爭對手中的市場份額，奉行個人護理產品品牌及產品多樣化的策略，成為全球中草藥家庭及個人護理產品領軍企業。

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保持良好和穩健的財務狀況。流動資金和財務資源概要列載如下：

		30 June 2019 於二零一九年 六月三十日 RMB in million 人民幣百萬元 (Unaudited) (未經審核)	31 December 2018 於二零一八年 十二月三十一日 RMB in million 人民幣百萬元 (Audited) (經審核)
Cash and cash equivalents	現金及現金等價物	53.3	65.5
Total loans	貸款總額	9.7	12.6
Total assets	總資產	260.2	283.2
Gearing ratio ^{Note}	資產負債率 ^{備註}	3.7%	4.3%

Note: Calculated as total loans divided by total assets.

備註：按貸款總額除以資產總額計算。

Material Acquisition or Disposal

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

Events After the Reporting Period

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2019 and up to the date of this report.

Exposure to Fluctuations in Exchange Rates and Related Hedging

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 period under review, the Group has exported its goods to Hong Kong and certain overseas countries. The transactions were settled in either Hong Kong Dollars or United States Dollars. The Group's cash and bank deposits are mostly denominated in Renminbi. The Company will pay dividends in Hong Kong Dollars if dividends are declared.

The Board is of the view that the Group conducts its business transactions principally in Renminbi and thus the exchange rate risk associated with the Group's daily operations is not significant.

For the period ended 30 June 2019, the Group had not issued any material financial instruments or entered into any material contracts for foreign currency hedging purposes. However, the Board will continue to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when required.

重大收購或出售

於回顧期間，本集團並無重大收購或出售其任何附屬或聯營公司。

報告期後事項

截至本報告發佈之日，董事們並未知曉任何二零一九年六月三十日之後發生的需要披露的重大事件。

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。本集團出口產品銷往香港和部分海外國家，交易以港幣或美元結算。本集團大部份現金及銀行存款以人民幣計值。本公司宣派股息時亦以港元派付。

董事會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。

截至二零一九年六月三十日止，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，董事會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。

Contingent Liabilities

As at 30 June 2019, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 30 June 2019, the capital commitment for acquisition of property, plant and equipment of the Group was approximately RMB0.3 million.

Charge of Assets

As at 30 June 2019, buildings with carrying values of approximately RMB3.3 million (as at 30 June 2018: approximately RMB3.6 million) had been pledged to secure banking facilities granted to the Group. As at 30 June 2019, banking facilities of approximately RMB9.7 million were utilised and approximately RMB70.3 million were unutilised and available for the Group's future financing.

Trade and Other Payables

As at 30 June 2019, the trade and other payables of the Group were approximately RMB65.6 million (As at 31 December 2018 approximately RMB81.4 million), which represented a decrease of 19.4%. For the period ended 30 June 2019, trade and other payables did not include any balances due to related parties.

Bank Borrowings

As at 30 June 2019, bank borrowing of approximately RMB9,650,000 (31 December 2018: approximately RMB12,550,000) bore interest at fixed rate of 6.09% per annum and was due within one year.

或然負債

於二零一九年六月三十日，本集團並無任何重大或然負債。

資本承擔

於二零一九年六月三十日，本集團購建物業、廠房及業務資本承擔總額約人民幣0.3百萬元。

資產抵押

於二零一九年六月三十日，本集團抵押帳面價值約人民幣3.3百萬元的建築物（於二零一八年六月三十日：約人民幣3.6百萬元）以確保銀行給予本集團的授信額度。於二零一九年六月三十日，本集團已使用的銀行授信額度約為人民幣9.7百萬元，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70.3百萬元。

貿易及其他應付款項

於二零一九年六月三十日，本集團貿易及其他應付款項約為人民幣65.6百萬元（二零一八年十二月三十一日約人民幣81.4百萬元）減少了約19.4%。截至二零一九年六月三十日止，貿易及其他應付款項並無任何應付關聯方的結餘。

銀行借款

截至二零一九年六月三十日止銀行借款約人民幣9,650,000元（二零一八年十二月三十一日：約人民幣12,550,000元），年利率為6.09%，一年內到期。

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 will continue to invest in human capital so as to retain a quality workforce to achieve our organisational goal.

For the six months ended 30 June 2019, the Group organised various in-house training classes to strengthen the soft skills of our staff members such as use of electronic spreadsheets, the principles of communication and coordination. The Group also required our department managers to attend external courses on rewards and motivation. We required our senior sales and marketing staff to attend brand positioning strategy courses, and we required our finance and accounting staff to attend seminars about the latest accounting standards, taxation practices and budgetary control.

As at 30 June 2019, the Group employed 566 employees (30 June 2018: 977), consisting of full-time employees and contract personnel in the PRC and Hong Kong. The total personnel expenses, comprising wages, salaries and benefits, and equity-settled share-based payments, amounted to approximately RMB28.1 million for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately RMB23.1 million).

The following table sets forth a breakdown of the total headcount of our employees as at 30 June 2019 and 2018, respectively:

		As at 30 June 2019 於二零一九年 六月三十日	As at 30 June 2018 於二零一八年 六月三十日
Full-time employees	全職僱員	206	184
Contract personnel	合約僱員		
— Sales persons	— 促銷員	88	426
— Others	— 其他	272	367
Total headcount	總人數	566	977

人力資源

為了激勵本集團的員工，本集團在任何經濟環境下都會致力於員工培訓和發展。集團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。

截至二零一九年六月三十日止六個月，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：電子報表的應用、溝通協調的關鍵與藝術等。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。我們要求高級市場策劃人員參加品牌定位策略培訓課程，也要求財務及會計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。

於二零一九年六月三十日，本集團僱用566名員工（二零一八年六月三十日：977），其中包括在中國和香港的全職員工以及合約僱員。總人事開支包括工資、薪金和福利以及以權益結算之股份支付款項，截至二零一九年六月三十日止六個月約人民幣28.1百萬元（截至二零一八年六月三十日止六個月：約人民幣23.1百萬元）。

下表分別載列於二零一九年六月三十日及二零一八年六月三十日我們的總僱員人數的明細：

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

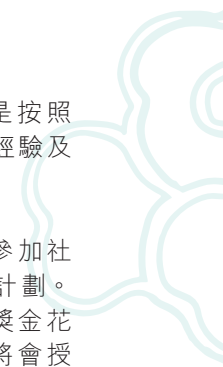
Our employees in the PRC and Hong Kong participate in social insurance contribution plans and the Hong Kong mandatory provident fund scheme, respectively. Other benefits include performance-based incentive bonus scheme and share options granted or to be granted under the share option schemes.

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

本集團的員工薪酬、晉升及工資是按照個人的工作責任、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，而良好的職業前景、優厚的員工薪酬福利以及舒適的工作環境，可以使本集團維持一支穩定的工作團隊。



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

As at 30 June 2019, 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 and short positions in shares, underlying shares and debentures of the Company

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

於二零一九年六月三十日，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及淡倉

Name of director/ chief executive 董事/最高行政人員 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 ordinary shares/ underlying ordinary shares of the Company held 持有公司 的普通股及 相關普通股 股份數目	Approximate percentage of issued share capital of the Company 於公司 已發行 股本中之 權益百分比 (約數)
CHEN Qiyuan (Note 1) 陳啟源(附註1)	Long 好倉	Interest in controlled corporation 所控制法團權益	1,900,840,000	60.12%
CHEN Zheng He (Note 2) 陳正鶴(附註2)	Long 好倉	Interest in controlled corporation 所控制法團權益	1,900,840,000	60.12%
WONG Sin Yung 黃善榕	Long 好倉	Beneficial owner 實益擁有人	2,100,000	0.07%

Notes:

1. CHEN Qiyuan was deemed to be interested in the 1,900,840,000 shares of the Company held by Fortune Station Ltd. ("**Fortune Station**") by virtue of CHEN Qiyuan holding 50.43% of the issued share capital of Fortune Station. The remaining 49.57% of the issued share capital of Fortune Station was held by Heroic Hour Limited ("**Heroic Hour**"). Heroic Hour's entire issued share capital is held by CHEN Zheng He as trustee for himself and on behalf of his six brothers and sisters. The beneficial interests of CHEN Qiyuan's six children under the age of 18, namely CHEN Cynthia Yuping, CHEN Li Zi, CHEN Zheng Sheng, CHEN Zheng Yan, CHEN Ya Shan and CHEN Bo Ling in Heroic Hour, representing 78.00% of the issued share capital of Heroic Hour, were also attributable to CHEN Qiyuan.
2. CHEN Zheng He was deemed to be interested in the shares of Fortune Station held by Heroic Hour by virtue of him holding the entire issued share capital of Heroic Hour (as trustee for himself and his six brothers and sisters). Therefore CHEN Zheng He was deemed to be interested in the 1,900,840,000 shares of the Company held by Fortune Station.

附註：

1. 憑藉陳啟源持有 Fortune Station 之 50.43% 之已發行股份，陳啟源被視為擁有 Fortune Station Ltd. [Fortune Station] 所持有的 1,900,840,000 股公司股份的權益。Fortune Station 的其餘 49.57% 已發行股本由 Heroic Hour Limited (「Heroic Hour」) 持有，而陳正鶴作為受託人代彼及其六位弟妹持有 Heroic Hour 的全部已發行股本。由陳啟源 18 周歲以下的六位子女，即陳鈺坪、CHEN Li Zi, CHEN Zheng Sheng, 陳正諺、陳雅善及 Chen Bo Ling 所實益持有的 78.00% Heroic Hour 已發行股本亦被視為歸屬於陳啟源。
2. 憑藉陳正鶴作為受託人代彼及其六位弟妹持有 Heroic Hour 的全部已發行股本，陳正鶴被視為於 Heroic Hour 在 Fortune Station 的權益中擁有權益。因此，陳正鶴被視為擁有 Fortune Station 所持有的 1,900,840,000 股公司股份的權益。

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of associated corporations

董事及最高行政人員於相聯法團的股份、相關股份及債權證中之權益及淡倉

Name of director/ chief executive 董事/最高行政人員 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 ordinary shares held 持有的 普通股 股份數目	Approximate percentage of interest in associated corporation 於相關法團中 之權益百分比
CHEN Qiyuan (Note 1) 陳啟源(附註1)	Fortune Station	Beneficial owner 實益擁有人	Long 好倉	20,000	50.43%
		Interest of children under the age of 18 未滿18歲子女之權益	Long 好倉	15,330	38.66%
		Other 其他	Long 好倉	4,327	10.91%
CHEN Zheng He (Note 2) 陳正鶴(附註2)	Fortune Station	Interest in controlled corporation 所控制法團權益	Long 好倉	19,657	49.57%

Notes:

1. CHEN Qiyuan was the beneficial owner of approximately 50.43% of the issued share capital of Fortune Station. The beneficial interests of CHEN Qiyuan's six children under the age of 18 in Heroic Hour, representing 78.00% of the issued share capital of Heroic Hour, were also attributable to CHEN Qiyuan. Heroic Hour held approximately 49.57% of the issued share capital of Fortune Station.
2. CHEN Zheng He was deemed to be interested in the interests of Fortune Station held by Heroic Hour by virtue of him holding the entire issued share capital of Heroic Hour (as trustee for himself and his six brothers and sisters).

Other than as disclosed above, as at 30 June 2019, so far as known to any Director 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.

Interests and Short Positions of Substantial Shareholders of the Company

As at 30 June 2019, 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:

附註：

1. 陳啟源為Fortune Station已發行股本的約50.43%實益擁有人。由陳啟源18周歲以下的六位子女所實益持有的78.00% Heroic Hour已發行股本亦被視為歸屬於陳啟源。Heroic Hour持有Fortune Station已發行股本的約49.57%。
2. 憑藉陳正鶴作為受托人代彼及其六位弟妹持有Heroic Hour之全部已發行股本而被視為於Heroic Hour在Fortune Station的權益中擁有權益。

除上述披露的人員之外，於二零一九年六月三十日，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。

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，於二零一九年六月三十日，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 ordinary shares of the Company held 持有的公司普通股股份數目	Approximate percentage of issued share capital of the Company 於公司已發行股本中之權益百分比 (約數)
Fortune Station	Beneficial owner 實益擁有人	1,900,840,000 (L)	60.12%
Heroic Hour	Interest in controlled corporation (Note 1) 所控制法團權益(附註1)	942,199,659 (L)	29.80%

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of ordinary shares of the Company held 持有的公司普通股股份數目	Approximate percentage of issued share capital of the Company 於公司已發行股本中之權益百分比 (約數)
WAN Yuhua (Note 2) 萬玉華(附註2)	Interest of children under the age of 18 未滿18歲的子女之權益	734,797,818 (L)	23.25%
CHEN Cynthia Yuping (Note 3) 陳鈺坪(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Li Zi (Note 3) CHEN Li Zi(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Zheng Sheng (Note 3) CHEN Zheng Sheng(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Zheng Yan (Note 3) 陳正諺(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Ya Shan (Note 3) 陳雅善(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Bo Ling (Note 3) CHEN Bo Ling(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%

(L)—Long Position

(L)—好倉

Notes:

1. Heroic Hour was the beneficial owner of approximately 49.57% of the issued share capital of Fortune Station and was deemed to be interested in the shares of the Company held by Fortune Station.
2. The beneficial interests of WAN Yuhua's six children under the age of 18, namely CHEN Cynthia Yuping, CHEN Li Zi, CHEN Zheng Sheng, CHEN Zheng Yan, CHEN Ya Shan and CHEN Bo Ling in Heroic Hour, representing 78.00% of the issued share capital of Heroic Hour, were also attributable to WAN Yuhua.
3. The beneficial interests of CHEN Cynthia Yuping, CHEN Li Zi, CHEN Zheng Sheng, CHEN Zheng Yan, CHEN Ya Shan and CHEN Bo Ling in Heroic Hour were held by CHEN Zheng He as trustee for each of his brothers and sisters as named above.

Other than as disclosed above, as at 30 June 2019, the Company has not notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Share Option Scheme and Pre-IPO Share Option Scheme

The Company has adopted two share option schemes, a share option scheme dated on 20 May 2009 (the “**Share Option Scheme**”) and 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.

附註：

1. 憑藉Heroic Hour為Fortune Station已發行股本的約49.57%實益擁有人，Heroic Hour被視為於Fortune Station持有的公司股份中擁有權益。
2. 由萬玉華18周歲以下的六位子女，即陳鈺坪，CHEN Li Zi，CHEN Zheng Sheng，陳正諺，陳雅善及CHEN Bo Ling所實益持有的78.00% Heroic Hour已發行股本亦被視為歸屬於萬玉華。
3. 陳鈺坪、CHEN Li Zi、CHEN Zheng Sheng、陳正諺、陳雅善和CHEN Bo Ling於Heroic Hour的實益擁有權為陳正鶴以受託人身份代彼以上提及之六位弟妹持有。

於二零一九年六月三十日，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。

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。

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 it 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.

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.

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（或其聯繫人）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。

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。

As at 1 January and 30 June 2019, no share 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 six months ended 30 June 2019.

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 10 December 2008. As at 30 June 2019, 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. 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.

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 fully exercised up to 30 June 2019. Movement of these share options during the six months ended 30 June 2019 were as follows:

於二零一九年一月一日及六月三十日，購股權計劃下並無尚未行使之購股權，而截至二零一九年六月三十日止六個月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。於二零一九年六月三十日，已授予總共14,532,000股的購股權，大約佔本公司已發行股份之約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。

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，截至二零一九年六月三十日，該購股權已全部被行使。這些首次公開發售前購股權截至二零一九年六月三十日止六個月明細如下：

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				Outstanding as at 30 June 2018 於二零一八年 六月三十日 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 2019 於二零一九年 一月一日 尚未行使	Granted during the period 於期內 授予數目	Exercise during the period 於期內 行權數目	Forfeited during the period 於期內 失效			
WONG Sin Yung 黃善裕	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 二零一九年六月八日	
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.

As at 1 January 2019, there was a balance of unexpired and unexercised options to subscribe for 1,586,760 Shares. On 29 March 2019, WONG Sin Yung exercised his options to subscribe for 630,000 shares, and on 8 June 2019, options to subscribe for 956,760 shares lapsed. The weighted average closing price immediately prior to the options being exercised was HK\$0.17 per option.

As at 30 June 2019, no pre-IPO share option was outstanding under the Pre-IPO Share Option Scheme, and save as mentioned above, no pre-IPO share option was granted, exercised, cancelled or lapsed for the six month period ended 30 June 2019. Details of Pre-IPO Share Option Scheme are set out in Note 15 under the section headed “Notes to the Consolidated Financial Statements” in this interim report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period under review.

The Corporate Governance Code

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

The 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 the six months ended 30 June 2019.

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。

截至二零一九年一月一日，尚未到期且並未被行使的購股權餘額為1,586,760股。於二零一九年三月二十九日，黃善榕先生行使了630,000股的購股權，於二零一九年六月八日，956,760股的購股權失效。行使之前的加權平均收市價為每購股權0.17港元。

截至二零一九年六月三十日，已經沒有可行使的在首次公開發售前計劃下的購股權。截至二零一九年六月三十日的六個月內，沒有任何授予，行使，取消或者失效的首次公開發售前計劃下的購股權。首次公開發售前購股權計劃詳見本中期報告「綜合財務報告」附註15。

購入、出售或贖回本公司之上市證券

於回顧期間，本公司或其任何附屬公司概無購入、出售或贖回本公司之任何上市證券。

企業管治守則

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

董事會認為，截至二零一九年六月三十日止六個月期間，本公司一直遵守香港聯合交易所之證券上市規則（「**上市規則**」）附錄14所載企業管治守則所載適用的守則條文。

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the period under review.

Audit and Risk Management Committee

The Audit and Risk Management Committee has adopted terms of reference which are in line with the Corporate Governance Code. The Audit and Risk Management Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2019 with the management of the Company and recommended its adoption by the Board.

Dividends

Following review of the operating results of the Group, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

By Order of the Board
CHEN Qiyuan
Chairman

Hong Kong, 29 August 2019

董事進行證券交易的標準守則

本公司已採納的上市規則附錄10中的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期間一直遵守標準守則所載的規定標準。

審核和風險管理委員會

審核和風險管理委員會已被授予與企業管治常規守則要求一致的職權範圍。審核和風險管理委員會已與公司管理層審閱本集團截至二零一九年六月三十日止六個月之未經審核中期業績，並建議董事會將其採納。

派息

根據本集團經營業績的回顧，董事會不建議派發截至二零一九年六月三十日止六個月的中期股息。

承董事會命
陳啟源
主席

香港，二零一九年八月二十九日

Condensed Consolidated Statement of Profit or Loss

簡明綜合損益表

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

Six months ended 30 June
截至六月三十日止六個月

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue	營業額	4	113,233	125,973
Cost of sales	銷售成本		(65,842)	(69,863)
Gross profit	毛利		47,391	56,110
Other income	其他收入		620	1,329
Selling and distribution costs	銷售及分銷開支		(53,304)	(54,809)
Administrative expenses	行政費用		(15,542)	(13,505)
Reversal of impairment loss recognised in respect of trade receivables	貿易應收款項之減值 損失撥回		3,056	—
Other expenses	其他費用		(13)	(535)
Operating loss	經營虧損		(17,792)	(11,410)
Finance costs	融資成本	5	(783)	—
Loss before taxation	稅前虧損	6	(18,575)	(11,410)
Taxation	稅項	7	(2)	—
Loss for the period attributable to owners of the Company	本公司擁有人應佔有之 期內虧損		(18,577)	(11,410)
Loss per share	每股虧損	9		
Basic (RMB cents)	基本(人民幣仙)		(0.59)	(0.36)
Diluted (RMB cents)	攤薄(人民幣仙)		(0.59)	(0.36)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Loss for the period attributable to owners of the Company	本公司擁有人應佔有之期內虧損	(18,577)	(11,410)
Other comprehensive income	其他期內全面收益		
Item that may be reclassified subsequently to profit or loss:	可於其後重新分類至損益之項目：		
Exchange differences arising on translation of foreign operations	海外業務換算之匯兌差異	513	3,408
Total comprehensive expense for the period attributable to owners of the Company	本公司擁有人應佔年內全面支出總額	(18,064)	(8,002)

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

As at 30 June 2019 於二零一九年六月三十日

	Notes 附註	30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Non-current assets			
Property, plant and equipment	10	103,152	115,021
Right-of-use assets		16,049	—
		119,201	115,021
Current assets			
Inventories		40,873	39,610
Right to returned goods asset		1,373	2,392
Trade and other receivables	11	25,332	36,035
Amounts due from related parties	17(a)	109	4,706
Deposit with bank	12	20,000	20,000
Bank balances and cash	12	53,277	65,483
		140,964	168,226
Current liabilities			
Trade and other payables	13	65,614	81,368
Amounts due to related parties	17(a)	17	2,488
Contract liabilities		13,947	7,587
Refund liabilities		2,312	4,164
Bank borrowing		9,650	12,550
Lease liabilities		8,646	—
Income tax payables		9,070	9,070
Provision		338	338
		109,594	117,565
Net current assets		31,370	50,661
Total assets less current liabilities		150,571	165,682
Non-current liability			
Lease liabilities		2,899	—
Net assets		147,672	165,682
Capital and reserves			
Share capital	14(a)	277,932	277,878
Reserves	14(b)	(130,260)	(112,196)
Total equity		147,672	165,682

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

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For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

	Attributable to owners of the Company 本公司擁有人應佔								
	Share capital	Share premium	PRC statutory reserves 中國 法定儲備	Capital reserve	Merger reserve	Exchange translation reserve	Other reserve	Accumulated losses	Total equity
	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
	(note 14(a))	(note 14(b))	(note 14(b))	(note 14(b))	(note 14(b))	(note 14(b))	(note 14(b))	(note 14(b))	(note 14(b))
	(附註14(a))	(附註14(b))	(附註14(b))	(附註14(b))	(附註14(b))	(附註14(b))	(附註14(b))	(附註14(b))	(附註14(b))
At 1 January 2019 (audited) 於二零一九年一月一日 (經審核)	277,878	1,405,590	49,887	(2,126)	8,468	(32,232)	9,421	(1,551,204)	165,682
Loss for the period 期內虧損	-	-	-	-	-	-	-	(18,577)	(18,577)
Other comprehensive income for the period 期內其他全面收益	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation of foreign operations 海外業務交易之匯兌差異	-	-	-	-	-	513	-	-	513
Total comprehensive income/(expense) for the period 期內全面收益/(支出)總額	-	-	-	-	-	513	-	(18,577)	(18,064)
Effect of share options 股票期權生效									
- Shares issue upon exercise (note 14) 一行使股權 (附註14)	54	1,194	-	(1,194)	-	-	-	-	54
- lapse 一失效	-	-	-	(1,580)	-	-	-	1,580	-
At 30 June 2019 (unaudited) 於二零一九年六月三十日(未經審核)	277,932	1,406,784	49,887	(4,900)	8,468	(31,719)	9,421	(1,568,201)	147,672

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		Attributable to owners of the Company 本公司擁有人應佔								
		Share capital	Share premium	PRC statutory reserves 中國 法定儲備	Capital reserve 資本儲備	Merger reserve 合併儲備	Exchange translation reserve 匯兌儲備	Other reserve 其他儲備	Accumulated losses 累計虧損	Total equity 權益總額
		RMB'000 人民幣千元 (note 14(a)) (附註14(a))	RMB'000 人民幣千元 (note 14(b)) (附註14(b))	RMB'000 人民幣千元 (note 14(b)) (附註14(b))	RMB'000 人民幣千元 (note 14(b)) (附註14(b))	RMB'000 人民幣千元 (note 14(b)) (附註14(b))	RMB'000 人民幣千元 (note 14(b)) (附註14(b))	RMB'000 人民幣千元 (note 14(b)) (附註14(b))	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2018 (audited)	於二零一八年一月一日 (經審核)	277,878	1,400,650	49,887	2,814	8,468	(30,448)	9,421	(1,548,424)	170,246
Loss for the period	年內虧損	—	—	—	—	—	—	—	(11,410)	(11,410)
Other comprehensive income for the period	其他全面收入	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of foreign operations	海外業務換算之匯兌差異	—	—	—	—	—	3,408	—	—	3,408
Total comprehensive income/(expense) for the period	年內全面收入/(支出)總額	—	—	—	—	—	3,408	—	(11,410)	(8,002)
At 30 June 2018 (unaudited)	於二零一八年六月三十日(未經審核)	277,878	1,400,650	49,887	2,814	8,468	(27,040)	9,421	(1,559,834)	162,244

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

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For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
OPERATING ACTIVITIES	經營活動		
Loss before taxation	稅前虧損	(18,575)	(11,410)
Adjustments for:	就下列作出調整：		
Bank interest income	銀行利息收入	(239)	(166)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	12,076	5,230
Finance costs	融資成本	783	—
Allowance for inventories	存貨減值	—	1,282
Reversal of impairment loss on inventories (Reversal of)/impairment loss recognised in respect of trade receivables	存貨減值損失之撥回 貿易應收款項之減值損失 (撥回)/確認	(747)	—
Gain on disposal of property, plant and equipment	處置物業、廠房及設備收益	(3)	(21)
Reversal of obsolete inventories written off	逾期存貨報廢之撥回	(614)	—
Operating cash flows before working capital changes	營運資金變動前之經營資金 流量	(10,375)	(3,427)
Decrease in inventories	存貨減少	98	1,841
Decrease in right-of-use assets	使用權資產減少	4,431	—
Decrease in right to returned goods asset	退回存貨之權利減少	1,019	—
Decrease/(increase) in trade and other receivables	貿易及其他應收款項減少/ (增加)	13,759	(1,093)
Decrease in amounts due from related parties	應收關連方款項減少	—	716
Decrease in amounts due to related parties	應付關聯方款項減少	(2,471)	(1,267)
Decrease in trade and other payables	貿易及其他應付款項減少	(15,754)	(3,501)
Increase in contract liabilities	合同負債增加	6,360	—
Decrease in refund liabilities	償還負債減少	(1,852)	—
Decrease in lease liabilities	租賃負債減少	(4,323)	—
Cash used in operations	經營活動所用的現金	(9,108)	(6,731)
Income tax paid	已付所得稅	(2)	—
NET CASH USED IN OPERATING ACTIVITIES	經營活動所用的現金淨額	(9,110)	(6,731)

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

Six months ended 30 June
截至六月三十日止六個月

		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購買物業、廠房及設備	(203)	(1,176)
Advance to related parties	預付關聯方	(23)	(8)
Bank interest received	已收銀行利息	239	166
Proceeds from disposal of property, plant and equipment	處置物業、廠房及設備的所得款項	4	21
Repayment from related parties	關聯方償還款項	8	10
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	投資活動產生/(所用)的現金淨額	25	(987)
FINANCING ACTIVITIES	融資活動		
Repayment of bank borrowings	償還銀行借款	(2,900)	—
Interest paid	已付利息	(329)	—
Payment of lease liabilities	租賃負債之償付	(454)	—
Repayment to related parties	償還關聯方款項	—	(1)
Proceeds from exercise of share options	行使股票期權所得款項	54	—
New bank borrowings raised	新增銀行借款	—	12,550
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	融資活動(所用)/產生的現金淨額	(3,629)	12,549
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)/產生淨額	(12,714)	4,831
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	於期初之現金及現金等價物	65,483	46,050
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動影響	508	3,398
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD , representing bank balances and cash	於期終之現金及現金等價物 即指銀行結存及現金	53,277	54,279

Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

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For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

Interim Report 2019
二零一九年中期報告

1. General and Basis of Preparation

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 Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Fortune Station Limited (“Fortune Station”), which is incorporated in the British Virgin Islands (the “BVI”) and is owned as to: (1) 49.57% by Heroic Hour Limited, a company that is beneficially owned as to 22.00% by Mr. CHEN Zheng He, the chief executive officer and an executive director of the Company, and 78.00% by Mr. CHEN Zheng He’s six brothers and sisters; and (2) 50.43% by Mr. CHEN Qiyuan, the chairman of the board of directors of the Company.

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

The condensed consolidated financial statements of the Group are presented in Renminbi (“RMB”), which is the functional currency of the primary economic environment in which the principal subsidiaries of the Group operate in the People’s Republic of China (the “PRC”).

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

1. 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(1) Heroic Hour Limited擁有49.57%，該公司的22.00%股權由本公司之執行董事及首席執行官陳正鶴先生實益持有，而餘下之78.00%則由陳正鶴先生之六位弟妹實益持有；及(2)本公司的董事會主席陳啟源先生擁有50.43%。

本公司及其附屬公司(以下統稱為「本集團」)主要從事生產及銷售家庭及個人護理產品業務。

本集團簡明綜合財務報表以人民幣(「人民幣」)列示，人民幣是本集團主要附屬公司在中國經營的主要經濟環境的功能貨幣。

本公司及附屬公司(「本集團」)截至二零一九年六月三十日止的簡明綜合財務報表乃根據香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16之適用披露條文以及國際會計準則委員會(「國際會計準則委員會」)頒布的國際會計準則(「國際會計準則」)第34號中期財務報告編製。

1. General and Basis of Preparation (Continued)

The Group had accumulated losses of approximately RMB1,568,201,000 as at 30 June 2019 and net cash outflow from operating activities of approximately RMB9,110,000 for the six months ended 30 June 2019. In view of these circumstances, the Directors 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.

The condensed consolidated financial statements have been prepared on a going concern basis. In the opinion of the Directors, the Group should be able to continue as a going concern in the coming year taking into consideration of the following:

- (i) The Group had bank balances and cash of approximately RMB53,277,000 and net current assets of approximately RMB31,370,000 as at 30 June 2019; and
- (ii) The Group had unutilised banking facilities of approximately RMB70,350,000 as at 30 June 2019. The banking facilities have renewed in March 2019 and will be extended to March 2021.

In light of the above, the Directors are of the opinion that it is still appropriate to prepare the condensed consolidated financial statements for the six months ended 30 June 2019 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 condensed consolidated financial statements have not incorporated any of these adjustments.

1. 編製基準(續)

於二零一九年六月三十日，本公司錄得累計虧損約人民幣1,568,201,000元及截至二零一九年六月三十日止六個月經營活動產生的現金流出淨額約人民幣9,110,000元。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及可用的資金來源，以評估本集團是否擁有足夠的財務資源支持其持續經營。

簡明綜合財務報表已根據持續經營基準編製。本公司董事考慮以下幾點因素，認為本集團在來年能夠持續經營：

- (i) 本集團於二零一九年六月三十日持有銀行結存及現金約人民幣53,277,000元及淨流動資產約人民幣31,370,000元。
- (ii) 截至二零一九年六月三十日，本集團尚未使用銀行融資約人民幣70,350,000元。該銀行融資將於二零一九年三月預期續簽，並延長至二零二一年三月。

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二零一九年六月三十日止六個月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。此等調整並未於簡明綜合財務報表入賬。

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to International Financial Reporting Standards ("IFRSs") issued by the IASB which are effective for the Group's financial year beginning on 1 January 2019:

IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle
IFRIC 23	Uncertainty over Income Tax Treatments

The adoption of IFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out in note 3 below. The application of the other new and amendments to IFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. 主要會計政策

簡明綜合財務報表乃按歷史成本基準編製。

除下文所述外，截止二零一九年六月三十日六個月的綜合財務報表所運用的會計政策及計算方法與本集團編製至二零一八年十二月三十一日止年度綜合財務報表所依循者一致。

於本中期期間，本集團首次應用以下由國際會計準則委員會頒布之國際財務報告準則之新準則、修訂及解釋（「新訂及經修訂國際財務報告準則」）編製本集團綜合財務報表，並於本集團財政年度二零一九年一月一日起生效。

國際財務報告準則第16號	租賃
國際財務報告準則第9號之修訂本	預付還款特徵與負補償
國際會計準則第19號之修訂本	計劃修改，縮減或清償
國際會計準則第28號之修訂本	聯營公司和合資企業的長期權益
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（二零一五年至二零一七年週期）
國際財務報告準則詮釋委員會第23號	所得稅處理的不確定性

採用國際財務報告準則第16號後，本集團的會計政策發生了變化，綜合財務報表中確認的金額也發生了調整。新會計政策載於下文註3。於本年度應用其他新訂及經修訂的國際財務報告準則對本集團於本年度及以前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。

2. Principal Accounting Policies (Continued)

2.1 Impacts on adoption of IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 3. The Group has applied IFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 17 Leases.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC-4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The major impacts of the adoption of IFRS 16 on the Group's condensed consolidated financial statements are described below.

2. 主要會計政策(續)

2.1 應用國際財務報告準則第16號租賃的影響

國際財務報告準則第16號對租賃會計處理引入了新的或經修訂的規定。它通過消除經營租賃和融資租賃之間的區別，要求對所有租賃(短期租賃和低價值資產租賃除外)確認資產使用權和租賃負債，對承租人的會計核算產生重大變化。與承租人會計核算相比，出租人會計的要求基本保持不變。這些新會計政策的詳情載於附註3。本集團以修訂式追溯應用法採納國際財務報告準則第16號，而首次應用的累計影響作為二零一九年一月一日權益期初結餘的調整(如適用)，惟按該準則特定過渡性條文所允許，並無就二零一八年報告期間重列比較數字。因此，若干比較資料可能無法比較，原因在於比較資料乃根據香港會計準則第17號租賃而編製。

在過渡到國際財務報告準則第16號時，集團選擇將實際權益法用於評估哪些安排是租賃或包含租賃。它只將國際財務報告準則第16號應用於以前被認定為租賃的合同。根據國際會計準則第17號和國際財務報告準則詮釋委員會詮釋第4號，未被確定為租賃的合約並未予以重新評估。因此，根據國際財務報告準則第16號對租賃的定義僅適用於二零一九年一月一日或之後簽訂或變更的合同。

應用國際財務報告準則第16號對集團簡明綜合財務報表的主要影響載述如下。

2. Principal Accounting Policies (Continued)

2.1 Impacts on adoption of IFRS 16 Leases (Continued)

The Group as lessee

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.67%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

2. 主要會計政策 (續)

2.1 應用國際財務報告準則第16號租賃的影響 (續)

本集團作為承租人
在採用國際財務報告準則第16號時，本集團確認與先前根據國際會計準則第17號租賃原則列為「經營租賃」的租賃有關的租賃負債（低價值資產租賃及剩餘租期不超過12個月的租賃除外）。這些負債是按剩餘租賃付款的現值計算的，以承租人截至二零一九年一月一日的增量借款進行利率貼現。二零一九年一月一日適用於租賃負債的加權平均承租人增量借款利率為6.67%。

本集團按等同於租賃負債的金額確認及計量使用權資產，並就任何預付或應計租賃付款額作出調整。

2. Principal Accounting Policies (Continued)

2.1 Impacts on adoption of IFRS 16 Leases (Continued)

The Group as lessee (Continued)

The following table summaries the impact of transition to IFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

			Carrying amount previously reported at 31 December 2018	Impact on adoption of IFRS 16	Carrying amount as restated at 1 January 2019
	Notes	RMB'000	截至2018年12月31日的賬面金額	應用國際財務報告準則第16號的影響	截至2019年1月1日的賬面金額
	附註	人民幣千元 (Audited) (經審核)		人民幣千元	人民幣千元 (Unaudited) (未經審核)
Right-of-use assets	a, b	—		20,480	20,480
Amounts due from related parties	b	4,706		(4,612)	94
Lease liabilities	a	—		(15,868)	(15,868)

Note:

- (a) As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liability of RMB15,868,000.
- (b) Prepaid rental of RMB4,612,000 as at 31 December 2018 was adjusted to right-of-use assets.

附註:

- (a) 截至二零一九年一月一日，使用權資產按等同於租賃負債的金額計量為約人民幣15,868,000元。
- (b) 截至二零一八年十二月三十一日，預付租金人民幣4,612,000元調整為使用權資產。

2. 主要會計政策(續)

2.1 應用國際財務報告準則第16號租賃的影響(續)

本集團作為承租人(續)

下表概述了二零一九年一月一日向國際財務報告準則第16號過渡的影響。未受調整影響的項目不包括在內。

2. Principal Accounting Policies (Continued)

2.2 Practical expedients applied

On the date of initial application of IFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC-4 Determining whether an Arrangement contains a Lease
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics, and
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

2. 主要會計政策(續)

2.2 實際權益法的應用

在首次應用國際財務報告準則第16號之日起，本集團已採用以下本準則所允許的實際權益法：

- 不在首次應用日期重新評估合約是否為租賃或包括租賃。相反，對於在過渡日期之前簽訂的合同，該集團依賴於應用國際會計準則第17號和國際財務報告準則詮釋委員會詮釋第4號所作的評估，以確定一項安排是否包含租賃作出的評估；
- 對具有合理相似特徵的租賃組合使用單一貼現率；以及
- 截至二零一九年一月一日，剩餘租期不足12個月的經營性租賃的會計處理為短期租賃。

3. Change in Accounting Policies

Leases

Definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the condensed consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. 會計政策的改變

租賃

租賃的定義

根據國際財務報告準則第16號，如果合約賦予客戶在一段時期內控制特定資產的使用的權利以換取對價，則該合約屬租賃或包含租賃。

本集團作為承租人

集團在合同開始時評估合約是否為或包含租賃。本集團就其為承租人的所有租賃安排，確認一項使用權資產和相應的租賃負債，但短期租賃(定義為租期不超過12個月的租賃)和低價值資產租賃除外。就該等租賃而言，本集團於有關租賃期內以直線法將與該等相關之租賃付款確認為開支，除非另一系統化基準更能體現耗用租賃資產所產生的經濟利益的時間模式則除外。

租賃負債

於生效日期，本集團按當日尚未支付的租賃付款的現值計量租賃負債。租賃付款乃採用租賃中的內含利率進行折現。如果這個利率不容易確定，本集團將使用其增量借款利率。

在計算包括租賃款項的租賃負債時包括固定的租賃付款額(包括實質固定付款)。

租賃負債在簡明綜合財務報表中單獨列示。

租賃負債其後按調增賬面價值以反映租賃負債利息(使用實際利率法)和調減賬面值以反映所作出租賃付款額的方式計量。

3. Change in Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

3. 會計政策的改變(續)

租賃(續)

本集團作為承租人(續)

租賃負債(續)

在下列情況下，重新計算租賃負債（並對相關的使用權資產作出相應調整）：

- 租賃期限發生變化或者對購買期權行使的評估發生變化的，在此情況下，通過使用修訂的貼現率折現修訂的租賃付款額，重新計量租賃負債。
- 因對相應價值擔保餘值的修正及指數或利率變化而引致的變動，租賃負債通過使用初始貼現率折現修訂後的租賃付款額來重新計量（除非租賃付款額的變化是由於浮動利率的變化，則使用修改後的折現率）。
- 租賃合同被修改，而租賃修改不作為單獨的租賃計入，通過使用修改後的貼現率貼現修訂後的租賃付款額，重新計量租賃負債。

使用權資產

使用權資產包括租賃負債的初始計量金額，於生效日期或之前作出的任何租賃付款，以及產生的任何初始直接成本。

使用權資產按成本減去累計折舊和減值損失後的價值重新計量。使用權資產按租期和相關資產的可使用年限內較短者折舊。如果轉讓相關資產的所有權或使用權資產成本的租賃反映本集團預期將行使購買選擇權，相關的使用權資產將在相關資產的可使用年限內折舊。折舊自租賃生效之日起計算。

3. Change in Accounting Policies (Continued)**Leases (Continued)****The Group as lessee (Continued)***Right-of-use assets (Continued)*

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Impairment losses on tangible assets” policy as stated in the Group’s annual consolidated financial statements for the year ended 31 December 2018.

4. Revenue and Segment Information

Revenue represents revenue arising on sales of goods for the period. An analysis of the Group’s revenue for the period is as follows.

3. 會計政策的改變(續)**租賃(續)**

本集團作為承租人(續)

使用權資產(續)

本集團在簡明綜合財務報表中單獨列有使用權資產的項目。

本集團應用國際會計準則第36號，以確定資產使用權是否減值，並計入本集團截至二零一八年十二月三十一日止的年度綜合財務報表所述有形資產政策減值損失中所述的任何已確認的減值損失。

4. 營業額及分部資料

營業額是指本集團於當期貨物銷售收入。本集團當期的收入分析列示如下：

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue from contracts with customers	客戶的合約收入		
Manufacture and sale of household and personal care products	家庭及個人護理用品的生產和銷售		
Hair-care products	護髮產品	101,959	112,026
Skin-care products	護膚產品	1,221	2,339
Other household and personal care products	其他家用及個人護理產品	10,053	11,608
		113,233	125,973

4. Revenue and Segment Information (Continued)

Disaggregation of revenue by timing of recognition

4. 營業額及分部資料(續)

按收入的確認時間分解

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Timing of revenue recognition	收入確認的時間		
At a point in time	某一時間點	113,233	125,973

Transaction price allocated to the remaining performance obligation for contracts with customers

All of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information reported to the executive directors of the Company, being the chief operation decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on a mixture of product lines and geography. The Directors 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 CODM have been aggregated in arriving at the reportable segments of the Group.

分配至客戶合約剩餘履約責任之交易價格

本集團對與客戶簽訂的合約的所有剩餘履行責任均為期一年或更少。根據國際財務報告準則第15號的規定，分配至該等未完成合約之交易價格未予披露。

為分配資源及評估分部表現，向主要經營決策者，即本公司之執行董事報告之訊息，着重於產品線及地域之分佈組合。主要運營決策者選擇圍繞產品差異來組織本集團。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。本集團之主要運營決策者認為本集團沒有可以合併呈報的經營分部。

4. Revenue and Segment Information (Continued)

Transaction price allocated to the remaining performance obligation for contracts with customers (Continued)

Specifically, the Group's reportable and operating segments are as follows:

- Hair-care products
- Skin-care products
- Other household and personal care products

Also, the CODM is provided with segment information concerning segment revenue and result. Segment assets and liabilities are not reported to the CODM regularly.

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 30 June 2019

		Hair-care products	Skin-care products	Other household and personal care products	Total
		髮產品	護膚產品	其他家用及個人護理產品	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
Revenue from external customers	來自外部客戶之收入	101,959	1,221	10,053	113,233
Segment loss	分部虧損	(10,581)	(192)	(5,030)	(15,803)
Bank interest income	銀行利息收入				239
Other income	其他收入				378
Corporate and other unallocated expenses	未分配之總部與其他開支				(2,606)
Finance costs	融資成本				(783)
Loss before taxation	稅前虧損				(18,575)

4. 營業額及分部資料(續)

分配至客戶合約剩餘履約責任之交易價格(續)

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

主要運營決策者獲提供有關分部收入和分部業績的信息，而分部資產和負債的信息則不會定期向主要運營決策者報告。

以下是本集團按可報告收入及業績分析：

截至二零一九年六月三十日止六個月

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For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

4. Revenue and Segment Information (Continued)

Transaction price allocated to the remaining performance obligation for contracts with customers (Continued)

For the six months ended 30 June 2018

4. 營業額及分部資料(續)

分配至客戶合約剩餘履約責任之交易價格(續)

截至二零一八年六月三十日止六個月

		Hair-care products	Skin-care products	Other household and personal care products	Total
		髮產品	護膚產品	其他家用及個人護理產品	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
Revenue from external customers	來自外部客戶之收入	112,026	2,339	11,608	125,973
Segment loss	分部虧損	(4,391)	(301)	(5,890)	(10,582)
Bank interest income	銀行利息收入				166
Other income	其他收入				1,142
Corporate and other unallocated expenses	未分配之總部與其他開支				(2,136)
Loss before taxation	稅前虧損				(11,410)

Segment results represent the loss from each segment without allocation of bank interest income, gain on sales of scrap materials, government grants, net exchange losses, central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

分部業績指各分部所錄得之虧損，當中並無分配銀行利息收入、售賣廢料收益、政府補助、淨匯兌損失、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。

5. Finance Costs

5. 融資成本

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Interest on:	利息：		
— bank borrowings	— 銀行貸款	329	—*
— lease liabilities	— 租賃負債	454	—
		783	—

* The amount was less than RMB1,000.

* 該金額低於人民幣1,000元。

6. Loss Before Taxation

Loss before taxation has been arrived at after charging (crediting) the following items:

6. 稅前虧損

稅前虧損已扣除扣除/（計入）下列項目：

		Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Bank interest income	銀行利息收入	(239)	(166)
Allowance for inventories (included in cost of inventories recognised as an expense above)	存貨跌價準備(計入以上確認為開支之存貨成本)	—	1,282
Depreciation of property, plant and equipment	物業、廠房及設備折舊	12,076	5,230
Depreciation of right-of-use assets	使用權資產折舊	3,884	—
Impairment loss recognised in respect of trade receivables	確認貿易應收款項減值損失	—	1,658
Net gain on disposal of property, plant and equipment	處置物業、廠房及設備的淨收益	(3)	(21)
Redundancy costs	僱員遣散費	390	310
Net foreign exchange losses	匯兌損失淨額	1,768	—
Reversal of allowance for inventories (included in cost of sales)	存貨跌價準備之回撥(計入銷售成本)	(747)	—
Reversal of obsolete inventories written-off (included in cost of sales)	逾期存貨報廢之回撥(計入銷售成本)	(614)	—

7. Taxation

- (i) Under the Law of the PRC on Enterprise Income Tax (the “PRC EIT Law”) and Implementation Regulation of the PRC EIT Law, the tax rate of the subsidiaries incorporated in the PRC 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. However, Bawang Guangzhou did not have any assessable profits subject to Enterprise Income Tax for the six months ended 30 June 2019 and 2018.

- (ii) No provision for Hong Kong Profits Tax has been provided for the six months ended 30 June 2019 and 2018 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for these periods.
- (iii) 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 interim periods.
- (iv) Under the PRC EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. 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 did not make any provision of withholding income tax for the six months ended 30 June 2019 and 2018, respectively since the PRC subsidiaries had accumulated losses as at 30 June 2019 and 2018.

7. 稅項

- (i) 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」)於二零零九年被認定為高新技術企業。然而，截至二零一八年度及二零一九年六月三十日止年度，霸王廣州並沒有任何須繳納企業所得稅之應課稅溢利。

- (ii) 截至二零一九年度及二零一八年六月三十日止年度，本集團並沒有任何須繳納香港所得稅之應課稅溢利，所以並無計提香港所得稅。
- (iii) 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。
- (iv) 根據企業所得稅法實施條例，自二零零八年一月一日起，來自中國附屬公司溢利的股息須預扣所得稅。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%權益且為受益所有人，則可享受來自其中國附屬公司的股息的寬減預扣稅率5%。由於中國附屬公司截至二零一九年度及二零一八年六月三十日止六個月均發生虧損，因此本集團於截至二零一九年度及二零一八年六月三十日止六個月並沒有計提預扣所得稅。

8. Dividends

No dividends were paid, declared or proposed during the current and interim periods, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2018: Nil).

9. Loss Per Share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss for the period of approximately RMB18,577,000 (six months ended 30 June 2018: loss for the period of approximately RMB11,410,000) and the weighted average number of approximately 3,162,134,000 (six months ended 30 June 2018: approximately 3,161,811,000) ordinary shares in issue during the period.

For the six months ended 30 June 2019 and 2018, respectively, the diluted loss per share are the same as the basic loss per share.

The computation of diluted loss per share for the six months ended 30 June 2019 and 2018 do not assume the exercise of the Company's share options because their exercise would result in a decrease in loss per share.

10. Movements in Property, Plant and Equipment

During the six months ended 30 June 2019, the Group acquired property, plant and equipment with a cost of approximately RMB203,000 (six months ended 30 June 2018: approximately RMB1,176,000).

Property, plant and equipment with an aggregate carrying amount of approximately RMB1,000 was disposed of by the Group during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil), resulting in a net gain on disposal of approximately RMB3,000 (six months ended 30 June 2018: net gain on disposal of approximately RMB21,000).

8. 股息

中期間內並無派付、宣派或擬派任何股息。本公司董事不建議派付截至報告期末的任何中期股息(截至二零一八年六月三十日止六個月：無)。

9. 每股虧損

本公司擁有人應佔之每股基本及攤薄虧損是根據期內虧損約人民幣18,577,000元(截至二零一八年六月三十日止六個月：約人民幣11,410,000元)及期內已發行普通股加權平均數約3,162,134,000股(截至二零一八年六月三十日止六個月：約3,161,811,000股)計算。

截至二零一九年度及二零一八年六月三十日止六個月的每股攤薄虧損等同每股基本虧損。

由於本公司的購股權具有反攤薄效果，所以在計算截至二零一九年度及二零一八年六月三十日止六個月期間每股攤薄虧損時，並無假設行使任何本公司的購股權。

10. 物業、廠房及設備的變動

截至二零一九年六月三十日止六個月，本集團購入物業、廠房及設備的成本大約為人民幣203,000元(截至二零一八年六月三十日止六個月：約人民幣1,176,000元)。

截至二零一九年六月三十日止六個月，本集團將賬面淨值約為人民幣1,000元的物業、廠房及設備處置掉(截至二零一八年六月三十日止：無)，導致約人民幣3,000元的處置物業、廠房及設備的淨收益(截至二零一八年六月三十日止六個月處置淨損失：約人民幣21,000元)。

11. Trade and Other Receivables

Included in trade and other receivables are debtors (net of allowance for impairment of trade receivables) with the following ageing analysis presented based on the invoice date, which approximates the respective revenue recognition dates:

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Less than 3 months	少於3個月	15,655	23,614
More than 3 months but less than 6 months	多於3個月但少於6個月	1,380	4,073
More than 6 months but less than 12 months	多於6個月但少於12個月	894	2,966
Total debtors, net of allowance for impairment of trade receivables	債權總額扣除應收賬款減值準備淨額	17,929	30,653
Prepayment for purchase of raw materials	原材料採購預付款	4,419	2,888
Short-term prepaid advertising fee	短期預付廣告費	310	649
Other prepayments	其他預付款項	1,471	940
Non-income tax receivables	非所得稅應收款項	197	193
Other receivables	其他應收款	1,006	712
		25,332	36,035

The Group allows an average credit period of 30 to 90 days to its trade customers.

11. 貿易及其他應收款項

包括債務人根據發票日呈列之貿易應收款項(扣除應收賬款減值準備)於各自的收入確認日期的賬齡分析如下:

本集團給予其貿易客戶的平均信貸期為30日至90日。

12. Deposit with Bank/Bank Balances and Cash

Deposit with bank

As at 30 June 2019, deposit with bank of RMB20,000,000 with maturity in May 2020 (31 December 2018: RMB20,000,000, with maturity in May 2019), carries interest at fixed rate of 1.75% (31 December 2018: 1.75%) per annum.

Bank balances and cash

As at 30 June 2019, cash at bank carries interest at floating rates based on daily bank deposits rates of 0.001% to 0.60% (31 December 2018: 0.001% to 0.60%) per annum.

13. Trade and Other Payables

Included in trade and other payables are creditors with the following ageing analysis presented based on the invoice date at the end of the reporting period:

		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
0-30 days	0至30天	26,635	24,492
31-90 days	31至90天	—	5,120
Total creditors	債務總額	26,635	29,612
Payable for acquisition of property, plant and equipment	應付物業、廠房和設備收購賬款	1,933	1,933
Promotion fee payables	應付推廣費	15,191	22,236
Accrued payroll	應付薪金	3,145	3,513
Non-income tax payables	非所得稅應付款項	3,248	7,404
Other payables and accruals	其他應付款及應計項目	15,462	16,670
		65,614	81,368

12. 抵押銀行存款/銀行存款/銀行結存及現金

銀行存款

於二零一九年六月三十日，銀行存款為人民幣20,000,000元，在二零二零年五月到期(於二零一八年十二月三十一日：人民幣20,000,000元，在二零一九年五月到期)，固定年利率為1.75%(於二零一八年十二月三十一日：1.75%)。

銀行結存及現金

於二零一九年六月三十日，銀行現金按每日銀行存款浮動年利率0.001%至0.60%(於二零一八年十二月三十一日：0.001%至0.60%)計算利息。

13. 貿易及其他應付款項

根據發票日期之日呈列之包括貿易與其他應付款的貸方於呈報期末之賬款分析如下：

14. Share Capital and Reserves

14. 股本及儲備

(a) Share capital

(a) 股本

		Number of shares 股份數目 '000 千	Amount 報告金額 RMB'000 人民幣千元
Ordinary shares of HK\$0.1 each	每股港元0.10之普通股		
Authorised ordinary shares:	法定普通股：		
At 1 January 2018 (audited),	於二零一八年一月一日		
31 December 2018 (audited),	(經審核)，二零一八年		
1 January 2019 (audited) and	十二月三十一日		
30 June 2019 (unaudited)	(經審核)，二零一九年		
	一月一日(經審核)及		
	二零一九年六月三十日		
	(未經審核)	10,000,000	880,500
Issued and fully paid ordinary shares:	已發行及已付訖普通股：		
At 1 January 2018 (audited),	於二零一八年一月一日		
31 December 2018 (audited),	(經審核)，二零一八年		
1 January 2019 (audited)	十二月三十一日		
	(經審核)，二零一九年		
	一月一日(經審核)	3,161,811	277,878
Issue of shares upon exercise of share option (note)	在行使股票期權時發行股票 (附註)	630	54
At 30 June 2019 (unaudited)	於二零一九年六月三十日 (未經審核)	3,162,441	277,932

Note: 630,000 share options were exercised during the period and resulted in the issue of 630,000 ordinary shares of the Company and increase in share capital of HK\$63,000 (equivalent to approximately RMB54,000).

附註：在此期間，公司被行使630,000股股票期權，發行了630,000萬股普通股，增加了港幣63,000元(約合人民幣54,000元)的股本。

All shares issued during the period ended 30 June 2019 rank pari passu with existing shares in all respects.

截至二零一九年六月三十日止期間，所有發行的股票於各方面與現有股票享有同等權益。

14. Share Capital and Reserves (Continued)

(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.

Pursuant to applicable statutory provisions of the Cayman Islands, the Company had no reserves available for distribution to the shareholders as at 30 June 2019 (31 December 2018: Nil).

(ii) 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 board of directors of Bawang Guangzhou.

Bawang Guangzhou and Bawang (China) Beverage Co., Limited ("Bawang Beverage"), which are wholly foreign owned enterprises established in the PRC, are required to transfer at least 10% of their net profit (after offsetting prior year losses), as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital under the PRC Company Law and the articles of association of the entity. The transfer to this reserve must be made before distribution of dividends to the equity shareholders.

14. 股本及儲備(續)

(b) 儲備性質及用途

(i) 股本溢價

本公司股本溢價賬的應用受開曼群島公司法(經修訂)所規管。除非緊隨建議派付股息的日期後，本公司有能力償還日常業務中到期的債務，否則本公司不得自股本溢價賬向股東分派股息。

根據開曼群島適用的法定條款，截至二零一九年六月三十日止，公司沒有任何可用儲備金分配給股東(於二零一八年十二月三十一日：無)。

(ii) 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中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(中國)飲料有限公司(「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。

14. Share Capital and Reserves (Continued)

(b) Nature and purpose of reserves (Continued)

(ii) PRC statutory reserves (Continued)

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.

(iii) 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 accounting policy adopted in the 2018 annual financial statements.

(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 US\$12,500,000, 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. The amounts are estimated by discounting the nominal value of the non-interest bearing loans to the subsidiary at an effective interest rate.

14. 股本及儲備(續)

(b) 儲備性質及用途(續)

(ii) 中國法定儲備(續)

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,以將有關發行後的結餘不得少於註冊資本的25%。

(iii) 資本儲備

授予本公司僱員的購股權未行使的部分,將其授予日期的公允價值按照二零一八年年報披露的會計政策於資本儲備中確認。

(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(之前由本集團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子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。

15. Equity Settled Share-Based Transactions

Pre-IPO Share Option Scheme

The Directors approved a Pre-IPO Share Option Scheme on 10 December 2008. On 8 June 2009, the Company conditionally granted certain Pre-IPO share options to the directors, senior management and employees under the Pre-IPO Share Option Scheme. The exercise of these share options would entitle two of the Company's directors to subscribe for an aggregate of 4,200,000 shares of the Company, and forty of senior management and employees for an aggregate of 10,332,000 shares. According to the grant letters signed by the Company and the beneficial individuals, the exercise price of each share under the Pre-IPO Share Option Scheme is either at par value of HK\$0.1 (four people under this tranche including two directors), or at HK\$1.19, representing a 50% discount to the offer price of HK\$2.38 under the global offering (thirty eight people under this tranche). Each option granted under the Pre-IPO Share Option Scheme has a vesting period of one to five years, commencing from the listing date and the options are exercisable until 8 June 2019.

The following table discloses movements of the Company's share options held by Directors and employees during the current and prior periods:

Option type	購股權類股	Number of share options 購股權數目					Outstanding at 30 June 2019 (unaudited) 於二零一九年 六月三十日 未行使的 (未經審核)
		Outstanding at 1 January 2018 (audited) 於二零一八年 一月一日 未行使 (經審核)	Lapsed during the year 年內失效	Outstanding at 31 December 2018 (audited) 於二零一八年 十二月三十一日 未行使 (經審核)	Exercised during the period 期內行使	Lapsed during the period 期內失效	
Pre-IPO Share Option Scheme	首次公開發售前購股權	1,654,000	(67,240)	1,586,760	(630,000)	(956,760)	—
Exercisable at the end of the reporting period	於呈報期末可行使的購股權	1,654,000		1,586,760			—
Weighted average exercise price	加權平均行使權	HK\$1.92	HK\$1.75	HK\$1.93	HK\$2.20	HK\$1.75	N/A

The options outstanding at 31 December 2018 had a weighted average remaining contractual life of 0.44 year.

15. 以股權結算並以股份為基礎的交易

首次公開發售前購股權計劃

本公司董事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出若干首次公開發售前購股權。行使此等購股權賦予本公司兩名董事認購合共4,200,000股本公司股份，以及四十名高級管理層和僱員認購合共10,332,000股本公司股份的權利。根據本公司與每個受益人簽訂的授予函件，首次公開發售前購股權計劃項下的每股股份行使價為其面值港元0.1（四人在此列，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%（三十八人在此列）。根據首次公開發售前購股權計劃授出的每份購股權的行權等待期為由上市日期起計一年至五年，所有購股權必須於二零一九年六月八日前行使。

下表披露董事及僱員在當期和以前期間擁有本公司購股權的變動情況：

於二零一八年十二月三十一日，尚未行使購股權的加權平均剩餘合約期為0.44年。

16. Financial Risk Management and Fair Value Measurements of Financial Instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (currency risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

There have been no changes in the risk management policies since year end.

(b) Fair value measurements of financial instruments

The Group's financial instruments, including the loans and receivables (including trade and other receivables, amounts due from related parties, deposit with bank and bank balances and cash) and financial liabilities (including trade and other payables, amounts due to related parties and bank borrowings), are recorded at amortised cost. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements at 30 June 2019 approximate their fair values due to short maturities.

16. 財務風險管理和公允價值計量金融工具

(a) 金融風險因素

本集團的活動使其面臨各種各樣的財務風險：市場風險（貨幣風險和利率風險），信貸風險和流動性風險。

中期綜合財務報表不包括年度財務報表所要求的所有財務風險管理信息和披露信息，應與二零一八年十二月三十一日該集團的年度財務報表一起閱讀。

自年底以來，風險管理政策沒有任何變化。

(b) 金融風險因素

該集團的金融工具，包括貸款和應收款項（包括貿易和其他應收款項）相關方應付款項，銀行存款及銀行餘額和現金）和金融負債（包括貿易和其他應付款項，應付給相關方的款項和銀行借款），以攤餘成本入賬。公司的董事們認為，由於綜合財務報表內金融資產和金融負債會於二零一九年六月三十日短期內到期，故其賬面價值近似公允價值。

17. Related Party Transactions

Except as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions and balances with the related parties during the period:

- (a) The following balances were outstanding at the end of the reporting period:

17. 關聯方交易

除簡明綜合財務報表披露外，本集團已於期內進行下列關聯方交易及結餘：

- (a) 於呈報期末之結餘如下：

		Amounts due from/(to) related parties 應收／(應付)關連方款項	
		30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Non-trade related			
非貿易相關			
Guangzhou Bawang International Hotel Co., Ltd. (“Guangzhou Bawang Hotel”) (note i)	廣州霸王國際大酒店有限公司 (「廣州霸王酒店」) (附註i)	109	86
Guangzhou Bawang Cosmetics Co., Ltd. (“Guangzhou Bawang”) (note ii)	廣州霸王化妝品有限公司 (「廣州霸王」) (附註ii)	—	4,612
Guangzhou Xiaoxiao Supply Chain Management Co., Ltd. (“Guangzhou Xiaoxiao”) (note iv)	廣州小小供應鏈管理有限公司 (「廣州小小」) (附註iv)	—	8
		109	4,706
Trade related			
貿易相關			
Guangzhou Chenming Paper Products Company Limited (“Guangzhou Chenming”) (note iii)	廣州晨明紙品有限公司 (「廣州晨明」) (附註iii)	—	(2,274)
Guangzhou Xiaoxiao Supply Chain Management Co., Ltd. (“Guangzhou Xiaoxiao”) (note iv)	廣州小小供應鏈管理有限公司 (「廣州小小」) (附註iv)	(2)	—
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)	(15)	(214)
		(17)	(2,488)

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

17. Related Party Transactions (Continued)

- (a) The following balances were outstanding at the end of the reporting period: (Continued)

Notes:

- (i) Guangzhou Bawang Hotel was ultimately 100% owned by Mr. CHEN Zheng He, the chief executive officer and executive director of the Company. The balance was unsecured, interest-free and repayable on demand.
- (ii) Guangzhou Bawang was ultimately 100% owned by Mr. CHEN Zheng He. As at 31 December 2018, the balance due from Guangzhou Bawang mainly represented prepayment of rental expenses. The balance was unsecured, interest-free and repayable on demand.
- (iii) Guangzhou Chenming and Guangzhou Qiancai were under the control of the close family members of Mr. CHEN Qiyuan, the chairman of the board of directors of the Company. The credit term granted by them is 30 days and based on the invoice date. As at 30 June 2019 and 31 December 2018, the amounts due to Guangzhou Chenming and Guangzhou Qiancai were unsecured, interest-free and repayable within 30 days, based on the invoice date.
- (iv) Guangzhou Xiaoxiao's sole director was Ms. WAN Yuhua, wife of Mr. CHEN Qiyuan. The balance was unsecured, interest-free and repayable on demand.

17. 關聯方交易 (續)

- (a) 於呈報期末尚未償付之結餘如下：(續)

附註：

- (i) 廣州霸王酒店由本集團首席執行官和執行董事陳正鶴先生100%最終擁有。有關結餘無抵押、免息及並按要求償還。
- (ii) 廣州霸王由陳正鶴先生100%最終擁有。於二零一八年十二月三十一日，廣州霸王的期末結餘主要為應付租金。有關結餘無抵押、免息及並按要求償還。
- (iii) 廣州晨明和廣州倩采是由與本公司董事會主席陳啟源先生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發票日起30日。於二零一九年六月三十日和二零一八年十二月三十一日，預付廣州晨明和應付廣州倩采的有關結餘無抵押，免息及並按發票日30天內償還。
- (iv) 廣州小小的唯一董事萬玉華女士是陳啟源先生的妻子。授予廣州小小的信用期限為款到發貨。有關結餘無抵押、免息及並按要求償還。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2019 截至二零一九年六月三十日止六個月

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17. Related Party Transactions (Continued)

- (b) During the period, the Group entered into the following transactions with the related parties:

17. 關聯方交易 (續)

- (b) 於回顧期內，本集團與關聯方訂立如下交易：

		Six months ended 截至六個月	
		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Trade related 貿易相關			
Guangzhou Chenming 廣州晨明	Purchase of packaging materials (note i) 採購包裝材料(附註i)	1,794	592
Guangzhou Qiancai 廣州倩采	Purchase of packaging materials (note i) 採購包裝材料(附註i)	42	43
Non-trade related 非貿易相關			
Guangzhou Bawang 廣州霸王	Rent of production plant and office premises (notes i and iii) 租賃生產廠房和辦公場所(附註i及iii)	4,319	4,788
Guangzhou Bawang Hotel 廣州霸王酒店	Catering service received (note i) 接受餐飲服務(附註i)	70	320

Notes:

- (i) The Directors are of the opinion that the above transactions were conducted on normal commercial terms in the ordinary course of business and the basis of consideration for the transactions is the prevailing market price.
- (ii) The utility income was charged to Guangzhou Bawang in relation to the utility expenses paid on behalf of Guangzhou Bawang.

附註：

- (i) 董事認為，上述交易乃按一般商業條款於日常業務過程中進行，交易代價基準為現行市價。
- (ii) 水電費收入由廣州霸王代收，因此水電費費用也由廣州霸王代付。

17. Related Party Transactions (Continued)

- (b) During the period, the Group entered into the following transactions with the related parties: (Continued)

Notes: (Continued)

- (iii) The Group and Guangzhou Bawang entered into renewal lease contract on 9 August 2016 with 3 years terms of the lease from 9 August 2016, pursuant to which the monthly rental fee for production premises and office premises were approximately RMB490,000 and RMB45,000 respectively. The renewed monthly management fee for production premises and office premises were approximately RMB310,000 and RMB39,000 respectively. The renewed contract was terminated and a new contract was signed on 1 December 2017 and the new terms of the lease were 3 years from 1 December 2017. The new monthly rental and management fee for the production premises, office premises and a staff dormitory are approximately RMB719,900. Details of which were set out in the Company's announcement dated 1 December 2017.
- (c) The remuneration of Directors and other members of key management personnel during the reporting periods was as follows:

17. 關聯方交易 (續)

- (b) 於回顧期內，本集團與關聯方訂立如下交易：(續)

附註：(續)

- (iii) 本集團與廣州霸王於二零一六年八月九日訂立租期自二零一六年八月九日起有效期三年的租賃協議。根據協議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。該合約已終止，並於二零一七年十二月一日簽訂新合約，而新租約條款則由二零一七年十二月一日起有效期三年。生產廠房，辦公室物業及職員宿舍的新的月租及管理費約為人民幣719,900元。詳情載於公司二零一七年十二月一日發佈的公告。
- (c) 本公司董事及其他主要管理層成員於報告期內的酬金如下：

Six months ended 30 June 截至六月三十日止六個月

		2019 二零一九年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Short-term employee benefits	短期僱員福利	2,313	927
Contributions to defined contribution retirement plans	定期供款退休福利計劃供款	196	66
		2,509	993

18. Commitments

18. 資本承擔

	30 June 2019 二零一九年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided for in the condensed consolidated financial statements	343	343
未在簡明綜合財務報表中反映的有關購買物業、廠房及設備的資本承擔		

19. Litigation

In prior years, a lawsuit was filed by a former subcontractor against 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 was 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.

19. 法律訴訟

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。

19. Litigation (Continued)

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 profit or loss and an amount of approximately RMB324,000 was settled in 2014. As at 31 December 2018 and 30 June 2019, the remaining provision of approximately RMB338,000 has not been settled.

19. 法律訴訟(續)

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，訴訟準備合計約人民幣662,000元已被確認於綜合損益表中的其他費用，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。截至二零一八年十二月三十一日及二零一九年六月三十日，約人民幣338,000元的剩餘準備尚未結算。

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