



BaWang International (Group) Holding Limited 霸王國際(集團)控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code: 01338

股票代碼: 01338



Annual Report 2011
2011 年年報

* for identification purposes only
僅供識別



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

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

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

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

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

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



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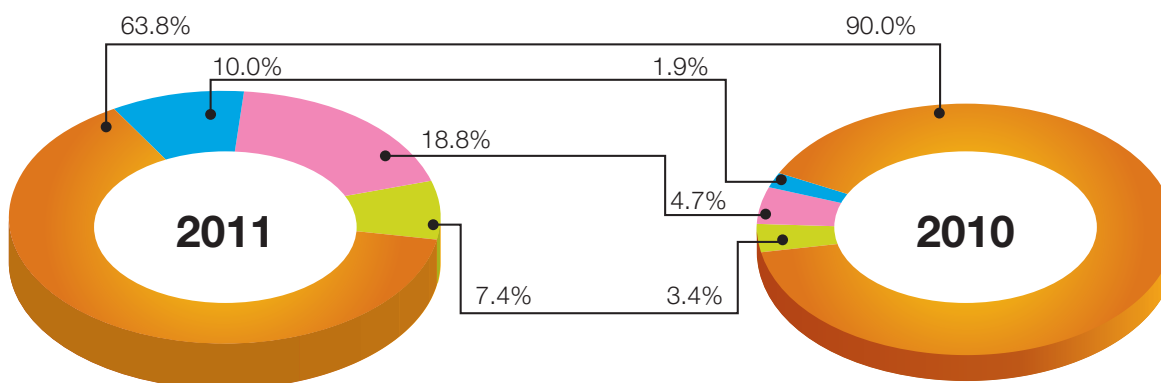
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Financial Highlights

財務摘要

		2011 二零一一年 年度 RMB'000 人民幣千元	2H2011 二零一一年 下半年 RMB'000 人民幣千元	1H2011 二零一一年 上半年 RMB'000 人民幣千元	2010 二零一零年 年度 RMB'000 人民幣千元
Revenue	營業額	888,909	449,066	439,843	1,475,355
Cost of Sales	銷售成本	(544,154)	(241,328)	(302,826)	(564,017)
Gross Profit	毛利	344,755	207,738	137,017	911,338
Selling & distribution costs	銷售及分銷成本	(872,339)	(413,782)	(458,557)	(941,811)
Administrative expenses	行政費用	(102,457)	(57,720)	(44,737)	(101,511)
Loss from operations	營運虧損	(625,287)	(261,644)	(363,643)	(131,573)
Income tax credit	所得稅抵扣	59,967	2,374	57,593	16,160
Loss attributable to equity shareholders	權益持有人應佔虧損	(558,570)	(263,714)	(294,856)	(117,971)
Loss per share (RMB yuan)	每股基本虧損 (人民幣元)	(0.19)	(0.09)	(0.10)	(0.04)
Gross margin	毛利率	38.8%	46.3%	31.2%	61.8%
Net loss ratio	淨虧損率	-62.8%	-58.7%	-67.0%	-8.0%
Effective tax rate	有效稅率	-9.7%	N/A	N/A	-12.0%

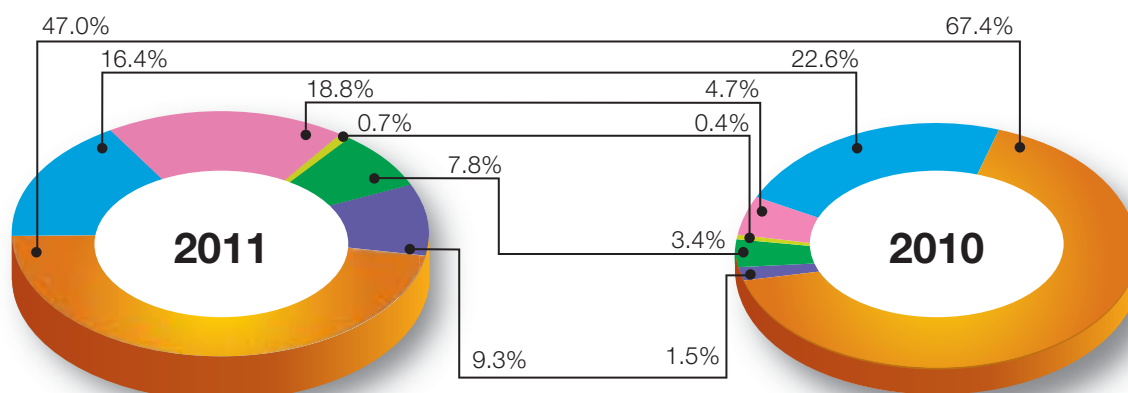
Revenue by Product Category 收入按產品類別分析



(RMB'000) (人民幣千元)	2011 二零一一年 年度	2H2011 二零一一年 下半年	1H2011 二零一一年 上半年	2010 二零一零年 年度
Shampoo & hair-care products 洗髮護髮產品	567,404	319,195	248,209	1,328,079
Skincare products 護膚產品	89,060	47,553	41,507	27,272
Herbal tea 涼茶	167,263	48,947	118,316	69,757
Other household and personal care products 其他家用個人護理產品	65,182	33,371	31,811	50,247
Total 合計	888,909	449,066	439,843	1,475,355

Financial Highlights 財務摘要

Revenue by Brand 收入按品牌分析



(RMB'000) (人民幣千元)	2011 二零一一年 年度	2H2011 二零一一年 下半年	1H2011 二零一一年 上半年	2010 二零一零年 年度
Bawang 霸王	417,972	271,239	146,733	993,817
Royal Wind 追風	145,768	60,998	84,770	333,449
Bawang Herbal Tea ⁽¹⁾ 霸王涼茶	167,263	48,947	118,316	69,757
Herborn 本草堂	82,750	43,955	38,795	21,822
Litao ⁽²⁾ 麗濤	68,846	20,329	48,517	51,060
Smerry 雪美人	6,310	3,598	2,712	5,450
Total 合計	888,909	449,066	439,843	1,475,355

Notes:

1. Launched in April 2010. Revenue not directly comparable.
2. Launched new product series in October 2010. Revenue not directly comparable.

附註：

1. 二零一零年四月推出。不能將收入進行直接比較。
2. 二零一零年十月推出新的產品系列。不能將收入進行直接比較。

Corporate Information

公司資料

Directors

Executive Directors

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

Non-executive Director

GUO Jing

Independent non-executive Directors

NGAI Wai Fung
LI Bida
CHEN Kaizhi

Audit committee

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

Remuneration committee

LI Bida (*Chairman*)
WAN Yuhua
CHEN Kaizhi

Nomination committee

CHEN Qiyuan (*Chairman*)
LI Bida
CHEN Kaizhi

Company Secretary

WONG Sin Yung *CPA*

董事

執行董事

陳啟源 (*主席*)
萬玉華
沈小笛
黃善榕

非執行董事

郭晶

獨立非執行董事

魏偉峰
李必達
陳開枝

審核委員會

魏偉峰 *CPA, ACCA, FCIS (主席)*
李必達
陳開枝

薪酬委員會

李必達 (*主席*)
萬玉華
陳開枝

提名委員會

陳啟源 (*主席*)
李必達
陳開枝

公司秘書

黃善榕 *CPA*

Corporate Information

公司資料

Authorized representatives

WAN Yuhua
WONG Sin Yung *CPA*

Registered office

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

Principal place of business in the PRC

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Baiyun District
Guangzhou
510410
PRC

Place of business in Hong Kong

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Ritz Plaza
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Tsimshatsui
Kowloon
Hong Kong

Cayman Islands principal share registrar and transfer office

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

授權代表

萬玉華
黃善榕 *CPA*

註冊辦事處

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

中國主要營業地點

中國
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郵編：510410

香港營業地點

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開曼群島證券過戶登記總處

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

Corporate Information

公司資料

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Shops 1712–1716, 17Mth Floor
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183 Queen's Road East
Wanchai
Hong Kong

香港證券登記分處

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

Auditors

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

核數師

畢馬威會計師事務所
執業會計師
香港
中環
遮打道10號
太子大廈8樓

Legal advisors on Hong Kong Law

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

香港法律顧問

史密夫律師事務所
香港
皇后大道中15號
告羅士打大廈23樓

Company's website

www.bawang.com.cn

公司網址

www.bawang.com.cn

Stock code

01338

股票代號

01338

Corporate Information

公司資料

Principal bankers

The Hongkong and Shanghai Banking
Corporation Limited
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Bank of China Limited
1073 Jichang Road
Guangzhou 510180
PRC

China Merchants Bank Co., Ltd
China Merchants Bank Tower
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Shenzhen 518040
PRC

主要往來銀行

香港上海滙豐銀行有限公司
香港
皇后大道中1號

中國銀行股份有限公司
中國
廣州市
機場路1073號
郵編：510180

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

Chairman's Statement

主席報告書

Dear shareholders of the Company,

On behalf of the board of directors of BaWang International (Group) Holdings Limited (the "Company"), I present the audited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011.

The Directors report that the total revenue of the Group for 2011 was RMB888.9 million, representing a decrease of 39.7% as compared to 2010. The Group recorded a loss of RMB558.6 million for 2011 as compared to a loss of RMB118.0 million for 2010. For period to period comparison of the performance on a half yearly basis, the total revenue of the Group for the second half of 2011 was RMB449.1 million, representing an increase of 2.1% as compared to the first half of 2011. The Group recorded a loss of RMB263.7 million for the second half 2011 as compared to a loss of RMB294.9 million for the first half of 2011, indicating an improvement in the overall results of our business of 10.6%. Please refer to the Financial Review section of this annual report for details of the operating performance of the Group.

The Directors would like to indicate that in the first half of 2010, the Group was operating and developing its businesses under normal conditions. Ever since the dioxane incident in July 2010, the Group has made enormous and continuous efforts in an attempt to recover and mitigate the negative impact on its businesses arising from the incident. Analysis of the revenue by brands for 2011 has revealed that Bawang (霸王品牌) and Royal Wind (追風品牌) branded shampoos generated an aggregate revenue of RMB332.2 million for the second half of 2011, representing an increase of 43.5% as compared to the first half of 2011. The Directors feel that the Group starts seeing light at the end of the tunnel.

各位尊敬的公司之股東：

本人僅代表霸王國際(集團)控股有限公司(「本公司」)之董事會，向全體股東呈報本公司及其附屬公司(統稱「本集團」)截至二零一一年十二月三十一日年度的經審核年度業績。

董事報告本集團二零一一年度總收入為人民幣888.9百萬元，較二零一零年度下降了39.7%。本集團二零一一年度錄得股東應佔虧損為人民幣558.6百萬元，而二零一零年度錄得虧損為人民幣118.0百萬元。以半年的表現環比，本集團二零一一年下半年的總收入為人民幣449.1百萬元，與二零一一年上半年相比增加2.1%。本集團二零一一年下半年錄得股東應佔虧損人民幣263.7百萬元，而二零一一年上半年錄得虧損人民幣294.9百萬元，表明我們的業務整體表現在下半年改善了10.6%。關於本集團經營業績詳情，請參閱本年度報告內財務回顧部份。

董事們指出，本集團於二零一零年度上半年是在正常條件下運營發展其業務。但從二零一零年七月的二惡烷事件至今，本集團已經作出巨大且持續不斷的努力，以恢復及減輕由於該事件對我們業務帶來的後續負面影響。二零一一年的收入按品牌分析則顯示二零一一年下半年霸王及追風品牌洗髮水系列的總計收入達人民幣332.2百萬元，與二零一一年上半年比較，增加了43.5%。董事們相信本集團已開始看到黎明的曙光。

Chairman's Statement

主席報告書

Looking forward, we will make use of our core competencies and specialty in traditional Chinese herbs to research, develop, and design advanced and competitive Chinese herbal HPC products. We will continue to expand and/or optimise our distribution network for our different branded products. We will continue to increase our product lines and to implement multi-product and multi-brand strategy, aiming to become a global leader of branded Chinese herbal HPC products operator and to bring the best returns to our investors.

The board of Directors (the "Board") would like to take this opportunity to express its gratitude to the shareholders of the Company (the "Shareholder"), customers, suppliers, banks, professional parties and employees of the Company for their continuous commitment and support.

CHEN Qiyuan

Chairman

Hong Kong, 17 March 2012

展望將來，我們將善用我們於中草藥的核心競爭力及專長，研究、開發及設計先進且具競爭力的中草藥家用個人護理產品。我們將繼續擴展及／或優化我們不同品牌的分銷網絡，繼續增加產品系列並實行多產品多品牌策略，力求成為全球品牌中草藥家用個人護理產品營運商中的翹楚，為我們的投資者帶來最佳回報。

本公司之董事會(以下簡稱「董事會」)謹借此機會向一直關心和支持集團的所有本公司之股東(以下簡稱「股東」)、客戶、供應商、銀行、專業團隊及公司員工表示衷心感謝。

陳啟源

主席

香港，二零一二年三月十七日

Management Discussion and Analysis

管理層討論及分析

Business Review

During the year under review, the Group took a series of measures in order to increase the sales of our Chinese herbal shampoo and haircare products such as the brand revitalization programme for recapturing brand equity, and identifying and stabilizing new sources of brand equity for Bawang branded portfolio along the lines of Bawang and Royal Wind branded series; followed by the commencement of the replacement programme for inventories of Bawang branded products in the distribution channels; implementation of the Sales Automation Management Systems (SAMS) for efficient and effective channel management; prioritizing the recovery of the modern trade channels, thereafter assignment of Mr. Jacky Chan (成龍) as the principal brand ambassador for the promotion of Bawang brand image; and appointment of “Korean Top Beauty” movie star Ms. Kim Hui Seon (金喜善) as the brand ambassador for the promotion of our new female-oriented product series. Last but not least, Mr. Jacky Chan (成龍) speaks for the enhanced version of the Anti-hair Fall series (防脫系列) advocating a concept of “Prevention is always better than cure”, whilst Ms. Kim Hui Seon (金喜善) promotes the new Hair Blackening series (烏髮系列) and the new female-oriented Nutri-repairing series (滋補系列).

業務回顧

於回顧期內，本集團採取了一系列措施以增加我們中草藥洗髮護髮產品的銷售額，比如為了重塑品牌價值而實行的品牌振興計劃，以及識別和穩固霸王品牌組合(包括霸王和追風產品系列)的品牌價值新來源；隨後開始的各銷售渠道中的霸王品牌產品換貨計劃；為了有效率且高效的渠道管理而實行的銷售自動管理系統(「SAMS」)，首先恢復現代貿易渠道；而後邀請成龍先生擔任主要的品牌形象大使，以提升霸王品牌形象；並委任「韓國第一美女」影星金喜善小姐為品牌形象代言人，以提升我們新的女性導向產品系列的品牌形象。最後但同等重要的是成龍先生以「預防勝於治療」的概念宣傳升級版防脫系列，同時金喜善小姐宣傳推廣一個新的烏髮系列及一個新的女性導向產品——滋補系列。



Management Discussion and Analysis

管理層討論及分析



As of 31 December 2011, the Bawang brand distribution network comprised around 543 distributors and 51 KA retailers, covering 27 provinces and four municipalities. During the year under review, five distributors renewed their contracts with the Group as KA retailers. Furthermore, the products are sold in Hong Kong, Macau, Singapore, Myanmar, Thailand, Malaysia, Brunei, and Australia.

During the year under review, the Group revamped and consolidated the original Royal Wind Chinese herbal anti-dandruff shampoo series into four major product series, which are all targeted at young and fashionable consumers with dandruff problem. We carried out a replacement programme for inventories of Royal Wind branded products in the second half of 2011 with similar operations to that of Bawang's in early 2011. The programme was basically completed by the end of 2011. New generation pop music singer Mr. Han Geng (韓庚) has been selected as the brand ambassador for Royal Wind series for the promotion of its brand image. With his energetic, healthy and fashionable image, we believe that he will

截至二零一一年十二月三十一日，霸王品牌分銷網絡包括大約543個分銷商及51個重點零售商，覆蓋27個省份及四個直轄市。於回顧期內，五個經銷商與集團續約時轉為重點零售商。此外，該等產品已在香港、澳門、新加坡、緬甸、泰國、馬來西亞、汶萊及澳大利亞市場銷售。

於回顧期內，本集團將原有追風中草藥去屑洗髮水系列改良及整合為四大產品系列，其目標群體是有頭屑困擾的年輕時尚消費者。我們於二零一一年下半年進行追風品牌產品的換貨計劃。此計劃與二零一一年初的霸王換貨計劃相同，已於二零一一年年末基本完成。新一代流行音樂歌星韓庚先生被選定擔任追風品牌代言人，幫助我們提升追風品牌形象。我們相信其積極、健康、時尚的形象將成功塑造個性化的追風品牌形象，提高追風品牌市場認知度。根據追風的

Management Discussion and Analysis

管理層討論及分析



successfully portray the brand personality of Royal Wind and increase its brand awareness and recognition. According to the brand positioning of Royal Wind, we strategically select the publicity channels through modern media such as the internet, public transport TV commercials, mobile phone messaging, etc.

As of 31 December 2011, the Royal Wind brand distribution network comprised approximately 461 distributors and 49 KA retailers, covering 27 provinces and four municipalities. During the year under review, five distributors renewed their contracts with the Group as KA retailers. Furthermore, the products are sold in Singapore.

As of 31 December 2011, the Litao (麗濤) brand distribution network comprised approximately 379 distributors, covering 26 provinces and four municipalities. The Litao range of enhanced products targets the mid-low end segment in the PRC market, achieving the Company's goal to increase the market coverage of its products.

品牌定位，我們有策略地選擇通過現代媒體渠道播放廣告片，例如：互聯網、公共交通電視廣告和移動手機短訊等。

截至二零一一年十二月三十一日，追風品牌分銷網絡包括大約461個分銷商及49個重點零售商，覆蓋27個省份及四個直轄市。於回顧期內，五個經銷商與集團續約時轉為重點零售商。此外，本產品已在新加坡市場銷售。

截至二零一一年十二月三十一日，麗濤品牌分銷網絡包括大約379個分銷商，覆蓋26個省份和四個直轄市。升級版麗濤系列產品的目標群體為中國中低端市場，以實現本公司擴大其產品的消費市場覆蓋面的目標。

Management Discussion and Analysis 管理層討論及分析

In relation to our Chinese herbal skincare products series, Herborn (本草堂), its target customers are white-collar females aged between 25 and 45 who have high purchasing power and pursue a healthy and natural lifestyle. The internationally renowned celebrity Ms. Faye Wong (王菲) continues to act as the brand ambassador of Herborn to promote its brand image. The Group has been re-appointed as exclusive sponsor of skincare products to the Miss World Pageant China Finals in 2011. Apart from providing our Herborn Chinese herbal skincare products for the use of the contestants, we also conducted a series of skincare seminars for the contestants to allow them to understand the concepts and benefits of traditional Chinese medicine. As of 31 December 2011, the Group successfully set up sales and distribution network comprising approximately 105 distributors and 15 KA retailers covering 27 provinces and four municipalities and 91 counters in department stores and/or hypermarkets. The number of counters in cosmetics specialty shops in the PRC substantially increased to approximately 3,000. In addition, the products have exclusively been sold at approximately 270 Mannings Chain Stores in Hong Kong since November 2010.

We are repacking a natural plant skincare products series, Smerry (雪美人). Its target customers are young females aged between 18 and 28 who pursue a natural and healthy lifestyle. In order to promote its brand image, the new generation

關於中草藥護膚系列產品 — 本草堂，其目標客戶群體是擁有高購買力、崇尚健康自然的生活方式、年齡介於25至45歲的白領女性。國際著名歌星王菲女士繼續擔任本草堂品牌形象大使，幫助我們提升品牌形象。本集團於二零一一年再度成為世界小姐中國區總決賽唯一指定護膚品贊助商。除了提供本草堂系列中草藥護膚產品給參賽佳麗使用之外，我們也舉辦了一系列的護膚培訓會，讓參賽佳麗瞭解傳統中藥機理及益處。截至二零一一年十二月三十一日，本集團已成功開拓銷售及分銷網絡，包括大約105名分銷商和15名重點零售商，覆蓋27個省份和四個直轄市，以及在百貨公司及／或超級市場擁有91個專櫃，在中國境內的化妝品專營店中的專櫃數量大體增加至約3,000家。此外，自二零一零年十一月起，該等產品已在香港大約270家萬寧連鎖商店中獨家銷售。

我們正在重新包裝一個天然植物護膚系列產品雪美人，其目標客戶群體是崇尚天然健康的生活方式、年齡介於18至28歲的年輕女性。我們委任新生代人氣偶



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popular idol Ms. Jing Tian (景甜) has been appointed as its brand ambassador. With her pure and natural image, we believe that she will successfully portray the natural plant essence brand positioning of Smerry and increase its brand awareness and recognition.

In relation to the Chinese herbal beverage product series — Bawang Herbal Tea, the Group continued to expand its sales and distribution network in 2011. As of 31 December 2011, the distribution network comprised approximately 491 distributors, covering 26 provinces and four municipalities.

The Group has retained Mercer Consulting Company as our advisor to enhance our business processes, and optimize the supply chain and human resource management since May 2011. The name of the project is known as “Project Stepping Stone”. We have successfully realigned our organization structure in line with the value chain concept. Basically, the newly-established key positions have been filled up by newly-recruited professionals from internationally renowned companies specialized in fast moving consumer goods industry.

像景甜小姐擔任雪美人品牌形象大使，幫助我們提升品牌形象。我們相信景甜小姐清純、自然的形象將成功詮釋雪美人天然植物的品牌定位，提高雪美人品牌的市場認知度。

關於中草藥飲料系列產品 — 霸王涼茶，本集團於二零一一年度繼續擴展其銷售及分銷網絡。截至二零一一年十二月三十一日，分銷網絡包括大約491名分銷商，覆蓋26個省份及四個直轄市。

自二零一一年五月起，本集團聘請了美世諮詢公司為我們的顧問，以優化我們的業務流程以及供應鏈和人力資源的管理。我們將此項目命名為「基石項目」。我們依據價值鏈的概念成功地重組我們的組織結構。基本上，全新設立的關鍵職位都由從國際知名快速消費品公司新聘的專業人才接任。

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So far this year, the Group has taken a series of strategic measures specifically for each of our core brands as described above. The Directors believe that such measures have strengthened the foundation for recovery and development of our business. Please refer to the Outlook section of this annual report for discussions of plans and strategies for the portfolio of our various brands.

In terms of the recognition gained by the Group, on top of those honors and awards which have been mentioned in the Interim Report of 2011, we have further accomplished further honors and awards in 2011.

In May 2011, the Group obtained an award for “Guangzhou Science Achievement Award” from the Bureau of Science and Information Technology of Guangzhou for an extraction method developed by the Group in Saponins from Eclipta Prostrata (墨旱蓮皂苷類化合物).

In August 2011, the Group obtained six patent certificates from the State Intellectual Property Office in relation to hair regrowing methodologies and techniques.

截至目前，本集團針對各個核心品牌已採取了上述一系列的戰略措施。董事們相信，這些措施對恢復和發展我們的業務已起了強化作用。關於各品牌的戰略發展計劃，請參見本年報內展望一節。

至於本集團獲得的榮譽方面，除在二零一一年中期報告中提及的榮譽和獎項外，於二零一一年我們進一步取得了更多榮譽及獎項。

於二零一一年五月，本集團因研發了墨旱蓮皂苷類化合物的提取方法而被廣州市科技和信息化局授予廣州市科學技術成果獎。

於二零一一年八月，本集團獲得中華人民共和國國家知識產權局頒發的六項有關頭髮再生方法及技術方面的專利證書。



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In December 2011, in recognition to the innovation and development of “Southern China Medication”, the Guangdong Provincial Trade Association of Pharmacy accredited Madam Wan Yuhua as “Renowned Entrepreneur in Pharmaceutical Industry of Guangdong Province” and Bawang Guangzhou as “Enterprise with Significant Contribution to Pharmaceutical Industry of Guangdong Province”, respectively.

Also in December 2011, Bawang brandname was elected as “The Most Competitive Brand in the Trendy Industry of China in 2011” by IT Times, sina.com, and the Guangdong Daily Used Chemical Association.

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

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

於二零一一年十二月，因在創造和發展「嶺南藥」中得到認可，廣東省醫藥行業協會分別授予萬玉華女士「廣東省醫藥行業著名企業家」的稱號及授予霸王（廣州）有限公司「廣東省醫藥行業傑出貢獻企業」的稱號。

同時於二零一一年十二月，霸王品牌被信息時報社、新浪網和廣東省日化商會聯合評為「2011年度中國時尚產業最具競爭力品牌」。

這些成就是對本集團在研究、開發中草藥及中草藥產業化方面能力的認可。

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

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Litigation

We are of the view that the contents in the relevant magazine article published by Next Magazine on 14 July 2010 are defamatory of the Group and/or amount to malicious falsehood. Therefore, we have commenced legal proceedings in the High Court of Hong Kong against Next Magazine seeking, inter alia, damages and an injunction to restrain Next Magazine from publishing such contents or similar contents. The legal proceedings against Next Magazine are still continuing.

Financial Review

Revenue

During the year under review, the Group's revenue amounted to RMB888.9 million, representing a decrease of 39.7% as compared to RMB1,475.4 million in 2010. The decline in sales in 2011 was principally attributable to the substantial decline in the sales of the Group's two major shampoo products in 2011 as a result of and in connection with the "dioxane incident" as disclosed in the announcement of the Company dated 14 July 2010. But such sales decline was partially offset by the sales of the new Bawang Nutri-repairing product series for female customers and the increase in sales of three branded products, viz. Bawang Herbal Tea, Herbon and Litao.

The Group's core brand, Bawang, generated RMB418.0 million in revenue, which accounted for 47.0% of the Group's total revenue for 2011, and represented a decrease of 57.9% as compared to 2010. A closer look at revenue has revealed that Bawang branded products generated RMB271.2 million in revenue for the second half of 2011, representing an increase of 84.9% as compared to the first half of 2011.

The branded Chinese herbal anti-dandruff hair-care series, Royal Wind, recorded a revenue of RMB145.8 million in 2011, which accounted for approximately 16.4% of the Group's total revenue, and represented a decrease of 56.3% as compared to 2010. A closer look at revenue has revealed that Royal Wind branded products generated RMB61.0 million in revenue for the second half of 2011, representing a decrease of 28.0% as compared to the first half of 2011.

訴訟

我們認為壹週刊於二零一零年七月十四日發表的相關雜誌文章內容均為對本集團的誹謗及／或惡意中傷。因此，我們已在香港高等法院向壹週刊提起法律訴訟。其中，要求壹週刊賠償損失並且禁止出版該內容或類似內容。針對壹週刊的司法程序仍在進行中。

財務回顧

收入

於回顧年度內，本集團收入為人民幣888.9百萬元，較二零一零年的人民幣1,475.4百萬元下降了39.7%。二零一一年度銷售業績下降的主要原因是本公司於二零一零年七月十四日公告中所披露的「二惡烷事件」對本集團二零一一年度的兩大主要洗髮水銷售業績造成了重大不利影響。上述銷售業績的下降有部份被新增加的針對女性消費者的霸王滋補系列的銷售和另外三個品牌產品上升的銷售所抵消，即霸王涼茶、本草堂及麗濤品牌。

本集團核心品牌 — 霸王，其收入達人民幣418.0百萬元，佔二零一一年度本集團總收入的47.0%，比二零一零年度下降了57.9%。細看收入則顯示霸王品牌產品於二零一一年下半年的收入為人民幣271.2百萬元，與二零一一年上半年相比增加了84.9%。

中草藥去屑品牌 — 追風，於二零一一年度的收入達人民幣145.8百萬元，約佔本集團總收入的16.4%，比二零一零年度下降了56.3%。細看收入則顯示追風品牌產品於二零一一年下半年的收入為人民幣61.0百萬元，與二零一一年上半年相比下降了28.0%。

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The original and enhanced natural-based branded shampoo and shower gel products series, Litao, generated RMB68.8 million in revenue, which accounted for approximately 7.8% of the Group's total revenue, and represented an increase of 34.8% as compared to 2010. As the enhanced product series of Litao branded products were rolled out in October 2010, the total revenue generated for 2010 and 2011 by this brand may not be directly comparable.

The first branded Chinese herbal drink of the Group, Bawang Herbal Tea recorded a revenue of RMB167.2 million in 2011, which represented approximately 18.8% of the Group's total revenue. As Bawang Herbal Tea branded products were launched in April 2010, the total revenue generated for 2010 and 2011 by this brand may not be directly comparable.

The branded Chinese herbal skincare series, Herborn, generated a revenue of RMB82.8 million, which accounted for approximately 9.3% of the Group's total revenue for 2011, and represented an increase of 279.2% as compared to 2010.

Smerry (雪美人) generated a total revenue of RMB6.3 million, which accounted for approximately 0.7% of the Group's total revenue for 2011.

We generally sell our products through extensive distribution and retail network. During the year under review, sales to our distributors and retailers represented approximately 79.9% and approximately 20.1% of the Group's total revenue respectively.

We were also selling our products in Hong Kong, Macao, Singapore, Myanmar, Thailand, Malaysia, Brunei, and Australia in 2011. The sales to these markets outside the PRC accounted for 2.5% of our total revenue for 2011.

以純天然為基礎的原有及升級版的洗髮水和沐浴露產品系列 — 麗濤，這一品牌系列收入達人民幣68.8百萬元，約佔本集團二零一一年度總收入的7.8%，比二零一零年度增長了34.8%。由於麗濤品牌的升級版產品系列於二零一零年十月推出，所以不能將二零一零年度和二零一一年度該品牌的總收入進行直接比較。

本集團第一個中草藥飲品品牌 — 霸王涼茶，於二零一一年度的收入達人民幣167.2百萬元，約佔本集團總收入的18.8%。由於霸王涼茶品牌於二零一零年四月推出，所以不能將二零一零年度和二零一一年度該品牌的總收入進行直接比較。

中草藥護膚品牌 — 本草堂，其收入達人民幣82.8百萬元，約佔本集團二零一一年度總收入的9.3%，比二零一零年度增長279.2%。

雪美人的收入達人民幣6.3百萬元，約佔本集團二零一一年度總收入的0.7%。

我們一般通過廣泛的分銷商和零售商網絡銷售我們的產品。於回顧期內，我們通過分銷商和零售商的銷售額分別約佔本集團總收入的79.9%和20.1%。

我們的產品於二零一一年度也在香港、澳門、新加坡、緬甸、泰國、馬來西亞、汶萊和澳大利亞市場上銷售。二零一一年度，這些海外市場的銷售額約佔本集團總收入的2.5%。

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Cost of Sales

Cost of sales for 2011 amounted to RMB544.2 million, representing a decrease of 3.5% as compared to RMB564.0 million for 2010. Such change was mainly due to the decrease in sales volume of two major shampoo products, but partially offset by the increase in sales volume of three branded products, namely Herborn, Litao and Bawang Herbal Tea branded products, and the provision of RMB43.9 million for write-down of inventories.

Gross Profit

During the year under review, the Group's gross profit decreased to RMB344.8 million, representing a decrease of 62.2% as compared to RMB911.3 million for 2010. The gross profit margin decreased from 61.8% for 2010 to 38.8% for 2011. Such decline was mainly due to the increase in the provision for write-down of inventories, the decrease in the sales of shampoo products to modern trade channel from which the profit margin is generally higher than that of the other channels, and the increased proportion of herbal tea products in the product mix as the profit margin of herbal tea is lower than that of HPC products.

Selling and Distribution Costs

Selling and distribution costs decreased to RMB872.3 million for 2011, representing an decrease of 7.4% as compared to that for 2010. This was mainly due to the decrease in advertising fee, and the saving achieved in promotion fee through optimizing the resources of promotion staff.

Administrative Expenses

Administrative expenses for 2011 amounted to approximately RMB102.5 million, representing a increase of approximately 0.9% as compared with approximately RMB101.5 million in 2010. This was mainly due to the increase in salary and meeting expenses and recruitment fee, but partially offset by the decrease in non-capitalizable research and development expenditures and option share-based payments.

銷售成本

二零一一年度的銷售成本達人民幣544.2百萬元，相比二零一零年度的人民幣564.0百萬元，下降了3.5%。此項變化的主要原因是兩大主要洗髮水產品銷售量的下滑，但部份被本草堂、麗濤和霸王涼茶這三個品牌上升的銷售量以及所確認的存貨跌價準備人民幣43.9百萬元所抵消。

毛利

於回顧期內，本集團的毛利下降至人民幣344.8百萬元，與二零一零年度的人民幣911.3百萬元相比下降了62.2%。毛利率從二零一零年度的61.8%下降到二零一一年度的38.8%。毛利率下降的主要原因是存貨跌價準備金額的增加；毛利率通常高於其他銷售渠道的洗髮水的現代貿易渠道的銷售有所減少；以及毛利率低於家庭個人護理產品的涼茶產品佔產品組合的比例有所增加。

銷售及分銷開支

二零一一年度銷售及分銷開支減少至人民幣872.3百萬元，較二零一零年度減少7.4%。其下降的主要原因是廣告費的減少以及通過優化促銷員資源實現了促銷費的降低。

行政開支

二零一一年度行政開支約為人民幣102.5百萬元，較二零一零年度的約人民幣101.5百萬元，增加約0.9%。有關增加的主要原因是工資、會議開支以及招聘費用的上升，部份被不能資本化的研發費用支出和購股權股份支付的減少所抵消。

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Loss from Operations

The Group recorded an operating loss of RMB625.3 million for 2011, as compared to the operating loss of RMB131.6 million for 2010. The Group's operating margin decreased from -8.9% for 2010 to -70.3% for 2011. The decrease was mainly due to the substantial decrease in total revenues and the increase in the proportion of costs of sales over the revenue, but partially offset by the decrease in selling and distribution costs.

Income Tax

The Company had an income tax credit of RMB60.0 million for 2011 as compared to income tax credit of RMB16.2 million for 2010.

Provision for Inventories

Our accounting policy prescribes that inventories are stated at the lower of cost and net realizable value ("NRV"). In the event that NRV falls below cost, the difference is taken as provision for inventories. As at 31 December 2011, the amount of provision for write-down of inventories was RMB54.7 million (31 December 2010: RMB10.8 million). The Group recognised a loss of approximately RMB43.9 million for the year ended 31 December 2011 in respect of the write-down of inventories to their net realisable value, which have been included in cost of sales as mentioned above.

Loss for the Year Attributable to the Equity Shareholders

As a combined effect of the above, the Group recorded an attributable loss of RMB558.6 million for 2011, as compared to the attributable loss of RMB118.0 million for 2010.

經營虧損

本集團二零一一年度錄得經營虧損為人民幣625.3百萬元，而二零一零年度錄得經營虧損為人民幣131.6百萬元。本集團的經營利潤率從二零一零年度的-8.9%下降至二零一一年度的-70.3%。其下降的主要原因是總銷售收入的大幅下降、銷售成本佔收入比例的上升，但部份被銷售及分銷開支的下降所抵消。

所得稅

本公司二零一一年度所得稅抵扣金額為人民幣60.0百萬元，二零一零年度所得稅抵扣金額為人民幣16.2百萬元。

存貨撥備

根據會計準則規定，存貨核算按成本與可變現淨值（「NRV」）較低者入賬。若可變現淨值低於成本，即按其差額計提存貨跌價準備。於二零一一年十二月三十一日，為期末存貨餘額計提的存貨跌價準備為人民幣54.7百萬元（二零一零年十二月三十一日：人民幣10.8百萬元）。如上所述，截至二零一一年十二月三十一日的年度內，本集團在銷售成本中確認的將存貨成本減值至其可變現淨值之損失金額約為人民幣43.9百萬元。

權益持有人應佔期內虧損

因上述因素的綜合影響，本集團二零一一年度錄得應佔虧損為人民幣558.6百萬元，而二零一零年度錄得應佔虧損為人民幣118.0百萬元。

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Subsequent Events

On 7 February 2012, the Company granted an aggregate of 1,500,000 share options (“Options”) to a full-time employee of the Group to subscribe for an aggregate of 1,500,000 ordinary shares of HK\$0.10 each in the capital of the Company (“Shares”) under its share option scheme (“Share Option Scheme”) adopted on 20 May 2009. The employee is not a Director of the Company. The Option shall entitle its holder to subscribe for an aggregate of 1,500,000 Shares upon exercise of such Options at an exercise price of HK\$1.00 per share. The Options granted are exercisable in five equal tranches of 20% each per annum. Subject to the terms of the Share Option Scheme, the first tranche shall be exercisable anytime after the first anniversary of the employee joining the Group. The remaining four tranches shall be exercisable anytime after the next four successive anniversaries.

Outlook

The year 2012 is the second year of the 12th Five-year Plan for National Economic and Social Development of China, policies will likely continue to be centered on prudent monetary policy and a proactive fiscal policy with an emphasis on the quality rather than quantity of growth. The central government of the PRC has announced a business tax reform to support the development of the PRC service industries. More preferential taxation treatment is expected for emerging strategic industries. Additional fiscal spending in public housing, education, healthcare and social security system will likely also be approved.

Notwithstanding there are two downside risks to the PRC economic growth, viz. the European sovereign debt crisis and the property tightening measures, the Directors remain positive about the fundamental growth drivers for consumption in the PRC. Acceleration in income growth, particularly for mass consumers, should stimulate their desire to improve the quality of life and to look for a natural and healthy lifestyle. The Company should be able to help these consumers by offering herbal and natural base household and personal care products.

結算日後事項

於二零一二年二月七日，本公司已根據二零零九年五月二十日採納之購股權計劃（「購股權計劃」），向一名本集團的全職僱員授出合共1,500,000份購股權（「購股權」），以認購本公司股本中合共1,500,000股每股面值為0.10港幣之普通股（「股份」）。該僱員並非本公司董事，購股權賦予獲授人權利，在行使該等購股權後可按行使價每股1.00港元認購合共1,500,000股股份。購股權分五批每年均等行使20%。根據購股權計劃條款規定，首批購股權可於該僱員加入本集團之日期起第一周年之日後任何時間予以行使。剩餘四批可依次於下四個周年之日後任何時間予以行使。

展望

二零一二年是中國國民經濟與社會發展的第十二個五年計劃的第二年，政策可能將持續集中於穩健的貨幣政策及積極的財政政策，該政策著重於品質而非數量增長。中國政府已公佈營業稅制改革，以支持中國服務行業的發展。新興的戰略性產業將有望得到更多的特惠稅收支持。另外，用於公共住房、教育、衛生保健以及社會保障體系的財政支出將可能被認可。

儘管存在兩個中國經濟增長的下降風險，即歐洲國債危機以及房產限購政策，董事們仍然確信中國消費的基本增長動力。隨著收入增長的加速，特別是大眾消費者，此將刺激他們提高生活品質及追求自然且健康的生活方式的願望。本公司能夠為這些消費者提供以草本和純天然為基礎的家居及個人護理產品。

Management Discussion and Analysis

管理層討論及分析

In 2012, the Group aims to transcend itself into a new horizon through efficient and effective operations so as to achieve a win-win situation between itself and the retailer and distributors. We outline our business plans and strategies for 2012.

For Bawang branded products, leveraging on our core competence in traditional Chinese medicine, we market the theme “Natural and Healthy Way for Hair Regrowing (中藥養髮·天然健康)” by pinpointing the differentiation between our products and those of our competitors. We target to maintain our leadership position in the Chinese herbal shampoo market in the PRC; to further increase the revenue through extensive coverage of our sales and distribution network; to enhance the skills and knowledge of our sales and marketing team through inhouse training and development programs; to enhance the coverage and expansion of traditional channel so as to increase the same distributor sales; and to expand the revenue stream through the launch of enhanced product series similar to modern trade channel with emphasis on after-shampoo hair-caring and new product series directed at female customers. To achieve these objectives, we are going to replicate a similar model for operations and expansion of the traditional channel which we have adopted for modern trade channel since second half of 2011; and to make use of the expertise and experience of the newly-recruited marketing elites for strategic planning and executions. To ensure a smooth expansion of the traditional trade channel, our newly-established trade marketing department will make use of various management systems for monitoring the channel expenses and the promotional campaigns at the point of sales. To achieve a win-win situation with our distributors, we will offer training and development programs to our distributors, with a view to enhancing management skills for attainment of sales targets and hence increase sales revenue.

在二零一二年本集團旨在通過有效率且高效的運作超越自我，邁入更高領域，以實現本集團與零售商和經銷商之間的共贏。我們在此概述本集團二零一二年的業務計劃及策略。

對於霸王品牌產品系列，憑藉我們在傳統中草藥方面的核心競爭力，我們瞄準我們的產品與其他競爭對手之間的差異，在市場上推廣「中藥養髮·天然健康」的概念。我們致力於維持我們在中國中草藥洗髮水市場的領導地位；通過擴展我們的銷售及分銷網絡，進一步增加收益；通過內部自身的培訓和發展計劃來提高我們市場銷售團隊的技能和知識；增加覆蓋面及擴展傳統渠道以提高現有分銷商的銷售額；以及通過推出著重於類似現代貿易渠道的洗髮後頭髮護理的升級產品系列以及針對女性消費者的新產品系列來擴大銷售收入來源。為實現這些目標，我們將複製這一經營模式來運作和擴展傳統渠道，該模式自二零一一年下半年已在現代貿易渠道實施；利用新聘銷售精英的專業技能和經驗來進行和執行戰略計劃。為確保順利的擴展傳統銷售渠道，我們的市場銷售部門將利用多種管理系統來監控銷售網點的渠道費用及促銷活動。為實現與我們分銷商的共贏，我們將為分銷商提供培訓和發展計劃，以提高管理技能為目的，從而達到銷售目標，增加銷售收入。

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管理層討論及分析

For the Royal Wind Chinese herbal anti-dandruff shampoo series, we successfully launched the enhanced version of the branded products in the second half of 2011. Leveraging on the modern trade channel and distributor system, we will continue to deepen the penetration of the marketing channel this year, to roll out enhanced products with new packaging design and improved formulae which appeal to young customers and to expand the assortment of products that are available at the points of sales so as to increase sales revenue and market share. Our target is to expand the distribution network for Royal Wind brand so that the market coverage can be on the same level as the Bawang brand. We will continue to strengthen its brand image. We strive to build up this brand as another leading Chinese herbal shampoo within the next few years.

For the Herborn Chinese herbal skincare products series, we will continue to enhance its brand image and brand recognition through investing in advertising and marketing campaign and setting up more counters in department stores, hypermarket and dedicated shops. Like Bawang branded products, we have established a team of elite marketing professionals for development and operations of the skincare products business. Our target is to set up around another 2,000 counters through our distributors in cosmetics specialty shops on a nationwide basis in the PRC, with an aim to making a total of 5,000 counters by the end of 2012. We reinforce our belief that Herborn would become a leading brand in the Chinese herbal skincare market as well as one of our key revenue contributors in the next few years.

For the Smerry natural plant skincare products series, we will launch four new product series, namely “Rose White series (玫瑰美白系列)”, “Aloe White series (蘆薈嫩白系列)”, “Snow Saussurea White series (雪蓮晶瑩透白系列)” and “Deep Clean White series (深層潔淨系列)”. We will expand our sales and distribution network to further increase the revenue. We reinforce our belief that Smerry would become a leading brand in natural plant skincare market in the future.

至於追風中草藥去屑洗髮水系列，我們於二零一一年下半年成功地推出升級品牌產品。利用已建立的現代貿易渠道和經銷商系統，我們將於今年繼續加強滲透市場銷售渠道、推出全新包裝並配方改良的升級產品以及增加銷售網點的產品類別以提升銷售額及市場份額。我們將繼續擴展追風的分銷網絡，使其市場佔有率與霸王品牌達到同一水平。我們將繼續加強追風品牌的形象推廣。我們致力於未來數年內將該品牌打造成另一個主要中草藥洗髮水。

至於本草堂中草藥護膚產品系列，我們將繼續通過投放廣告、開展市場營銷活動以及在百貨商店、超級市場和化妝品專營店設立更多專櫃的形式來提升品牌形象和擴大品牌知名度。正如霸王品牌產品，我們已建立一個擁有專業人才的精英銷售團隊以發展經營護膚品業務。我們計劃透過分銷商於二零一二年年底在中國境內的化妝品專營店再增設大約2,000個專櫃，於二零一二年年底實現總共5,000個專櫃的目標。我們深信本草堂將於未來數年內成為中草藥護膚品市場的主要品牌，也將在未來數年內成為我們主要的收入來源之一。

至於雪美人天然植物護膚產品系列，我們將推出玫瑰美白系列、蘆薈嫩白系列、雪蓮晶瑩透白系列以及深層潔淨系列總共四個全新系列產品。我們將擴展我們的銷售及分銷網絡，進一步增加收益。我們深信雪美人未來將成為天然植物護膚產品市場的主要品牌。

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管理層討論及分析

For Bawang Herbal Tea, we have adopted a prudent approach for developing the business. We are changing the business model whereby instead of developing and expanding the sales network entirely by the Group's investment, we outsource the herbal tea operations to selected distributors in designated areas and channels. The Group remains responsible for overall brand building strategy, marketing and promotion campaigns for Bawang Herbal Tea. The Directors believe that such model would help the Group minimize the risk of over-investment when the operating performance is not in line with our expectation. The breakeven point of the profit and loss of the business will become lower. To enhance the revenue base from this business segment, the Group is currently exploring the possibility of launching herbal health drinks in future.

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

至於霸王涼茶，我們已採取審慎的方式來發展業務。我們改變經營模式，在指定地區及渠道將涼茶經營外包給選定的經銷商，替代完全由集團投資發展和擴張銷售網絡的模式。集團依然負責涼茶品牌建設策略、市場和促銷活動。董事們相信當業績未能達到預期效果時，這種模式將幫助本集團減輕過度投資的風險，業務盈虧平衡點將降低。為提高此項業務的收入來源，本集團正在探索開發草本保健飲品的可能性。

至於新品的推出，本集團將集中力量強化上述提到的現有品牌組合。我們可能擴展現有的主打產品組合。本集團暫時沒有推出全新產品綫面市的計劃。



Management Discussion and Analysis 管理層討論及分析

The Group will continue with its plan to lease a new production premises located in Baiyun District, Guangzhou with an estimated site area of 75,000 square meters. Installations of the automated production facilities for phase one have been completed. We are in the final stage of fine-tuning the production lines. The designs of the plants have been based on the good manufacturing practices (GMP) guidelines. The Directors believe that the adoption of internationally recognized management guidelines will certainly further enhance the consumers' confidence in the Group's determination to maintain an uncompromising quality of our products. Productions may commence around mid-2012. We estimate that the aggregate annual production capacity for shampoo products, hair-care products, and skincare products is approximately 100,000 metric tons upon commencement of production.

The Group will continue with its plan to lease another production plant in Huadu District, Guangzhou, for its herbal tea business. The construction work of the site is in progress. We expect that the installation and fittings of machinery and equipment at the new plant will commence at around 2013.

本集團將繼續依照計劃租用位於廣州白雲區預計佔地面積75,000平方米的新生產大樓。第一期工業園的自動化生產設備安裝工作已完成，目前正處於生產線調整的最後階段。該工廠的設計基於良好的生產製造規範(GMP)。董事們相信採用國際公認的管理指引將進一步加強消費者對本集團在保持其產品嚴格品質方面的信心。生產將於二零一二年年中左右開始。我們預計在開始生產後，洗髮護髮產品及護膚產品年產能將達約100,000公噸。

本集團將依照計劃繼續租用另一個位於廣州花都區的生產工廠用於涼茶業務。該基地的建設工作正在進行中。我們預期新廠機器設備的安裝和調試將於二零一三年左右進行。



Management Discussion and Analysis

管理層討論及分析

The Group has already set up the Chinese herbal plantation in Guangdong province since early 2010 and it has started receiving its yield of Chinese herbs since 2011. The Company is now replicating its agricultural practices for training and development of farmers on how to maximize output in herbs field cultivation. As the results are satisfactory, the Group is looking for more sites in other places in the PRC for setting up additional herbal plantations.

In terms of our development plan in overseas markets, the Group will continue to explore the possibility with potential distributors for launching our branded products to other countries. Bawang shampoo and haircare products may be rolled out in Vietnam and Indonesia later this year. The Group is open to explore all further business opportunities with potential overseas distributors.

The Company does not have any outstanding acquisition opportunity in hand. Currently, the Company will not actively explore opportunities that may involve potential acquisitions.

The Group's Project Stepping Stone for enhancing its organizational efficiency and effectiveness has been in progress and we will continue to review the progress of the organizational change project. The Directors believe that with the help of the high calibre management team, the Group is on track to transcend into a new horizon.

Looking forward, we will make use of our core competencies and specialty in traditional Chinese herbs to research, develop, and design advanced and competitive Chinese herbal HPC products. We will continue to expand and/or optimize our distribution network for our different branded products. We will continue to increase our product lines and to implement multi-product and multi-brand strategy, aiming to become a global leader of branded Chinese herbal HPC products operator and to bring the best returns to our investors.

本集團自二零一零年初以來在廣東省內建立了中草藥種植基地，並已於二零一一年開始收穫中草藥。本集團正在複製這種農業模式用來培訓和培養農民如何使草藥培育產出達到最大化。由於結果非常令人滿意，本集團現正於中國其他地方物色地點以建立其他中草藥種植基地。

對於我們海外市場發展計劃方面，本集團將繼續拓展與潛在經銷商合作的可能性，把我們的品牌產品推廣至其他國家。霸王洗髮護髮產品可能於今年稍後在越南和印尼地區推出。本集團將以開放的態度尋找所有與潛在的海外經銷商更多商業合作的機會。

本公司並無任何正在洽談處理的收購事宜。而且，本公司暫時不會積極尋找潛在的收購機會。

本集團用以加強組織管理效率和效益的基石項目正在進行中，我們將不斷檢討組織變革進度。董事們相信在高素質管理團隊的幫助下，本集團將邁入更高的領域。

展望未來，我們將利用我們在傳統中草藥領域的核心競爭力及專長，研發和設計先進且具有競爭力的中草藥個人護理產品。我們將繼續為我們不同品牌的產品拓展和／或優化我們的分銷網路。我們將繼續增加我們的產品系列及推行品牌和產品多樣化的策略，旨在成為全球中草藥家居和個人護理品牌產品的領軍企業以及為我們的投資人帶來最好的回報。

Management Discussion and Analysis 管理層討論及分析

Applications of Net IPO Proceeds

The net proceeds from the IPO were approximately RMB1,615 million, after deduction of related expenses. We have utilized such net proceeds in the manner consistent with that mentioned in the Company's prospectus dated 22 June 2009 under the section headed "Futures Plans and Use of Proceeds". As such, the net proceeds utilized up to 31 December 2011 was as follows:

首次公開招股所得款項淨額用途

上市後扣除有關開支後的所得款項淨額約為人民幣1,615百萬元。本公司已按照二零零九年六月二十二日的招股章程「未來計劃及所得款項用途」一節所披露的方式運用這些款項淨額。因此，截至二零一一年十二月三十一日所得款項淨額用途相應如下：

		Net IPO proceeds 首次公開發售所得款項淨額		
		Available 可供動用 (RMB'000) (人民幣千元)	Utilised 已動用 (RMB'000) (人民幣千元)	Unutilised 未動用 (RMB'000) (人民幣千元)
Marketing and promotion	營銷及推廣	484,583	484,583	—
Research and development	設計、研究及 開發新產品	323,055	77,827	245,228
Expansion of distribution network	擴展及加強國內及 海外分銷網絡	290,750	290,750	—
Capital expenditure	資本開支	193,833	164,283	29,550
Future strategic acquisition	未來策略性收購	161,528	—	161,528
Working capital and other general corporate purpose	營運資金及其他 一般企業用途	161,528	161,528	—
Total	合計	1,615,277	1,178,971	436,306

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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:

流動資金、財務資源及資本架構

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

		31 December 2011 截至二零一一年 十二月三十一日	31 December 2010 截至二零一零年 十二月三十一日
		RMB in million	RMB in million
		單位： 人民幣百萬元	單位： 人民幣百萬元
Cash and cash equivalent	現金及現金等價物項目	602.7	1,186.5
Total bank and other borrowings ¹	銀行及其他借款總額 ¹	—	209.8
Total assets	集團總資產	1,246.1	2,033.4
The gearing ratio ²	資產負債率 ²	—	10.3%

Note:

1. The borrowings were wholly denominated in US Dollars.
2. Calculate as interest-bearing borrowings divided by total assets.

備註：

1. 銀行及其他借款悉數以美元記值。
2. 資產負債率按計息借貸除以資產總額計算。

Material Acquisition and Disposal

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

重大收購及出售

於回顧年度，本集團並無重大收購或出售其附屬及聯營公司的活動。

Exposure to Fluctuations in Exchange Rates and Related Hedge

The operations of the Group are mainly carried out in the PRC, with most transactions settled in Renminbi. The reporting currency of the Group is Renminbi. During the year under review, the Group has exported its goods to Hong Kong and certain overseas countries. The transactions were settled in either Hong Kong Dollars or United States Dollars. The Group's cash and bank deposits are mostly denominated in Renminbi. The Company will pay dividends in Hong Kong

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，大部份交易以人民幣結算，本集團的報告貨幣為人民幣。於回顧年度，本集團出口產品銷往香港以及其他海外地區，交易以港幣或美元結算。本集團大部份現金及銀行存款均以人民幣計值。倘若本公司宣派股息時，利息亦將以港元派付。此外，本集團以美元或港幣支付若干廣

Management Discussion and Analysis

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Dollars if dividends are declared. In addition, the Group paid certain advertising fees in United States Dollars or Hong Kong Dollars. The Directors are of the view that the Group conducts its business transactions principally in Renminbi and thus the exchange risk at the Group's operational level is not significant. As at 31 December 2011, the Group had not issued any material financial instruments or entered into any material contracts for foreign currency hedging purposes. However, the Directors will continue to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when required.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2011.

Capital Commitment

As at 31 December 2011, the capital commitment of the Group was amounted to RMB57.0 million.

Human Resources

As of 31 December 2011, the Group employed approximately 9,784 employees (2010: 4,663), which consists 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 RMB269.6 million and RMB143.7 million for 2011 and 2010, respectively.

During the year under review, the Group engaged a substantial number of salespersons through contract personnel agency to help with our marketing and promotional activities. We then reduced the engagement of outsourcing salespersons through marketing and promotional agency which led to a significant increase in the total number of employees as at 31 December 2011 by 5,121 from 4,663 to 9,784.

告費。董事認為本集團從事的業務主要是以人民幣結算，因此外匯風險對本集團的日常經營影響並不重大。截至二零一一年十二月三十一日，本集團並沒有發行任何重大金融工具或訂立任何重大合約作外匯對沖用途。然而，董事將繼續監察外匯風險，並準備在需要時採取審慎的措施，例如對沖。

或然負債

截至二零一一年十二月三十一日，本集團並無重大或然負債。

資本承擔

截至二零一一年十二月三十一日，本集團資本承擔總額為人民幣57.0百萬元。

人力資源

截至二零一一年十二月三十一日，本集團在中國和香港擁有約9,784名員工（二零一零年：4,663名），包括自有全職僱員以及合約僱員。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，於二零一一年及二零一零年分別為269.6百萬元和143.7百萬元。

於回顧期內，本集團通過勞務派遣公司聘用大量合約促銷人員，以幫助我們的營銷及推廣活動。同時，我們逐漸減少了通過營銷推廣代理公司聘用外包促銷人員，導致截至二零一一年十二月三十一日的總僱員人數大幅增加5,121名，由4,663名增加至9,784名。

Management Discussion and Analysis

管理層討論及分析

The following table sets forth a breakdown of the total headcount of our employees and outsourcing personnel for the two years ended 2010 and 2011:

下表載列二零一一及二零一零兩個財政年度我們的總僱員及外包人員的明細：

		31 December 2011 截至二零一一年 十二月三十一日	31 December 2010 截至二零一零年 十二月三十一日
Full-time employees	全職僱員	792	904
Contract personnel	合約僱員		
— Salespersons	— 促銷員	5,967	—
— Others	— 其他	3,025	3,759
Total employees	總僱員人數	9,784	4,663
Outsourcing personnel	外包人員		
— Salespersons	— 促銷員	1,257	9,229
Total headcount	總人數	11,041	13,892

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

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

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

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。

To enable our employees to develop their full potential, we are committed to staff training and development. In 2011, the Group organized 13 in-house training classes with approximately 322 participants in aggregate.

為了發掘我們員工的潛力，我們致力於員工培訓和發展。二零一一年，本集團組織了13次內部培訓，參與人員約共322人次。

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

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

Directors and Senior Management

董事及高層管理人員

Directors

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

Name 姓名	Age 年齡	Position/Title 職位／職銜
Mr. CHEN Qiyuan 陳啟源先生	50	Chairman and Executive Director 主席兼執行董事
Ms. WAN Yuhua 萬玉華女士	46	Chief Executive Officer (“CEO”) and Executive Director 首席執行官兼執行董事
Mr. SHEN Xiaodi 沈小笛先生	46	Vice-CEO and Executive Director 首席副執行官兼執行董事
Mr. WONG Sin Yung 黃善榕先生	57	Chief Financial Officer and Executive Director 首席財務官兼執行董事
Ms. GUO Jing 郭晶女士	45	Non-executive Director 非執行董事
Mr. NGAI Wai Fung 魏偉峰先生	50	Independent non-executive Director 獨立非執行董事
Mr. LI Bida 李必達先生	71	Independent non-executive Director 獨立非執行董事
Mr. CHEN Kaizhi 陳開枝先生	71	Independent non-executive Director 獨立非執行董事

Executive Directors

Mr. CHEN Qiyuan (陳啟源), aged 50, is the co-founder of our Group, our chairman and has been our executive Director since 12 November 2007. Mr. CHEN is responsible for the overall strategic planning and management of our Group. Mr. CHEN has extensive experience in the Chinese herbal HPC product industry, having been engaged in the consumer chemical product business for over 18 years. Mr. CHEN and Ms. WAN entered the HPC product business by establishing Guangzhou Bawang Cosmetics Co., Ltd. (the predecessor entity of the Company) in 1994, to enter the HPC product business in the PRC. Mr. CHEN was engaged in the trading of pesticides in the PRC before the establishment of Guangzhou Bawang Cosmetics Co., Ltd.. In November of 2010, Mr. CHEN Qiyuan was recognised as the “Representative Successor of Chinese Herbal Tea Culture” by the Guangdong Provincial Bureau of Culture. Mr. CHEN is the spouse of Ms. WAN.

董事

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

執行董事

陳啟源先生，50歲，為本集團共同創辦人、我們的主席，並自二零零七年十一月十二日出任我們的執行董事。陳先生負責本集團整體策略規劃及管理。陳先生從事日化產品行業方面的業務超過18年，在中草藥家用個人護理產品行業擁有豐富經驗。考慮到中國市場的家用個人護理產品業務，陳先生及萬女士於一九九四年成立廣州霸王化妝品有限公司（本公司的前身實體）以進軍家用個人護理產品業務。創立廣州霸王化妝品有限公司之前，陳先生曾參與中國農藥貿易生意。二零一零年十一月，陳啟源先生被認為涼茶傳統技藝的「廣東省非物質文化遺產項目代表性傳承人」。陳先生為萬女士的配偶。

Directors and Senior Management

董事及高層管理人員

Ms. WAN Yuhua (萬玉華), aged 46, is the co-founder of our Group, our CEO and has been our executive Director since 12 November 2007. Ms. WAN is responsible for the overall strategic planning, marketing planning, sales and distribution and research and development of our Group. Ms. WAN has extensive experience in the Chinese herbal HPC product industry. She has over 17 years experience in the consumer chemical product industry in the PRC. She also has extensive experience in the sales and corporate management. Prior to the establishment of Guangzhou Bawang Cosmetics Co., Ltd. (the predecessor entity of the company), Ms. WAN worked in South China Botanical Garden, Chinese Academy of Sciences (中國科學院華南植物研究所) as an engineer. Ms. WAN has been serving as the deputy head of the Chamber of Beauty Culture & Cosmetics of All-China Federation of Industry & Commerce (中華全國工商業聯合會美容化妝品業商會) since 2008. She was also elected Charismatic Leader in Chinese Herbal Consumer Chemical Industry in China (中國中藥日化行業魅力領軍人物) by The Election Committee of the National Industry Leading Brand (全國行業領先企業品牌推選組委會) in 2008. Ms. WAN obtained Guangzhou Overseas Chinese Entrepreneurship Award (廣州新僑回國創業貢獻獎) in 2008 from Guangzhou Personnel Bureau (廣州人事局), a government body, and Guangzhou Overseas Chinese Federation (廣州市歸國華僑聯合會). Ms. WAN was elected Ten Excellent Entrepreneurs for Chinese Brand Building (中國品牌建設十大優秀企業家) by China Enterprise Culture Improvement Association in 2006. She obtained a bachelor's degree in plant genetics from South China Agricultural University (華南農業大學) in 1998. Ms. WAN is the spouse of Mr. CHEN.

萬玉華女士，46歲，為本集團共同創辦人、我們的首席執行官，並自二零零七年十一月十二日出任我們的執行董事。萬女士負責本集團的整體策略規劃、營銷規劃、銷售和分銷及研究與開發。萬女士在中草藥家用個人護理產品行業擁有豐富經驗。彼在中國日化產品行業方面擁有超過17年經驗。彼對銷售及企業管理有豐富經驗。創立廣州霸王化妝品有限公司(本公司的前身實體)前，萬女士在中國科學院華南植物研究所工作，擔任工程師。自二零零八年，萬女士任中華全國工商業聯合會美容化妝品業商會副會長。彼亦於二零零八年獲全國行業領先企業品牌推選組委會選為「中國中藥日化行業魅力領軍人物」。萬女士於二零零八年取得廣州人事局(為政府機關)及廣州市歸國華僑聯合會頒發的「廣州新僑回國創業貢獻獎」。彼於二零零六年更獲中國企業文化促進會選為「中國品牌建設十大優秀企業家」。萬女士於一九九八年在華南農業大學取得植物遺傳學學士學位。萬女士為陳先生的配偶。

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

Mr. SHEN Xiaodi (沈小笛), aged 46, is our vice-CEO and executive Director. Mr. SHEN joined our Group in January 2008 and was appointed as our executive Director on 10 December 2008. Mr. SHEN is responsible for the implementation of our Group's strategic plans and the daily operations and management of our Group. Prior to joining our Group, Mr. SHEN held a number of senior management roles, such as deputy chief engineer in high technology enterprises in the PRC and deputy general manager in asset management companies. He has more than 10 years experience in technology management, introduction of foreign capital and management of enterprises, which could benefit the Group by (i) efficiently and effectively managing the operation of the Group; (ii) implementing the new ERP systems; and (iii) facilitating the Group's future fund-raising activities and strategic investments. Mr. SHEN obtained a bachelor's degree in engineering in 1986 and a master's degree in engineering in 1989, both from Xi'an Jiaotong University (西安交通大學). He also obtained a doctorate degree in engineering and a post-doctor's research certificate in mathematics from Chinese Academy of Sciences (中國科學院) in 1994 and 1995, respectively. He was conferred a professional qualification as a deputy researcher by Institute of Applied Mathematics of Chinese Academy of Sciences (中國科學院應用數學研究所) in 1995. Mr. SHEN is the spouse of Ms. GUO Jing, our non-executive Director.

沈小笛先生，46歲，為我們的首席副執行官兼執行董事。沈先生於二零零八年一月加入本集團，並於二零零八年十二月十日獲委任為我們的執行董事。沈先生負責執行本集團的策略計劃及本集團的日常營運及管理。於加入本集團之前，沈先生曾擔任多個高級管理層職位，例如在中國高科技企業擔任副總工程師及在資產管理公司擔任副總經理。彼在科技管理、外資引入及企業管理方面擁有超過10年的經驗，能通過(i)有效管理本集團的經營；(ii)實施新ERP系統；及(iii)協助本集團日後籌集資金的活動及策略投資而令本集團受益。沈先生於一九八六年取得西安交通大學工學學士學位，並於一九八九年取得西安交通大學工學碩士學位。彼亦分別於一九九四年及一九九五年取得中國科學院工學博士學位及數學學科博士後證書。於一九九五年，彼獲頒授中國科學院應用數學研究所副研究員的專業資格。沈先生為我們的非執行董事郭晶女士的配偶。

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

Mr. WONG Sin Yung (黃善榕), aged 57, is our chief financial officer and executive Director. Mr. WONG joined our Group in April 2008 and was appointed as our executive Director on 10 December 2008. He is responsible for the finance management and control, accounting, auditing, company secretarial and investor relations of our Group. Prior to joining our Group, Mr. WONG was an executive director of China Ting Group Holdings Limited (華鼎集團控股有限公司) (03398), from 2005 to 2008, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. WONG was the chief accountant and finance manager of Mark Wong & Associates (Industrial Consultants) Limited from 1988 to 1992 and from 1994 to 2003 respectively. He also worked for a certified public accountant firm from 1992 to 1994. Mr. WONG has over 28 years experience in corporate finance, accounting, auditing, corporation administration, and project consulting. He is an associate member of Hong Kong Institute of Certified Public Accountants. Mr. WONG obtained a master’s degree in human resource management from Macquarie University in 1996 and a master’s degree in business administration from the University of Hong Kong in 1999.

黃善榕先生，57歲，為我們的首席財務官兼執行董事。黃先生於二零零八年四月加入本集團，並於二零零八年十二月十日獲委任為我們的執行董事。彼負責本集團的財務管理及監控、會計、審核、公司秘書及投資者關係。加入本集團之前，黃先生於二零零五年至二零零八年曾為華鼎集團控股有限公司(03398)(其股份於香港聯合交易所有限公司(以下簡稱「聯交所」)上市)的執行董事。於一九八八年至一九九二年及一九九四年至二零零三年期間，黃先生在 Mark Wong & Associates (Industrial Consultants) Limited 擔任總會計師及財務經理。彼亦於一九九二年在一家執業會計師事務所工作。黃先生在企業融資、會計、審核、公司管理及項目諮詢方面擁有超過28年的經驗。彼為香港會計師公會會員。黃先生於一九九六年獲麥格理大學的人力資源管理碩士學位，於一九九九年獲香港大學工商管理碩士學位。

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

Non-executive Director

Ms. GUO Jing (郭晶), aged 45, was appointed as our non-executive Director on 10 December 2008. Prior to joining our Group, Ms. GUO was a senior accountant in a chartered accountants firm in Canada since 2006. From 2002 to 2005, she was a finance manager of FutureWay Enterprise Services Inc., a company providing business consulting, accounting and taxation services. From 1992 to 2001 Ms. GUO held various senior management positions including finance manager, deputy chief accountant, and chief accountant in Beijing Dali Integrated Business Company (北京市大力綜合商業公司). She has more than 15 years experience in strategic planning, corporate finance, internal financial control and management, professional accounting, and taxation services, which could benefit the Group by offering professional advice to the Board on the overall financial control and management of the Group. Ms. GUO obtained a bachelor's degree in biomedical engineering and instrumentation from Xi'an Jiaotong University (西安交通大學) in 1987 and a master's degree in internal combustion engineering from Beijing Institute of Technology (北京理工大學) in 1992. She was awarded a vocational qualification as an accountant by the PRC Ministry of Finance (中國財政部) in 1997. She is a member of Certified General Accountants Association of Canada. Ms. GUO is the spouse of Mr. SHEN Xiaodi, our executive Director.

非執行董事

郭晶女士，45歲，於二零零八年十二月十日獲委任為我們的非執行董事。在加入本集團前，郭女士自二零零六年起為加拿大一家特許會計師事務所的高級會計師。於二零零二年至二零零五年期間，擔任 FutureWay Enterprise Services Inc. (一家提供業務諮詢、會計及稅務服務的公司) 的財務經理。一九九二年至二零零一年期間，郭女士曾在北京市大力綜合商業公司擔任多項高級管理職位，包括出任財務經理、副總會計師及總會計師。彼於策略規劃、企業財務、內部財務監控及管理、專業會計及稅務服務擁有超過15年經驗，其經驗使彼能就本集團的整體財務監控及管理向董事會提供專業意見，此舉將會令本集團受益。郭女士於一九八七年獲西安交通大學工學學士學位，主修生物醫學工程及儀器專業，並於一九九二年獲北京理工大學工學碩士學位，主修內燃工程專業。一九九七年，彼獲中國財政部頒授的會計師職業資格。彼是加拿大註冊會計師協會會員。郭女士為我們的執行董事沈小笛先生的配偶。

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

Independent Non-executive Directors

Dr. NGAI Wai Fung (魏偉峰), aged 50, was appointed as our independent non-executive Director on 10 December 2008. He is currently the Managing Director of MNCOR Consulting Limited, a speciality corporate and compliance services provider to Companies in pre-IPO and post-IPO. Dr. Ngai is also Chief Executive Officer of SW Corporate Services Group Limited, of which MNCOR Consulting is a major shareholder. Prior to that, he was the director and head of listing services of KCS Hong Kong Limited an independent integrated corporate services provider. He is and has been a vice president of the Hong Kong Institute of Chartered Secretaries since 2002. He is a member of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators and a fellow of the Hong Kong Institute of Chartered Secretaries. He obtained a doctor's degree in Finance from Shanghai University of Finance and Economics in 2011, a master's degree in corporate finance from Hong Kong Polytechnic University in 2002 and a master's degree in business administration from Andrews University of Michigan in 1992. Mr. NGAI has over 20 years of senior management experience, most of which is in the areas of finance, accounting, internal control and regulatory compliance for issuers including major red chip companies. Mr. NGAI was an independent non-executive director and a member of the audit committee of China Life Insurance Company Limited (中國人壽保險股份有限公司) (02628) from 2006 to 2009 and Franshion Properties (China) Limited (方興地產(中國)有限公司) (0817) from 2007 to 2011), and is currently an independent non-executive director and a member of the audit committee of China Railway Construction Corporation Limited (中國鐵建股份有限公司) (01186), China Coal Energy Company Limited (中國中煤能源股份有限公司) (01898), SITC International Holdings Company Limited (海豐國際控股有限公司) (01308) and an independent non-executive director and the chairman of the audit committee of Bosideng International Holdings Limited (波司登國際控股有限公司) (03998), Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司) (01238), Sany Heavy Equipment International Holdings Limited (三一重裝國際控股有限公司) (0631), Biostime International Holdings Limited (合生元國際控股有限公司) (01112) and LDK Solar Co. Ltd (LDK shares of which are listed on the Stock Exchange and/or the Shanghai Stock Exchange and/or the New York Stock Exchange.

獨立非執行董事

魏偉峰博士，50歲，於二零零八年十二月十日獲委任為我們的獨立非執行董事。彼現任一家為公司上市前及上市後提供專業合規諮詢服務的公司—萬年高顧問有限公司的董事總經理及信永方圓企業服務集團有限公司(萬年高顧問有限公司為其主要股東)的行政總裁。在此之前，彼曾擔任獨立運作綜合企業服務公司 KCS Hong Kong Limited 的董事兼上市服務部主管。彼自二零零二年起擔任香港特許秘書公會副會長。彼為英國特許公認會計師公會會員、香港會計師公會會員、特許秘書及行政人員公會資深會員及香港特許秘書公會資深會員。彼於二零一一年取得上海財經大學金融學博士學位，於二零零二年取得香港理工大學企業金融學碩士學位，於一九九二年獲得美國密茲根州安德魯大學工商管理碩士學位。魏先生擁有超過20年高級管理層經驗，其中絕大部分經驗與上市公司(包括大型紅籌公司)的財務、會計、內部控制與合規工作相關。魏先生於二零零六年至二零零九年曾擔任中國人壽保險股份有限公司(02628)的獨立非執行董事及審核委員會成員，於二零零七年至二零一一年曾擔任方興地產(中國)有限公司(0817)的獨立非執行董事及審核委員會成員，而目前為中國鐵建股份有限公司(01186)、中國中煤能源股份有限公司(01898)及海豐國際控股有限公司(01308)的獨立非執行董事及審核委員會成員，以及波司登國際控股有限公司(03998)、寶龍地產控股有限公司(01238)、三一重裝國際控股有限公司(0631)、合生元國際控股有限公司(01112)及賽維LDK太陽能高科技有限公司的獨立非執行董事及審核委員會成員／主席，上述公司的股份於聯交所及／或上海證券交易所及／或紐約證券交易所上市。

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

Mr. LI Bida (李必達), aged 71, was appointed as our independent non-executive Director on 10 December 2008. Prior to joining our Group, Mr. LI was the head of Department of Lawyers, the Ministry of Justice of the PRC (中國司法部律師司), currently known as Department of Directing Lawyers and Notarization, Ministry of Justice (司法部律師公証工作指導司), from 1988 to 1992. He was also an arbitrator in China International Economics and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) from 1989 to 1990. From 1992 to 1995, he served as standing deputy head of State Trademark Bureau (國家商標局). From 1992 to 2001, he held various positions in State Administration of Industry and Commerce (國家工商行政管理總局) including the head of the Fair Trading Bureau (公平交易局) and the head of Registration Bureau (企業註冊局). He was a consultant with a number of companies, including Galanz Group (格蘭仕集團) from 2001 to 2003, Perfect (China) Co., Ltd. (完美(中國)日用品有限公司) and Nanfong Lee Kum Kee Co., Ltd. (南方李錦記有限公司) from 2001 to 2005, Ricoh China Co., Ltd. (理光(中國)投資有限公司) from 2005 to 2006, and NU Skin (China) Co., Ltd. (如新(中國)日用保健品有限公司) from 2006 to 2007. He is currently a member of the board of directors of Intellectual Property Institute of Peking University (北京大學知識產權學院), professor of Renmin University of China Law School (中國人民大學法律學院) and Capital University of Economics and Business (首都經濟貿易大學). Mr. LI obtained a bachelor's degree in law from Hubei University (湖北大學) in 1965.

李必達先生，71歲，於二零零八年十二月十日獲委任為我們的獨立非執行董事。在加入本集團之前，李先生於一九八八年至一九九二年期間為中國司法部律師司司長(現稱為司法部律師公証工作指導司)。彼於一九八九年至一九九零年期間為中國國際經濟貿易仲裁委員會仲裁員。於一九九二年至一九九五年期間，彼任職國家商標局常務副局長。一九九二年至二零零一年期間，彼在國家工商行政管理總局擔任不同職位，包括公平交易局局長及企業註冊局局長。彼曾為多家公司的顧問，包括二零零一年至二零零三年期間擔任格蘭仕集團的顧問、二零零一年至二零零五年期間擔任完美(中國)日用品有限公司及南方李錦記有限公司的顧問、二零零五年至二零零六年期間擔任理光(中國)投資有限公司的顧問及於二零零六至二零零七年期間擔任如新(中國)日用保健品有限公司的顧問。彼目前擔任北京大學知識產權學院董事會董事、中國人民大學法律學院及首都經濟貿易大學教授。李先生於一九六五年獲湖北大學法學學士學位。

Directors and Senior Management

董事及高層管理人員

Mr. CHEN Kaizhi (陳開枝), aged 71, was appointed as our independent non-executive Director on 8 April 2009. Prior to joining us, he held various governmental positions in Guangdong province from 1964 to 1998. He was promoted to executive vice mayor of Guangzhou in 1992 and deputy secretary of the Leading Party Group of Guangzhou Municipal Government (廣州市政府黨組副書記) in 1993. From 1998 to 2005, he was the chairman and secretary of the Leading Party Group of Guangzhou Political Consultative Conference (廣州市政協主席及黨組書記). Since his retirement from his governmental position in 2005, he held the position of vice president of China Foundation for Poverty Alleviation (中國扶貧基金會), a charitable organization in the PRC. He obtained a bachelor's degree in political education from South China Normal College (華南師範學院), which is the predecessor of South China Normal University (華南師範大學), in 1964.

陳開枝先生，71歲，於二零零九年四月八日獲委任為我們的獨立非執行董事。在加入本集團之前，彼於一九六四年至一九九八年期間在廣東省擔任多個政府職位。彼於一九九二年晉升為廣州市常務副市長，並於一九九三年晉升為廣州市政府黨組副書記。自一九九八年至二零零五年，彼為廣州市政協主席及黨組書記。於二零零五年退任政府職位後，彼擔任中國扶貧基金會（一家中國的慈善機構）的副會長。彼於一九六四年取得華南師範學院（華南師範大學前身）政治教育專業學士學位。

Corporate Governance Report

企業管治報告

Code on corporate governance practices

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

The Company has adopted and complied with the provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the year (the “Code”).

Directors’ securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as contained in Appendix 10 to the Listing Rules as the standards for the directors’ dealings in the securities of the Company. Having made specific enquiry with all Directors, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the year ended 31 December 2011.

Board of directors

The Board comprises eight members, including Chairman, Chief Executive Officer (“CEO”), Vice-CEO, Chief Financial Officer, one Non-executive Director and three Independent Non-executive Directors. Biographical details of the Directors are set out in the section headed Directors and Senior Management Profiles on pages 31 to 38 of this annual report.

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

企業管治常規守則

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

於回顧期間，本公司一直採納及遵守香港聯合交易所有限公司證券上市規則（以下簡稱「上市規則」）附錄14所載企業管治常規守則的適用守則條文（「守則」）。

董事進行證券交易

本公司已經採用香港上市規則附錄十所載上市公司董事進行證券交易的標準守則（「標準守則」）作為各董事買賣本公司證券的交易標準。本公司在向各董事作出特定查詢後確認，截至二零一一年十二月三十一日年度，各董事均遵從標準守則訂明的標準。

董事會

董事會由八位成員組成，其中包括主席、首席執行官、首席副執行官、首席財務官、一位非執行董事及三位獨立非執行董事。各董事之履歷載於第31頁至第38頁董事及高級管理層簡介。

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

Corporate Governance Report 企業管治報告

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

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

Five board meetings were held in 2011. Each of Mr. CHEN, Ms. WAN, Mr. SHEN, Mr. WONG, Ms. GUO, Mr. NGAI, Mr. LI Bida and Mr. CHEN Kaizhi has attended all five meetings.

Remuneration Committee

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

Two remuneration committee meetings were held in 2011. During the meetings, the committee members reviewed the Group's remuneration policy and made recommendations to the Board. All committee members attended these two meetings.

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

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

二零一一年期間，召開五次董事會會議。陳先生、萬女士、沈先生、黃先生、郭女士、魏偉峰先生、李必達先生及陳開枝先生均有出席上述五次會議。

薪酬委員會

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

二零一一年期間，薪酬委員會召開兩次會議。會議期間，本委員會成員已審閱本集團薪酬政策並向董事會提出建議。所有委員都有出席上述兩次會議。

Nomination Committee

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

Two nomination committee meetings were held in 2011. During the meetings, the committee members review the senior management structure of the Group. All committee members attended these two meetings.

Audit Committee

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

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

提名委員會

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

二零一一年期間，提名委員會召開兩次會議。會議期間，本委員會成員已審閱本集團高級管理層架構。所有委員都有出席上述兩次會議。

審核委員會

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

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

Corporate Governance Report 企業管治報告

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

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

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

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

Two audit committee meetings were held in 2011. Each of Mr. NGAI Wai Fung, Mr. LI Bida and Mr. CHEN Kaizhi have attended all two meetings.

在本年度內，審核委員會進行了下列各項：

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

審核委員會已與管理層和外部核數師審閱年度報告，並建議董事會採納。

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

二零一一年期間，審核委員會召開兩次會議。魏偉峰先生、李必達先生及陳開枝先生均有出席上述兩次會議。

Directors' responsibilities for financial statements

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

A statement from the auditor of the Company about their reporting responsibilities on the financial statements of the Group for the year ended 31 December 2011, is set out on pages 61 to 62 of the annual report.

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

Internal control and risk management

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

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

董事對財務報表的責任

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

本公司核數師就其對本集團截至二零一一年十二月三十一日年度合併財務報表的申報責任所做的聲明載於本年報第61至62頁。

並無若干事項或情況之重大不明朗因素可能對本公司持續經營的能力產生重大疑問。

內部監控及風險管理

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

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

Investor relations and communication with shareholders

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

Auditors' Remuneration

The remuneration paid/payable to the Company's independent external auditor, KPMG, for the year ended 31 December 2011 in relation to audit service are RMB1.38 million.

投資者關係及股東通訊

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

核數師薪酬

截至二零一一年十二月三十一日年度，本公司已付／應付外聘獨立核數師畢馬威會計師事務所有關核數服務的薪酬為人民幣1.38百萬元。

Report of the Directors

董事會報告

The Directors submit the Report of Directors together with the audited consolidated financial statements for the year ended 31 December 2011.

Principal activities

The principal activities of the Group are the designing, manufacturing, trading and distribution of Chinese herbal products, including shampoo products, hair-care products, skin-care products, herbal tea products and household cleaning products. The principal activities and other particulars of the subsidiaries are set out on pages 114 to 115 of this annual report.

Dividends

The Board does not recommend the payment of any final dividends in respect of the year ended 31 December 2011.

Results and Appropriations

The results of the Group for the year ended 31 December 2011 are set out in the consolidated profit and loss account on page 63 of this annual report.

Reserves

Details of the movements in the reserves of the Company and the Group during the financial year 2011 are set forth in note 23(d) to the financial statements of this annual report.

Distributable reserves

As at 31 December 2011, the Company's reserves available for distributions amounted to RMB1,318.6 million.

Major customers and suppliers

During the financial year ended 31 December 2011, sales made to the Group's top five customers and the largest customer accounted for approximately 9.8% and 2.5% respectively of the total sales of the Group. The Group purchased approximately 26.5% and 10.5% respectively of its goods and services from its five largest suppliers and the largest suppliers.

董事呈列董事會報告，連同截至二零一一年十二月三十一日財政年度的經審核財務報表。

主要業務

本集團之主要業務是設計、製造、銷售中草藥產品，包括洗髮產品、護髮產品、護膚產品、中草藥飲品以及家庭清潔產品。各附屬公司之主要業務及其他詳情載列於本年報第114至115頁。

派息

董事會不建議派發關於截至二零一一年十二月三十一日的任何末期股息。

業績及分配

本年度截至二零一一年十二月三十一日年度之集團業績載於第63頁之合併損益表內。

儲備

有關本公司及本集團於二零一一年財政年度的儲備變動，詳情載於本年報財務報表附註23(d)。

可供分派儲備

於二零一一年十二月三十一日，本公司的可供分派儲備為人民幣1,318.6百萬元。

主要客戶及供應商

截至二零一一年十二月三十一日財政年度，本集團向五大客戶及最大客戶銷售所得的銷售額分別佔本集團總銷售額約9.8%及2.5%。本集團向五大供應商及最大供應商採購的貨物及服務分別佔其採購的26.5%和10.5%。

Report of the Directors

董事會報告

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

Financial summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 167 of this annual report.

Property, plant and equipment

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

Share capital and share options

Details of the movements in the share capital of and the share options granted by the Company are set forth in note 23(c) and note 21(b) to the financial statements.

Pre-emptive Rights

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

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

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

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

財務概要

本集團於最近五個財政年度之業績及資產與負債概要載於本年報第167頁。

物業、廠房及設備

有關本集團物業、廠房及設備的變動，詳情載於財務報表附註12。

股本及購股權

有關本公司股本及已授出購股權的變動，詳情載於財務報表附註23(c)及附註21(b)。

優先購買權

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

購入、出售或贖回本公司之上市證券

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

Report of the Directors 董事會報告

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this annual report, the Company has maintained the prescribed public float during the year ended 31 December 2011 and up to the date of this annual report as required under the Listing Rules.

Charitable donations

Charitable donations made by the Group during the year ended 31 December 2011 amounted to RMB1.0 million.

Management Contracts

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

Directors

The Directors during the financial year were:

Executive Directors

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

Non-Executive Director

Ms. GUO Jing

Independent Non-Executive Directors

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

Details of the Directors' biographies have been set out on pages 31 to 38 of the annual report.

足夠公眾持股量

按本公司可公開獲得之資料及就董事所知，於本報告刊發前之最後可行日期，本公司於年內及截至本報告日期一直維持上市規則指定數額之公眾持股量。

慈善捐款

本集團於二零一一年度的慈善捐款為人民幣1.0百萬元。

管理合約

年內概無訂立或存在任何有關管理及經營本公司全部或任何重大部份業務的合約。

董事

於本財政年度內之董事如下：

執行董事

陳啟源先生(主席)
萬玉華女士
沈小笛先生
黃善榕先生

非執行董事

郭晶女士

獨立非執行董事

魏偉峰先生
李必達先生
陳開枝先生

本公司董事之履歷詳情載於本年報第31至38頁。

Report of the Directors

董事會報告

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

Directors' Service Contracts

Each of our executive Directors has entered into a director's service agreement with the Company for an initial term of three year commencing from the Listing Date and will continue thereafter until terminated by no less than six months' notice in writing served by either party on the other, which shall not expire until after the fixed term.

Each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company. Each letter of appointment is for an initial term of three years commencing from the Listing Date.

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

Directors' Emoluments

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

Confirmation of independence

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

根據本公司組織章程細則第84(1)條，沈小笛先生、黃善榕先生和李必達先生於應屆股東大會上退任，彼等符合資格並願意應選連任。

董事服務合約

各執行董事已與本公司訂立董事服務協議，由上市之日起計初步為期三年，由上市日期起開始，並於其後繼續出任董事，直至任何一方向另一方發出不少於六個月書面通知以終止協議為止，該通知不得於固定任期前屆滿。

各非執行董事和獨立非執行董事與本公司已簽訂委任函件。各委任函件由上市日期起計初步為期三年。

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

董事酬金

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

獨立性之確認

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

Report of the Directors 董事會報告

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

As at 31 December 2011, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

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

Name of director 董事名稱	Long/Short position in Ordinary Shares 普通股中之好/淡倉	Nature of interest 權益性質	Number of shares/ underlying shares held 股份及相關 股份數目	Approximate percentage of issued share capital 持股百分比
CHEN Qiyuan 陳啟源	Long 好倉	Corporate (Note 1) 公司(附註1)	1,900,840,000	65.33%
WAN Yuhua 萬玉華	Long 好倉	Corporate (Note 2) 公司(附註2)	1,900,840,000	65.33%
SHEN Xiaodi 沈小笛	Long 好倉	Personal 個人	840,000	0.03%
WONG Sin Yung 黃善榕	Long 好倉	Personal 個人	1,155,000	0.04%

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

截至二零一一年十二月三十一日，董事及本公司行政人員於本公司及其相聯法團(按證券及期貨條例第XV部的涵義的股份、相關股份或債券證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及/或淡倉(包括彼等更具上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉)，(b)或根據證券及期貨條例第352條規定須登記於需存置的登記冊內的權益及淡倉，(c)或根據上市規則規定須知會本公司及香港聯交所的權益及淡倉如下：

於本公司及其相聯法團的股份和相關股份中之權益

Report of the Directors

董事會報告

Notes:

1. CHEN Qiyuan is deemed to be interested in the shares held by Fortune Station Ltd. by virtue of Fortune Station Ltd. being controlled by CHEN Qiyuan and WAN Yuhua.
2. WAN Yuhua is deemed to be interested in the shares held by Fortune Station Ltd. by virtue of Fortune Station Ltd. being controlled by WAN Yuhua and CHEN Qiyuan.

Other than as disclosed above, as at 31 December 2011, so far as known to any Directors or chief executive of the Company, neither the Directors nor the chief executive of the Company, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

附註：

1. 憑藉 Fortune Station Ltd. 為陳啟源及萬玉華所控制，陳啟源被視為擁有 Fortune Station Ltd. 所持有的股份的權益。
2. 憑藉 Fortune Station Ltd. 為萬玉華及陳啟源所控制，萬玉華被視為擁有 Fortune Station Ltd. 所持有的股份的權益。

除上述披露的人員之外，截至二零一一年十二月三十一日，目前所知的任何董事及本公司最高行政管理人員，無論是董事或者是本公司行政人員，於本公司及其相連法團（按證券及期貨條例第XV部的涵義）的股份、相關股份或債券證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及／或淡倉（包括彼等更具上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉），(b)或根據證券及期貨條例第352條規定須登記於需存置的登記冊內的權益及淡倉，(c)或根據上市規則規定須知會本公司及香港聯交所的權益及淡倉。

Report of the Directors
董事會報告

Interests and short positions of substantial shareholders of the Company

As at 31 December 2011, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of the SFO were as follows:

本公司主要股東的權益及淡倉

截至二零一一年十二月三十一日，以下人士（非本公司董事或最高行政人員）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部的規定須向本公司和聯交所披露的權益或淡倉，或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：

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of shares held 股份數目	Approximate percentage of issued share capital 持股百分比
Fortune Station Ltd. Fortune Station Ltd.	Corporate 公司	1,900,840,000 (L)	65.33%
CHEN Qiyuan 陳啟源	Corporate (Note 1) 公司(附註1)	1,900,840,000 (L)	65.33%
WAN Yuhua 萬玉華	Corporate (Note 2) 公司(附註2)	1,900,840,000 (L)	65.33%

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

L — 好倉，S — 淡倉

Notes:

附註：

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

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

Report of the Directors

董事會報告

Other than as disclosed above, as at 31 December 2011, the Company has not notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

Share option scheme and Pre-IPO share option scheme

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

Share Option Scheme

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

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

截至二零一一年十二月三十一日，除上文所披露人士之外本公司沒有任何人士（非本公司董事或最高行政人員）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部的規定須向本公司和聯交所披露的權益或淡倉，或根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉。

購股權計劃及首次公開發售前購股權計劃

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

購股權計劃

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

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

Report of the Directors 董事會報告

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

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

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

As at 31 December 2011, an aggregate of 1,380,000 shares options were granted to two employees by the Company under the Share Option Scheme, representing approximately 0.05% of the issued share capital of the Company as at the latest practicable date. Of which, 920,000 shares options were forfeited in November 2011. The balance of share options at 31 December 2011 was 460,000. Further details relating to the Scheme and share options granted thereunder are set out in note 21 to the financial statements. The vesting period of the share options is from the date of grant until the commencement of the exercise period. The closing prices of the shares of the Company immediately before the date of grant on 26 July 2011 was HK\$1.31. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$1.21.

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

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

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

截至二零一一年十二月三十一日，本公司已根據購股權計劃授予兩名僱員總共1,380,000股股份的購股權，大約佔本公司截至最後實際可行日期已發行股份之0.05%。其中，920,000股股份的購股權於二零一一年十一月被取消。於二零一一年十二月三十一日集團授出的購股權股份僅460,000股。關於該計劃及購股權授出之具體細節載於財務報表附註21。購股權的行權等待期自授出日期起至行使期開始為止。授出日期二零一一年七月二十六日前之本公司股份收市價為1.31港元。購股權行使日前之本公司股份加權平均收市價為1.21港元。

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Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 10 December 2008. As at 31 December 2011, options to subscribe for an aggregate of 14,532,000 Shares were granted, representing approximately 0.5% of the issued share capital of the Company as at the latest practicable date. No further options will be granted under the Pre-IPO Share Option Scheme.

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

A total of 4,200,000 pre-IPO share options were granted to two executive Directors on 8 June 2009, which was partially exercised up to 31 December 2011. Movement of these share options during the year ended 31 December 2011 are as follows:

Name of director 董事名稱	Date of grant 授權日	Exercise price (HKD) 行權價 (港元)	Number of share options 股份期權數目				Outstanding as at 31 December 2011 截至二零一一年十二月三十一日 尚未行使	Approximate percentage of issued share capital of the Company (%) 佔本公司已發行股本的概約百分比 (%)	Exercise Period 行權期間
			Outstanding as at 1 January 2011 截至二零一一年一月一日 尚未行使	Granted during the year 於年內 授予數目	Exercised during the year 於年內 行權數目	Forfeited during the year 於年內 失效			
SHEN Xiaodi 沈小笛	8 June 2009 二零零九年六月八日	Par Value 面值	420,000	—	420,000	—	1,260,000	0.04	4 July 2011 to 8 June 2019 二零一一年七月四日至 二零一一年六月八日
		Par Value 面值	420,000	—	—	—			4 July 2012 to 8 June 2019 二零一二年七月四日至 二零一一年六月八日
		Par Value 面值	420,000	—	—	—			4 July 2013 to 8 June 2019 二零一三年七月四日至 二零一一年六月八日
		Par Value 面值	420,000	—	—	—			4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一一年六月八日
WONG Sin Yung 黃善榕	8 June 2009 二零零九年六月八日	Par Value 面值	315,000	—	315,000	—	945,000	0.03	4 July 2011 to 8 June 2019 二零一一年七月四日至 二零一一年六月八日
		Par Value 面值	315,000	—	—	—			4 July 2012 to 8 June 2019 二零一二年七月四日至 二零一一年六月八日
		Par Value 面值	315,000	—	—	—			4 July 2013 to 8 June 2019 二零一三年七月四日至 二零一一年六月八日
		Par Value 面值	315,000	—	—	—			4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一一年六月八日
Total 合計			2,940,000	—	735,000	—	2,205,000	0.07	

首次公開發售前購股權計劃

首次公開發售前購股權計劃於二零零八年十二月十日起生效。截至二零一一年十二月三十一日，已授予總共14,532,000股的購股權，大約占本公司截至最後實際可行日期已發行股份之0.5%。沒有根據首次公開發售前購股權計劃授出的其他購股權。

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

於二零零九年六月八日，公司授予兩名執行董事合共4,200,000股的首次公開發售前購股權，截至二零一一年十二月三十一日，該購股權已部分被行使。這些首次公開發售前購股權截至二零一一年十二月三十一日止年度明細如下：

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Apart from the above, options to subscribe for totalling 10,332,000 Shares under the Pre-IPO Share Option Scheme were granted to 40 employees of the Group on 8 June 2009. Of which, options to subscribe for totalling 2,221,800 Shares previously granted to eight employees were forfeited during the past three years. As at 31 December 2011, there was a balance of unexpired and unexercised options to subscribe for 4,985,820 Shares. Except for the options which had been granted, no further options were granted as at 31 December 2011. Details of the valuation of Pre-IPO Share Option Scheme are set out in Note 21 under the section headed “Notes to the Financial Statements” to this annual report. The value of options are subjective and uncertain as such values are subject to a number of assumptions and limitations of the valuation model.

Continuing connected transactions

For the year ended 31 December 2011, the Group had the following non-exempt connected transactions and had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

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

除此以外，在二零零九年六月八日，根據首次公開發售前購股權計劃，總共有10,332,000股股份的購股權分配給了本集團40名僱員。其中，之前授予八名僱員總共2,221,800股股份的購股權，於過去三年內被取消。截至二零一一年十二月三十一日，尚未到期並未被行使的購股權餘額是4,985,820股。除了上述已經授出的購股權，截至二零一一年十二月三十一日，再無任何購股權授出。股份期權計劃的估值詳見財務報告附註21。該估值相當主觀和難以預計，要視乎所用的多項假設，也受計算模式的限制。

持續關連交易

根據上市規則第14A條，截至二零一一年十二月三十一日，本集團有下列非豁免關連交易。

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

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For the year ended 31 December 2011, pursuant to the Production and Office Premises Lease Agreement, the annual rent paid by Bawang Guangzhou to Guangzhou Bawang was approximately RMB2.2 million.

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

2. Packaging Material Supply Agreement

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

For the year ended 31 December 2011, pursuant to the Packaging Material Supply Agreement, the annual transaction amount for the supply of packaging material by Chenming Paper to Bawang Guangzhou was approximately RMB9.8 million.

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

截至二零一一年十二月三十一日，根據生產廠房及辦公樓租賃協議，霸王廣州支付廣州霸王的年度租金約人民幣2.2百萬元。

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

2. 包裝物料供應協議

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

截至二零一一年十二月三十一日，根據包裝物料供應協議，霸王廣州與廣州晨明紙品有限公司全年交易額約為人民幣9.8百萬元。

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

3. Toothpaste Container Supply Agreement

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

For the year ended 31 December 2011, the annual transaction amount for the supply of toothpaste containers by Qiancai Packaging to Bawang Guangzhou was approximately RMB0.8 million.

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

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

3. 牙膏軟管供應協議

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

截至二零一一年十二月三十一日，根據牙膏軟管供應協議，霸王廣州與倩采包裝材料全年交易額約為人民幣0.8百萬元。

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

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

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Confirmations

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

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

Office Premises Lease Agreement

Bawang Guangzhou and Guangzhou Bawang entered into a tenancy agreement on 28 December 2011, pursuant to which Bawang Guangzhou agreed to lease from Guangzhou Bawang office premises located at Baiyun District, Guangzhou, the PRC (the "Office Premises Lease Agreement"). The term of the Office Premises Lease Agreement is three years commencing from 1 January 2012 and the monthly rental payable is RMB182,000.00. The monthly rental is fixed throughout the term of the tenancy. The maximum annual rental payable by Bawang Guangzhou to Guangzhou Bawang under the Office Premises Lease Agreement for each of the three years ending 31 December 2014 will not exceed the annual cap of RMB2.19 million.

確認

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

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

辦公場所租賃協議

霸王廣州於二零一一年十二月二十八日與廣州霸王訂立一份辦公場所租賃協議（「辦公場所租賃協議」）。根據該辦公場所租賃協議，霸王廣州同意向廣州霸王租用位於中國廣州白雲區的辦公室，其租期自二零一二年一月一日起，為期三年，月租為人民幣182,000元。於租期內，月租固定不變。截止到二零一四年十二月三十一日，根據辦公場所租賃協議，霸王廣州支付給廣州霸王的年度租金最大限額不超過年度上限人民幣2.19百萬元。

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We have a right to terminate the Office Premises Lease Agreement by giving a three months' prior notice to Guangzhou Bawang. Accordingly, we enjoy the flexibility to relocate to another site or premises at any time should we consider the office premises no longer suitable for our use or no longer cost competitive. The Office Premises Lease Agreement is renewable at the option of Bawang Guangzhou by giving one month's notice prior to the expiry of the lease. We have also been granted a first right of refusal to purchase the Office Premises. Should Bawang Guangzhou decide to exercise the first right of refusal in the future, it shall comply with all the applicable requirements under the Listing Rules.

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

Directors' interests in contracts of significance

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

Directors' and Controlling Shareholders' interest in competing business

As at 31 December 2011, none of the Directors and their respective associates (as defined in the Listing Rules) or the controlling shareholders of the Company (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group.

Retirement schemes

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

我們擁有提前三個月通知廣州霸王終止該辦公場所租賃協議的權力。因此，當我們認為租賃的辦公場所不再適合我們使用或不再具備成本競爭力的時候，我們享有隨時搬遷到其他地點或場所的靈活性。霸王廣州可於租期屆滿前一個月通知要求重續該辦公場所租賃協議。我們亦獲得購買該辦公場所的優先權。倘若霸王廣州在未來決定行駛優先購買權時，應遵守上市規則的相關規定。

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

董事之合約權益

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

董事及控股股東於競爭業務的權益

於二零一一年十二月三十一日，董事及其各自的聯繫人(定義見上市規則)或本公司控股股東(定義見上市規則)概無在與本集團業務構成競爭或可能構成競爭的業務中擁有任何權益。

退休計畫

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

Report of the Directors

董事會報告

Corporate governance

In respect of the year ended 31 December 2011, save as disclosed in the corporate governance report on pages 39 to 44 of the annual report, all the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules were met by the Company.

Audit Committee

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

Auditors

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

On behalf of the Board

CHEN Qiyuan

Chairman

Hong Kong, 17 March 2012

企業管治

截至二零一一年十二月三十一日，除本年報第39至44頁企業管治報告另有披露外，本公司已遵守上市規則附錄14所載的企業管治常規守則所列的原則。

審核委員會

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

核數師

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

董事會代表

陳啟源

主席

香港，二零一二年三月十七日

Independent Auditor's Report

獨立核數師報告



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

We have audited the consolidated financial statements of BaWang International (Group) Holding Limited ("the company") and its subsidiaries (together "the group") set out on pages 63 to 166, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

我們已審計列載於第63至166頁霸王國際(集團)控股有限公司(「貴公司」)及其子公司(以下合稱「貴集團」)的合併財務報表，其中包括於二零一一年十二月三十一日的合併及公司資產負債表、截至該日止年度的合併綜合收益表、合併權益變動表和合併現金流量表，以及主要會計政策概要及其他說明附註。

董事對合併財務報表的責任

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

核數師的責任

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

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

Independent Auditor's Report 獨立核數師報告

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2011 and of the group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

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

17 March 2012

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

我們相信，我們獲取的審核憑證是充足及適當地為我們的審核意見提供基礎。

意見

我們認為，該等合併財務報表已按照國際財務報告準則真實公允地反映貴公司及貴集團於二零一一年十二月三十一日的財務狀況和貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露要求妥為編製。

畢馬威會計師事務所

執業會計師
香港中環
遮打道10號
太子大廈8樓

二零一二年三月十七日

Consolidated Income Statement

合併損益表

For the year ended 31 December 2011
(Expressed in Renminbi)
截至二零一一年十二月三十一日止年度
(以人民幣列示)

		Note 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Turnover	營業額	5	888,909	1,475,355
Cost of sales	銷售成本		(544,154)	(564,017)
Gross profit	毛利		344,755	911,338
Changes in fair value less costs to sell of biological assets	生物資產公允價值減 銷售成本的變動損益		1,462	—
Other revenue	其他收益		2,451	1,810
Other net income/(losses)	其他收入／(虧損)淨額		841	(1,399)
Selling and distribution costs	銷售及分銷成本		(872,339)	(941,811)
Administrative expenses	行政費用		(102,457)	(101,511)
Loss from operations	經營虧損		(625,287)	(131,573)
Finance income	財務收入	6(a)	10,860	13,043
Finance costs	財務費用	6(a)	(4,110)	(15,601)
Net finance income/(costs)	財務收入／(費用)淨額		6,750	(2,558)
Loss before taxation	除所得稅前虧損	6	(618,537)	(134,131)
Income tax credit	所得稅抵扣	7(a)	59,967	16,160
Loss for the year attributable to the equity shareholders of the Company	本公司權益持有人 應佔年內虧損		(558,570)	(117,971)
Loss per share (RMB yuan)	每股虧損(人民幣元)			
Basic	基本	11(a)	(0.19)	(0.04)
Diluted	攤薄	11(b)	(0.19)	(0.04)

The notes on pages 71 to 166 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in Note 23(b).

第71至166頁的附註為本財務報表的一部分。應付本公司權益持有人股息的詳情載於附註23(b)

Consolidated Statement of Comprehensive Income

合併綜合收益表

For the year ended 31 December 2011
(Expressed in Renminbi)
截至二零一一年十二月三十一日止年度
(以人民幣列示)

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Loss for the year attributable to the equity shareholders of the Company	本公司權益持有人 應佔年內虧損	(558,570)	(117,971)
Other comprehensive income for the year	年內其他綜合收益		
Exchange differences on translation of the financial statements of the operations outside the PRC	換算中國境外業務之 財務報表所產生的 滙兌差異	(5,178)	(18,497)
Total comprehensive income for the year attributable to the equity shareholders of the Company	本公司權益持有人 應佔年內綜合收益 總額	(563,748)	(136,468)

The notes on pages 71 to 166 form part of these financial statements.

第71頁至166頁的附註為本財務報表的一部分。

Consolidated Balance Sheet

合併資產負債表

At 31 December 2011
(Expressed in Renminbi)
於二零一一年十二月三十一日
(以人民幣列示)

	Note 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備 12	184,555	60,136
Prepaid advertising fee	預付廣告費用	3,875	2,437
Biological assets	生物資產 13	1,297	—
Deferred tax assets	遞延稅項資產 22(b)	82,605	27,089
		272,332	89,662
Current assets	流動資產		
Inventories	存貨 15	112,159	84,216
Biological assets	生物資產 13	949	—
Trade and other receivables	貿易及其他應收款項 16	257,972	440,060
Pledged deposits	抵押存款 17	—	220,000
Cash and cash equivalents	現金及現金等價物 18	602,672	1,186,544
Income tax recoverable	應收即期所得稅 22(a)	—	12,892
		973,752	1,943,712
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項 19	201,825	228,793
Bank loans and overdrafts	銀行貸款及透支 20	—	209,787
Amounts due to related parties	應付關聯方款項 26(b)(i)	3,730	3,363
Income tax payable	應付即期所得稅 22(a)	9,656	—
		215,211	441,943
Net current assets	流動資產淨值	758,541	1,501,769
Total assets less current liabilities	總資產減流動負債	1,030,873	1,591,431

The notes on pages 71 to 166 form part of these financial statements.

第71至166頁的附註為本財務報表的一部分。

Consolidated Balance Sheet (continued)

合併資產負債表(續)

At 31 December 2011
(Expressed in Renminbi)
於二零一一年十二月三十一日
(以人民幣列示)

	Note 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Non-current liabilities	非流動負債		
Deferred tax liabilities	遞延稅項負債 22(c)	2,031	2,031
Net assets	資產淨值	1,028,842	1,589,400
Capital and reserves	資本及儲備		
Share capital	股本 23(c)	256,511	256,380
Reserves	儲備 23(d)	772,331	1,333,020
Total equity	權益總額	1,028,842	1,589,400

Approved and authorised for issue by the board of directors of the Company on 17 March 2012.

本公司董事會已於二零一二年三月十七日批准及授權刊發。

Director
董事
CHEN Qiyuan
陳啟源

Director
董事
WAN Yuhua
萬玉華

The notes on pages 71 to 166 form part of these financial statements.

第71至166頁的附註為本財務報表的一部分。

Balance Sheet

資產負債表

At 31 December 2011
(Expressed in Renminbi)
於二零一一年十二月三十一日
(以人民幣列示)

		Note 附註	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司的投資	14	—	—
Current assets	流動資產			
Other receivables	其他應收款項	16	1,422,577	1,471,397
Cash and cash equivalents	現金及現金等價物	18	85,408	100,104
Total assets	資產總額		1,507,985	1,571,501
Current liabilities	流動負債			
Other payables	其他應付款項	19	3,922	355
Net current assets	流動資產淨值		1,504,063	1,571,146
Total assets less current liabilities	總資產減流動負債		1,504,063	1,571,146
Net assets	資產淨值		1,504,063	1,571,146
Capital and reserves	資本及儲備			
Share capital	股本	23(c)	256,511	256,380
Reserves	儲備	23(a)	1,247,552	1,314,766
Total equity	權益總額		1,504,063	1,571,146

Approved and authorised for issue by the board of directors of the Company on 17 March 2012.

Director
董事
CHEN Qiyuan
陳啟源

本公司董事會已於二零一二年三月十七日批准及授權刊發。

Director
董事
WAN Yuhua
萬玉華

The notes on pages 71 to 166 form part of these financial statements.

第71至166頁的附註為本財務報表的一部分。

Consolidated Statement of Changes in Equity

合併權益變動表

For the year ended 31 December 2011
(Expressed in Renminbi)
截至二零一一年十二月三十一日止年度
(以人民幣列示)

		Attributable to equity shareholders of the Company							
		本公司權益持有人應佔							
		Share Capital	Share premium	PRC statutory reserves	Capital reserve	Merger reserve	Translation reserve	Retained earnings/ (accumulated losses)	Total equity
		股本	股本溢價	中國法定儲備	資本儲備	合併儲備	滙兌儲備	留存溢利/ (累計虧損)	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note 23(c))	(Note 23(d))	(Note 23(d))	(Note 23(d))	(Note 23(d))	(Note 23(d))		
Balance at 1 January 2010	於二零一零年一月一日結餘	256,134	1,342,774	49,887	6,435	8,468	4,846	365,688	2,034,232
Changes in equity for 2010:	二零一零年權益變動:								
Total comprehensive income for the year	年內綜合收益總額	—	—	—	—	—	(18,497)	(117,971)	(136,468)
Dividends declared during the year (Note 23(b))	年內宣派的股息 (附註23(b))	—	—	—	—	—	—	(317,708)	(317,708)
Shares issued under share option scheme (Note 23(c))	根據購股權計劃發行的股份 (附註23(c))	246	5,865	—	(5,180)	—	—	—	931
Equity settled share-based transactions (Note 23(d))	以權益結算的股份支付交易 (附註23(d))	—	—	—	8,413	—	—	—	8,413
Balance at 31 December 2010 and 1 January 2011	於二零一零年十二月三十一日及二零一一年一月一日結餘	256,380	1,348,639	49,887	9,668	8,468	(13,651)	(69,991)	1,589,400
Changes in equity for 2011:	二零一一年權益變動:								
Total comprehensive income for the year	年內綜合收益總額	—	—	—	—	—	(5,178)	(558,570)	(563,748)
Shares issued under share option scheme (Note 23(c))	根據購股權計劃發行的股份 (附註23(c))	131	3,051	—	(3,051)	—	—	—	131
Equity settled share-based transactions (Note 23(d))	以權益結算的股份支付交易 (附註23(d))	—	—	—	3,059	—	—	—	3,059
Balance at 31 December 2011	於二零一一年十二月三十一日結餘	256,511	1,351,690	49,887	9,676	8,468	(18,829)	(628,561)	1,028,842

The notes on pages 71 to 166 form part of these financial statements.

第71至166頁的附註為本財務報表的一部分。

Consolidated Cash Flow Statement

合併現金流量表

For the year ended 31 December 2011
(Expressed in Renminbi)
截至二零一一年十二月三十一日止年度
(以人民幣列示)

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Cash flows from operating activities	經營活動產生的現金流量		
Loss before taxation	除所得稅前虧損	(618,537)	(134,131)
Adjustments for:	經下列各項調整：		
Depreciation	折舊	15,490	8,252
Net (income)/loss on disposal of property, plant and equipment	物業、廠房及設備的處置淨(收益)/損失	(58)	73
Changes in fair value less costs to sell of biological assets — non-current portion	生物資產公允價值減銷售成本的變動損益 — 非流動部份	(719)	—
Impairment loss for bad and doubtful debts	呆壞賬減值損失	1,725	149
Write-down of inventories	存貨跌價準備	43,899	10,811
Net finance income	財務收入淨額	(6,750)	(13,043)
Unrealised foreign exchange losses	未實現滙兌損失	(4,688)	(14,280)
Equity-settled share-based payment transactions	以權益結算的股份支付交易	3,059	8,413
Investment income	投資收益	(2,451)	(1,810)
Subtotal	小計	(569,030)	(135,566)
Change in inventories	存貨變動	(71,841)	(34,643)
Change in biological assets — current portion	生物資產變動 — 流動部份	(949)	—
Change in trade and other receivables	貿易及其他應收款項變動	190,071	109,472
Change in trade and other payables	貿易及其他應付款項變動	(23,757)	(65,046)
Change in amounts due to related parties	應付關聯方款項變動	367	(2,533)
Change in prepaid advertising fee	預付廣告費變動	(1,438)	3,644
Cash used in operating activities	經營活動所用的現金	(476,577)	(124,672)
Refund of prepaid income tax/(income tax paid)	退回預付所得稅/(已付所得稅)	26,999	(73,672)
Net cash used in operating activities	經營活動所用的現金淨額	(449,578)	(198,344)
Cash flows from investing activities	投資活動產生的現金流量		
Interest received	已收利息	10,860	13,043
Acquisition of property, plant and equipment	購買物業、廠房及設備	(147,927)	(44,803)
Plantation expenditure of biological assets — non-current portion	生物資產種植支出 — 非流動部份	(578)	—
Proceeds from disposal of property, plant and equipment	處置物業、廠房及設備的所得款項	154	—
Proceeds from sales of other investments	出售其他投資的所得款項	1,689,451	1,811,790
Acquisition of other investments	取得其他投資	(1,687,000)	(1,809,980)
Net cash used in investing activities	投資活動所用現金淨額	(135,040)	(29,950)

The notes on pages 71 to 166 form part of these financial statements.

第71至166頁的附註為本財務報表的一部分。

Consolidated Cash Flow Statement (continued)

合併現金流量表(續)

For the year ended 31 December 2011
(Expressed in Renminbi)
截至二零一一年十二月三十一日止年度
(以人民幣列示)

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Cash flows from financing activities	融資活動產生的現金流量		
Proceeds from issuing of new shares	發行新股所得款項	131	931
Cash from bank loan and overdrafts	銀行貸款及透支所得現金	—	209,787
Repayment of bank loan and overdrafts	償還銀行貸款及透支	(207,090)	(158,490)
Interest expenses paid	已付利息	(6,811)	—
Decrease/(increase) in pledged deposits	抵押存款減少/(增加)	220,000	(57,988)
Dividends paid	已付股息	—	(317,708)
Net cash generated from/ (used in) financing activities	融資活動產生/(所用) 現金淨額	6,230	(323,468)
Net decrease in cash and cash equivalents	現金及現金等價物 減少淨額	(578,388)	(551,762)
Cash and cash equivalents at 1 January	於一月一日的現金及 現金等價物	1,186,544	1,742,523
Effect of exchange rate fluctuations on cash held	滙率波動對持有現金 的影響	(5,484)	(4,217)
Cash and cash equivalents at 31 December	於十二月三十一日的 現金及現金等價物	602,672	1,186,544

The notes on pages 71 to 166 form part of these financial statements.

第71至166頁的附註為本財務報表的一部分。

Notes to the Financial Statements

財務報表附註

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

1 Reporting entity

BaWang International (Group) Holding Limited (the “Company”) was incorporated in the Cayman Islands on 11 December 2007 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The consolidated financial statements for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as “Group”). The Group is primarily engaged in the manufacturing and sales of household and personal care products. The Group is also engaged in the sales of herbal tea products since June 2010.

2 Significant accounting policies

(a) Statement of compliance

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

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

1 報告實體

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

截至二零一一年十二月三十一日止年度的合併財務報表包括本公司及其附屬公司(統稱「本集團」)。本集團主要從事製造及銷售家用個人護理產品業務。本集團從二零一零年六月起從事銷售涼茶產品業務。

2 主要會計政策

(a) 合規聲明

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

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(b) Basis of measurement

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

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

- derivative financial instrument (see Note 2(f)(i))
- biological assets (see Note 2(h))

(c) Use of estimates and judgements

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

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

2 主要會計政策(續)

(b) 計量基準

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

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

- 衍生金融工具(附註2(f)(i))
- 生物資產(附註2(h))

(c) 所用估計及判斷

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

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(c) Use of estimates and judgements

(continued)

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 28.

(d) Subsidiaries

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

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

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

2 主要會計政策 (續)

(c) 所用估計及判斷 (續)

管理層應用國際財務報告準則時所作出的對財務報表有重大影響的判斷以及估計不明朗因素的主要來源於附註28詳述。

(d) 附屬公司

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

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

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(e) Foreign currency transactions

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

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

(f) Financial instruments

(i) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

2 主要會計政策(續)

(e) 外幣交易

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

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

(f) 金融工具

(i) 衍生金融工具

衍生金融工具初始按公允價值確認，並於每個資產負債表日對其公允價值進行重新計量。重新計量公允價值產生的收益或虧損即時在損益中確認。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(f) Financial instruments (continued)

(ii) Non-derivative financial assets

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

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

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

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

Trade and other receivables

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

2 主要會計政策(續)

(f) 金融工具(續)

(ii) 非衍生金融資產

非衍生金融資產於本集團成為金融工具合約條文的訂約方時確認。

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

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

非衍生金融資產包括貿易及其他應收款項以及現金及現金等價物。

貿易及其他應收款項

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(f) Financial instruments (continued)

(ii) Non-derivative financial assets

(continued)

Cash and cash equivalents

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

(iii) Non-derivative financial liabilities

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

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

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

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

2 主要會計政策(續)

(f) 金融工具(續)

(ii) 非衍生金融資產(續)

現金及現金等價物

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

(iii) 非衍生金融負債

非衍生金融負債於本集團成為金融工具合約條文的訂約方時初次確認。

本集團在有關合約責任解除或取消或到期時終止確認金融負債。

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

本集團的非衍生金融負債包括付息借貸、貿易及其他應付款項及應付關聯方款項。

Notes to the Financial Statements

財務報表附註

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

2 Significant accounting policies (continued)

(f) Financial instruments (continued)

(iii) Non-derivative financial liabilities

(continued)

Interest-bearing borrowings

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

Trade and other payables and amounts due to related parties

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

(iv) Ordinary Share

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

(g) Property, plant and equipment

(i) Recognition and measurement

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

2 主要會計政策(續)

(f) 金融工具(續)

(iii) 非衍生金融負債(續)

付息借貸

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

貿易及其他應付款項及應付關聯方款項

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

(iv) 普通股

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

(g) 物業、廠房及設備

(i) 確認及計量

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

(i) Recognition and measurement

(continued)

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

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

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

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

2 主要會計政策(續)

(g) 物業、廠房及設備(續)

(i) 確認及計量(續)

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

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

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

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

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculation over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment less their estimated residual value.

The estimated useful lives of property, plant and equipment are as follows:

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

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

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

2 主要會計政策 (續)

(g) 物業、廠房及設備 (續)

(ii) 日後成本

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

(iii) 折舊

折舊乃基於可折舊金額計算。可折舊金額指資產的成本或其他可用於替代成本的金額減去剩餘價值。

物業、廠房及設備項目各部分的折舊在其減去估計的剩餘價值後於估計的可使用年限內按直線法於損益確認。

物業、廠房及設備的估計可使用年限如下：

• 物業	20年
• 機器	10年
• 運輸工具	5至8年
• 辦公室設備及其他	5年
• 展示專櫃	2年

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

本集團會於每個呈報日期審閱折舊方法、可使用年限及進行剩餘價值重估。

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2 Significant accounting policies (continued)

(h) Biological assets

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

(i) Inventories

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

(j) Impairment of assets

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

2 主要會計政策(續)

(h) 生物資產

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

(i) 存貨

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

(j) 資產減值

(i) 金融資產

倘若有客觀跡象顯示一項或多項事件對金融資產的估計未來現金流量有負面影響，則該金融資產被視為已減值。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(j) Impairment of assets (continued)

(i) Financial assets (continued)

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

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

All impairment losses are recognised in profit or loss.

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

(ii) Non-financial assets

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

2 主要會計政策(續)

(j) 資產減值(續)

(i) 金融資產(續)

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

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

所有減值虧損均於損益確認。

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

(ii) 非金融資產

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

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2 Significant accounting policies (continued)

(j) Impairment of assets (continued)

(ii) Non-financial assets (continued)

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

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

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

2 主要會計政策(續)

(j) 資產減值(續)

(ii) 非金融資產(續)

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

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

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

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(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(k) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution retirement plans

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

(iii) Share-based payment transactions

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

2 主要會計政策(續)

(k) 僱員福利

(i) 短期僱員福利

薪金、工資、年度花紅及員工福利均計入本集團僱員提供有關服務的年度內。

(ii) 界定供款退休計劃

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

(iii) 以權益結算的股份支付交易

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

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2 Significant accounting policies (continued)

(k) Employee benefits (continued)

(iii) Share-based payment transactions

(continued)

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

(l) Provisions and contingent liabilities

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

2 主要會計政策(續)

(k) 僱員福利(續)

(iii) 以權益結算的股份支付交易(續)

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

(l) 撥備及或然負債

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

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2 Significant accounting policies (continued)

(l) Provisions and contingent liabilities

(continued)

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

(m) Turnover

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

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

(n) Operating lease payment

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

2 主要會計政策(續)

(l) 撥備及或然負債(續)

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

(m) 營業額

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

風險及回報的轉移視乎銷售合約的個別條款而有所變化。

(n) 經營租賃付款

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

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2 Significant accounting policies (continued)

(o) Finance income and finance costs

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

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

(p) Research and development costs

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

(q) Borrowing costs

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

2 主要會計政策(續)

(o) 財務收入及費用

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

財務費用包括借貸利息支出及滙兌損失淨額。

(p) 研究開發成本

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

(q) 借貸成本

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

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2 Significant accounting policies (continued)

(q) Borrowing costs (continued)

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

(r) Income tax

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

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

2 主要會計政策(續)

(q) 借貸成本(續)

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

(r) 所得稅開支

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

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

Notes to the Financial Statements 財務報表附註

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

2 Significant accounting policies (continued)

(r) Income tax (continued)

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

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

(s) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the group if that person:
 - (i) has control or joint control over the group;
 - (ii) has significant influence over the group;
or

2 主要會計政策(續)

(r) 所得稅開支(續)

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

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

(s) 關聯方

就本財務報表而言，倘若符合下列條件，則被視為本集團的關聯方：

- (a) 該名人士須符合以下條件時，該名人士或與該名人士關係密切的家庭成員方與本集團有關聯：
 - (i) 對本集團擁有控制權或共同控制權；
 - (ii) 對本集團擁有重大影響；或

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(s) Related parties (continued)

- (a) A person, or a close member of that person's family, is related to the group if that person:
(continued)
 - (iii) is a member of the key management personnel of the group or the group's parent.
- (b) An entity is related to the group if any of the following conditions applies:
 - (i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2 主要會計政策 (續)

(s) 關聯方 (續)

- (a) 該名人士須符合以下條件時，該名人士或與該名人士關係密切的家庭成員方與本集團有關聯：(續)
 - (iii) 為本集團或本集團母公司之主要管理層人員。
- (b) 實體於適用以下任何條件之一時，與本集團方有關聯：
 - (i) 實體與本集團為同一集團成員，即母公司、附屬公司及同系附屬公司各自彼此相互關聯。
 - (ii) 某一實體為另一實體之聯營公司或合營公司，或為另一實體所屬集團成員之聯營公司或合營公司。
 - (iii) 實體均為同一第三方之合營公司。
 - (iv) 實體為第三實體之合營公司，而另一實體為該第三實體之聯營公司。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(s) Related parties (continued)

- (b) An entity is related to the group if any of the following conditions applies: (continued)
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(t) Segment reporting

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

2 主要會計政策(續)

(s) 關聯方(續)

- (b) 實體於適用以下任何條件之一時，與本集團方有關聯：(續)
- (v) 實體為本集團或與本集團有關之實體之僱員福利設立離職後福利計劃。
- (vi) 實體受(a)所界定人士控制或共同控制。
- (vii) (a)(i)所界定人士對實體擁有重大影響或為實體或該名實體母公司之主要管理人員。

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

(t) 分部報告

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

2 Significant accounting policies (continued)

(t) Segment reporting (continued)

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

3 Changes in accounting policies

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

- ISA 24 (revised 2009), Related party disclosures
- Improvements to IFRSs (2010)

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

The impacts of these developments are discussed below:

- IAS 24 (revised 2009) revises the definition of a related party. As a result, the group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the group's related party disclosures in the current and previous period. IAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the group because the group is not a government-related entity.

2 主要會計政策(續)

(t) 分部報告(續)

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

3 會計政策變更

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

- 國際會計準則第24號(二零零九年修訂)，關聯方披露
- 國際財務報告準則的改進(二零一零年)

本集團並未應用任何於本會計期間尚未生效之新準則或詮釋。

這些變動的影響如下所述：

- 《國際會計準則》第24號(二零零九年修訂)對關聯人士之定義作出修訂。因此，本集團已重新評估關聯人士之識別方法，並認為該修訂定義對本集團於本期間及過往期間之關聯人士披露並無任何重大影響。此外，《國際會計準則》第24號(二零零九年修訂)亦對政府相關實體之披露規定作出修改。由於本集團並非政府相關實體，故此修訂對本集團並無影響。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

3 Changes in accounting policies (continued)

- *Improvements to IFRSs (2010)* omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, Financial instruments: Disclosures. The disclosures about the group's financial instruments in note 24 have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

4 Segment reporting

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

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

(a) Segment results, assets and liabilities

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

3 會計政策變更(續)

- 國際財務報告準則之改進(二零一零年)綜合準則對香港財務報告準則第7號「金融工具：披露」之披露規定作出多項修訂。附註24中有關本集團財務工具的披露乃符合經修訂之披露規定。該等修訂對本期間及過往期間於財務報表內確認金額之分類、確認及計量並無任何重大影響。

4 分部報告

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

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

(a) 分部業績，資產及負債

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

4 Segment reporting (continued)

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

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

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

4 分部報告(續)

(a) 分部業績，資產及負債(續)

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

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

Notes to the Financial Statements 財務報表附註

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

4 Segment reporting (continued)

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

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2011 and 2010 is set out as below:

		Hair-care products		Herbal tea products		Skin-care products		Other household and personal care products		Total	
		護髮產品		涼茶產品		護膚產品		其他家用個人護理產品		合計	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
		二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年	二零一一年	二零一零年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Reportable segment revenue	可報告分部收入										
Revenue from external customers	來自外界客戶之收入	567,404	1,328,079	167,263	69,757	89,060	27,272	65,182	50,247	888,909	1,475,355
Inter-segment revenue	分部間銷售收入	2	199	4,296	1,214	1	—	—	—	4,299	1,413
		567,406	1,328,278	171,559	70,971	89,061	27,272	65,182	50,247	893,208	1,476,768
Reportable segment loss	可報告分部虧損										
Adjusted loss from operations	經調整經營虧損	(482,694)	(39,888)	(86,851)	(65,084)	(38,912)	(3,306)	(1,919)	(2,339)	(610,376)	(110,617)

(b) Reconciliations of reportable segment revenue and results

Revenue

		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Reportable segment revenue	可報告分部收入	893,208	1,476,768
Elimination of inter-segment revenue	抵銷各分部間收入	(4,299)	(1,413)
Consolidated turnover	合併營業額	888,909	1,475,355

4 分部報告(續)

(a) 分部業績，資產及負債(續)

截至二零一一年及二零一零年十二月三十一日止年度，有關向本集團高級執行管理層提供之資源分配及分部表現評估之本集團可報告分部之資料分別載列如下：

(b) 可報告分部收入及業績的對賬

收入

		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Reportable segment revenue	可報告分部收入	893,208	1,476,768
Elimination of inter-segment revenue	抵銷各分部間收入	(4,299)	(1,413)
Consolidated turnover	合併營業額	888,909	1,475,355

Notes to the Financial Statements

財務報表附註

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

4 Segment reporting (continued)

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

Results

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Reportable segment loss	可報告分部虧損	(610,376)	(110,617)
Elimination of inter-segment profits	抵銷各分部間溢利	130	(130)
Changes in fair value less costs to sell of biological assets	生物資產公允價值減銷售成本的變動損益	1,462	—
Other revenue	其他收益	2,451	1,810
Other net income/(losses)	其他收入/(虧損)淨額	841	(1,399)
Unallocated head office and corporate expenses	未分攤之總部與公司行政開支	(19,795)	(21,237)
Finance income	財務收入	10,860	13,043
Finance costs	財務費用	(4,110)	(15,601)
Consolidated loss before taxation	合併除稅前虧損	(618,537)	(134,131)

(c) Geographic information

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

4 分部報告(續)

(b) 可報告分部收入及業績的對賬(續)

業績

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Reportable segment loss	可報告分部虧損	(610,376)	(110,617)
Elimination of inter-segment profits	抵銷各分部間溢利	130	(130)
Changes in fair value less costs to sell of biological assets	生物資產公允價值減銷售成本的變動損益	1,462	—
Other revenue	其他收益	2,451	1,810
Other net income/(losses)	其他收入/(虧損)淨額	841	(1,399)
Unallocated head office and corporate expenses	未分攤之總部與公司行政開支	(19,795)	(21,237)
Finance income	財務收入	10,860	13,043
Finance costs	財務費用	(4,110)	(15,601)
Consolidated loss before taxation	合併除稅前虧損	(618,537)	(134,131)

(c) 地區資料

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

4 Segment reporting (continued)

(c) Geographic information (continued)

		Revenues from external customers 來自外部客戶的收入		Specified non-current assets 指定的非流動資產	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
PRC (place of domicile)	中國(集團基地)	866,469	1,413,695	187,626	58,957
Hong Kong	香港	13,813	41,146	2,101	3,616
Singapore	新加坡	2,388	13,325	—	—
Malaysia	馬來西亞	705	4,461	—	—
Myanmar	緬甸	1,148	1,119	—	—
Brunei	汶萊	—	706	—	—
The United Arab Emirates	阿聯酋	—	903	—	—
Thailand	泰國	3,482	—	—	—
Australia	澳大利亞	904	—	—	—
		22,440	61,660	2,101	3,616
		888,909	1,475,355	189,727	62,573

4 分部報告(續)

(c) 地區資料(續)

5 Turnover

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

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

5 營業額

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

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

Notes to the Financial Statements

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

5 Turnover (continued)

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Hair-care products	護髮產品	567,404	1,328,079
Herbal tea products	涼茶產品	167,263	69,757
Skin-care products	護膚產品	89,060	27,272
Other household and personal care products	其他家用個人護理產品	65,182	50,247
		888,909	1,475,355

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

本集團客戶基礎分散，並無與單一客戶的交易佔本集團總營業額10%以上。

6 Loss before taxation

Loss before taxation is arrived at after charging/crediting:

(a) Finance income and costs

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Finance income	財務收入		
Interest income on bank deposits	銀行存款利息收入	10,860	13,043
Finance costs	財務費用		
Interest on bank borrowings	銀行貸款利息	(3,154)	(5,115)
Bank charges on bank borrowings	銀行貸款手續費	—	(2,016)
Net foreign exchange losses	匯兌損失淨額	(956)	(8,470)
Subtotal	小計	(4,110)	(15,601)
Net finance income/(costs)	財務收入/(費用)淨額	6,750	(2,558)

5 營業額(續)

6 除所得稅前虧損

除所得稅前虧損已扣除/計入下列各項：

(a) 財務收入及費用

Notes to the Financial Statements 財務報表附註

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

6 Loss before taxation (continued)

(b) Staff costs*

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	258,172	129,700
Equity-settled share-based payment expenses (Note 21)	以權益結算的股份支付費用(附註21)	3,059	8,413
Contributions to defined contribution retirement plan	界定供款退休計劃供款	8,362	5,599
		269,593	143,712

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

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

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

6 除所得稅前虧損(續)

(b) 員工成本*

員工成本包括董事酬金(附註8(a))。

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

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

6 Loss before taxation (continued)

(b) Staff costs* (continued)

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

(c) Other items

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Depreciation*	折舊*	15,490	8,252
Auditors' remuneration	核數師酬金	1,380	1,250
Cost of inventories*	存貨成本*	544,154	564,017
Impairment loss for bad and doubtful debts (Note 16(b))	呆壞賬減值虧損 (附註16(b))	1,725	149

* Cost of inventories includes RMB46,355,000 (2010: RMB40,260,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

6 除所得稅前虧損(續)

(b) 員工成本*(續)

除上述供款外，本集團並無其他為僱員退休及其他退休後福利供款的責任。

(c) 其他項目

* 存貨成本包括與員工成本及折舊有關的款項合共人民幣46,355,000元(二零一零年：人民幣40,260,000元)，有關款項亦已計入上文或附註6(b)個別披露的各類開支總額。

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財務報表附註

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

7 Income tax credit

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

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Current tax – PRC income tax	即期稅項 — 中國所得稅		
Provision for the year	年內撥備	—	9,660
Over-provision in respect of prior years	以往年度多計提的稅額撥備	(509)	(2,476)
		(509)	7,184
Current tax – Hong Kong income tax	即期稅項 — 香港利得稅		
Provision for the year	年內撥備	—	3,745
Over-provision in respect of prior years	以往年度多計提的稅額撥備	(3,942)	—
		(3,942)	3,745
Deferred tax – PRC income tax	遞延稅項 — 中國所得稅		
Origination of temporary differences	暫時性差額的產生	(55,516)	(27,089)
Income tax credit	所得稅抵扣	(59,967)	(16,160)

7 所得稅抵扣

(a) 合併損益表內的所得稅抵扣指：

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(i) 根據開曼群島及英屬處女群島的規則及規例，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

7 Income tax credit (continued)

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

- (ii) Bawang (Guangzhou) Co., Ltd. ("Bawang Guangzhou"), a PRC subsidiary of the Group, is subject to a unified income tax rate of 25% with effect from 1 January 2008.

In accordance with the Implementation Rules and grandfathering arrangements of the Corporate Income Tax Law of the PRC ("CIT Law") which started to take effect on 1 January 2008, Bawang Guangzhou continued to be eligible for the "two-year exemption and three-year 50% reduction" tax holiday from 2006 to 2010. The applicable income tax rate of Bawang Guangzhou in 2010 was 12.5%.

Bawang Guangzhou qualified as a new and high technology enterprise in 2009 and the qualification was valid for three years from 2009 to 2011. Therefore, Bawang Guangzhou was entitled to a preferential income tax rate of 15% in 2011.

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

7 所得稅抵扣(續)

(a) 合併損益表內的所得稅抵扣指：(續)

- (ii) 自二零零八年一月一日起，本集團的中國附屬公司霸王(廣州)有限公司(「霸王廣州」)適用統一的所得稅稅率25%。

根據二零零八年一月一日開始生效的《中國企業所得稅法》(「企業所得稅法」)的實施詳情及過渡期安排，霸王廣州仍可繼續於二零零六年至二零一零年期間享有「兩免三減半」的稅務優惠。二零一零年霸王廣州之適用所得稅稅率為12.5%。

霸王廣州於二零零九年被認定為高新技術企業，該資格於二零零九年至二零一一年三年內有效。因此，霸王廣州於二零一一年享受15%的優惠所得稅稅率。

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

7 Income tax credit (continued)

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

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

7 所得稅抵扣(續)

(a) 合併損益表內的所得稅抵扣指：(續)

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

Notes to the Financial Statements

財務報表附註

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

7 Income tax credit (continued)

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

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Loss before income tax	除所得稅前虧損	(618,537)	(134,131)
Income tax on loss before tax, calculated at the rates applicable to the PRC operations (i.e. 25%)	按適用於中國業務的稅率計算(即25%)的除稅前虧損的所得稅	(154,634)	(33,533)
Effect of unused tax losses not recognised	未確認之未利用稅務損失的影響	28,348	966
Effect of other deductible temporary differences not recognised as deferred tax assets	未確認為遞延稅項資產的其他的可抵扣暫時性差異的影響	8,963	—
Effect of tax rate differential (i)	不同稅率的影響(i)	30,904	22,167
Effect on deemed taxable income (ii)	被視為應課稅收入的影響(ii)	1,397	984
Effect of non-deductible expenses	不可扣稅開支的影響	3,689	5,392
Effect of tax concessions (iii)	稅項優惠的影響(iii)	25,816	(9,660)
Bonus deduction of R&D expenses (iv)	研究開發費用的加計扣除(iv)	(2,568)	(2,689)
(Over)/under provision in prior year	以前年度(多)/少計提撥備	(1,882)	213
Income tax credit	所得稅抵扣	(59,967)	(16,160)

(i) The effect of tax rate differential mainly represented the effect of the difference in tax rates among the Company and its subsidiaries and the tax effect arising from difference between the tax rate of 25% being applied in the computation of expected income tax and the rate for recognising the deferred tax.

(i) 不同稅率的影響主要包括本公司及各附屬公司之間適用不同稅率的影響，以及計算預期所得稅時所使用的25%稅率與確認遞延稅項資產時所使用的稅率不同所產生的影響。

7 所得稅抵扣(續)

(b) 按適用稅率計算的所得稅抵扣與會計虧損對賬：

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

7 Income tax credit (continued)

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

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

7 所得稅抵扣(續)

(b) 按適用稅率計算的所得稅抵扣與會計虧損對賬：(續)

- (ii) 被視為應課稅收入的影響即有關無償向客戶提供推廣貨品的被視為銷售收入，其根據中國新稅法而計算。
- (iii) 稅項優惠的影響指按標準所得稅稅率與按附註7(a)(ii)所載本集團享有的優惠所得稅稅率繳稅的差額。
- (iv) 根據國家稅務總局頒佈的於2008年1月1日起生效的《企業研究開發費用稅前扣除管理辦法》(國稅發[2008]第116號)，未資本化的研究開發費用可在計算所得稅時進行加計扣除，即按該費用50%計算的金額可額外於稅前加計扣除。

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(除另有說明外，概以人民幣列示)

8 Directors' remuneration

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

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

8 董事酬金

(a) 本公司董事酬金詳情如下：

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

8 Directors' remuneration (continued)

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

		Directors' fee	Salaries, allowances and benefits in kind 薪金、津貼及實物利益	Discretionary bonuses 花紅	Retirement scheme contributions 退休福利計劃供款	Sub-total	Share-based payments (note(i)) 股份支付 (附註(i))	2010 total 二零一零年 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Chairman	主席							
Mr CHEN Qiyuan	陳啟源先生	—	—	—	—	—	—	—
Executive directors	執行董事							
Ms WAN Yuhua	萬玉華女士	—	—	—	—	—	—	—
Mr SHEN Xiaodi	沈小笛先生	—	1,039	—	10	1,049	1,389	2,438
Mr WONG Sin Yung	黃善榕先生	—	1,731	—	10	1,741	1,511	3,252
Non-executive director	非執行董事							
Ms GUO Jing	郭晶女士	260	—	—	—	260	—	260
Independent non-executive directors	獨立 非執行董事							
Mr NGAI Wai Fung	魏偉峰先生	346	—	—	—	346	—	346
Mr CHEN Kaizhi	陳開枝先生	260	—	—	—	260	—	260
Mr LI Bida	李必達先生	260	—	—	—	260	—	260
Total	總計	1,126	2,770	—	20	3,916	2,900	6,816

Note:

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

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in Note 21.

附註：

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

該等實物利益的詳情，包括授出購股權的主要條款及數目，載於附註21。

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財務報表附註

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

8 Directors' remuneration (continued)

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

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 Number of directors 董事數目	2010 二零一零年 Number of directors 董事數目
Nil to HK\$1,000,000	零至1,000,000港元	6	6
HK\$1,000,001 to 1,500,000	1,000,001至1,500,000港元	—	—
HK\$1,500,001 to 2,000,000	1,500,001至2,000,000港元	—	—
HK\$2,000,001 to 2,500,000	2,000,001至2,500,000港元	—	1
HK\$2,500,001 to 3,000,000	2,500,001至3,000,000港元	2	—
HK\$3,000,001 to 3,500,000	3,000,001至3,500,000港元	—	—
HK\$3,500,001 to 4,000,000	3,500,001至4,000,000港元	—	1
		8	8

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2010: three) are directors, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the five individuals with highest emoluments are as follows:

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Salaries and other emoluments	薪金及其他薪酬	5,838	3,271
Share-based payments	股份支付	2,251	4,486
Contribution to defined contribution retirement plans	界定供款退休計劃供款	35	46
		8,124	7,803

8 董事酬金(續)

(b) 按董事數目及薪酬範圍呈列的董事薪酬分析如下：

9 最高薪酬人士

5位最高薪酬人士中，兩位(二零一零年：三位)為董事，彼等薪酬於附註8披露。五位最高薪酬人士的薪酬總額如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

9 Individuals with highest emoluments

(continued)

An analysis of the emoluments of the five individuals with the highest emoluments is with the following bands:

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 Number of individuals 人數	2010 二零一零年 Number of individuals 人數
Nil to HK\$1,000,000	零至1,000,000港元	1	2
HK\$1,000,001 to 1,500,000	1,000,001至1,500,000港元	1	—
HK\$1,500,001 to 2,000,000	1,500,001至2,000,000港元	1	1
HK\$2,000,001 to 2,500,000	2,000,001至2,500,000港元	—	—
HK\$2,500,001 to 3,000,000	2,500,001至3,000,000港元	2	1
HK\$3,000,001 to 3,500,000	3,000,001至3,500,000港元	—	—
HK\$3,500,001 to 4,000,000	3,500,001至4,000,000港元	—	1
		5	5

10 Loss attributable to equity shareholders of the Company

The consolidated loss attributable to equity shareholders of the Company includes a loss of RMB24,405,000 (2010: RMB16,948,000) which has been dealt with in the financial statements of the Company.

9 最高薪酬人士(續)

五位最高薪酬人士的薪酬分析如下：

10 本公司權益持有人應佔虧損

本公司權益持有人應佔綜合虧損包括已計入本公司財務報表內的人民幣24,405,000元的虧損(二零一零年：人民幣16,948,000元)。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

10 Loss attributable to equity shareholders of the Company (continued)

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

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements	已計入本公司財務報表中的權益持有人應佔虧損金額	(24,405)	(16,948)
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year	附屬公司上一個財政年度產生利潤而宣派末期股息，於本年內獲批准及支付	—	329,409
Company's (loss)/profit for the year (Note 23(a))	本公司年內(虧損)/溢利(附註23(a))	(24,405)	312,461

Details of dividends paid and payable to equity shareholders of the Company are set out in Note 23(b).

10 本公司權益持有人應佔虧損(續)

上述金額與本公司年內虧損之間對賬：

已付及應付本公司權益持有人股息的詳情載於附註23(b)。

Notes to the Financial Statements

財務報表附註

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

11 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB558,570,000 (2010: RMB117,971,000) and the weighted average of 2,908,606,062 ordinary shares (2010: 2,906,389,810 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

		For the year ended 31 December 於十二月三十一日	
		2011 二零一一年	2010 二零一零年
Issued ordinary shares at 1 January	於一月一日已發行普通股	2,907,820,720	2,905,000,000
Effect of share option exercised (Note 23(c)(i))	已執行的股份認購權的影響(附註23(c)(i))	785,342	1,389,810
Weighted average number of ordinary shares at 31 December	於十二月三十一日普通股的加權平均數	2,908,606,062	2,906,389,810

(b) Diluted loss per share

The calculation of diluted loss per share for the years ended 31 December 2011 and 2010 does not assume the exercise of the Company's share options as the effect is anti-dilutive.

11 每股虧損

(a) 每股基本虧損

每股基本虧損乃根據年內本公司普通股權益持有人應佔虧損人民幣558,570,000元(二零一零年：人民幣117,971,000元)，及已發行普通股加權平均數2,908,606,062股(二零一零年：2,906,389,810股普通股)計算如下：

普通股加權平均數：

(b) 每股攤薄虧損

由於本公司購股權具有反攤薄效果，所以在計算截至二零一一年及二零一零年十二月三十一日止年度每股攤薄虧損時，並無假定本公司購股權的行使。

Notes to the Financial Statements 財務報表附註

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

12 Property, plant and equipment

The Group

		Buildings	Machinery	Motor vehicles	Office equipment and others	Display furniture	Construction in progress	Total
		房屋	機器	運輸工具	辦公室設備及其他	展示專櫃	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本：							
At 1 January 2010	於二零一零年一月一日	—	30,707	12,247	12,024	—	1,763	56,741
Additions	添置	5,494	12,018	1,725	7,972	1,119	803	29,131
Disposals	出售	—	—	(3)	(155)	—	—	(158)
Transfer from construction in progress	轉撥自在建工程	—	—	—	1,573	—	(1,573)	—
At 31 December 2010 and 1 January 2011	於二零一零年十二月三十一日及二零一一年一月一日	5,494	42,725	13,969	21,414	1,119	993	85,714
Additions	添置	—	5,959	770	4,333	18,602	110,341	140,005
Disposals	出售	—	—	(466)	(155)	—	—	(621)
Transfer from construction in progress	轉撥自在建工程	877	1,184	—	—	—	(2,061)	—
At 31 December 2011	於二零一一年十二月三十一日	6,371	49,868	14,273	25,592	19,721	109,273	225,098
Accumulated depreciation:	累計折舊：							
At 1 January 2010	於二零一零年一月一日	—	(9,659)	(4,857)	(2,895)	—	—	(17,411)
Charge for the year	年內計提	(84)	(3,114)	(2,316)	(2,724)	(14)	—	(8,252)
Written back on disposals	出售時撥回	—	—	2	83	—	—	85
At 31 December 2010 and 1 January 2011	於二零一零年十二月三十一日及二零一一年一月一日	(84)	(12,773)	(7,171)	(5,536)	(14)	—	(25,578)
Charge for the year	年內計提	(264)	(4,601)	(2,400)	(4,150)	(4,075)	—	(15,490)
Written back on disposals	出售時撥回	—	—	419	106	—	—	525
At 31 December 2011	於二零一一年十二月三十一日	(348)	(17,374)	(9,152)	(9,580)	(4,089)	—	(40,543)
Carrying amount:	賬面值：							
At 31 December 2010	於二零一零年十二月三十一日	5,410	29,952	6,798	15,878	1,105	993	60,136
At 31 December 2011	於二零一一年十二月三十一日	6,023	32,494	5,121	16,012	15,632	109,273	184,555

All property, plant and equipment owned by the Group are located in the PRC.

本集團擁有的全部物業、廠房及設備均位於中國。

Notes to the Financial Statements

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

13 Biological assets

The Group

Biological assets represent the growing herbs in the cultivation base located in mainland China.

		The Group 本集團	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	—	—
Changes in fair value less costs to sell	公允價值減銷售成本的變動損益	1,462	—
Plantation expenditure	種植支出	837	—
Herbs harvested during the year	本年收獲的中草藥	(53)	—
At 31 December	於十二月三十一日	2,246	—
Non-current portion	非流動部份	1,297	—
Current portion	流動部份	949	—
At 31 December	於十二月三十一日	2,246	—

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

Biological assets were stated at fair value less costs to sell as of 31 December 2011 as estimated by an independent appraiser using the net present value approach whereby projected future net cash flows were discounted to provide a current market value of the biological assets.

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

13 生物資產

本集團

生物資產是指位於中國大陸的種植基地裡種植的中草藥。

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

於二零一一年十二月三十一日的生物資產以公允價值減銷售成本進行計量，其價值是由獨立的評估師以淨現值方法進行估計。該評估師在對生物資產的價值進行評估時，對預測未來淨現金流量進行折現，以計算該生物資產的現行市場價值。

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

13 Biological assets (continued)

The Group (continued)

The principal valuation methodology and assumptions adopted are as follows:

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

13 生物資產(續)

本集團(續)

評估所採用的主要方法及假設如下：

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

14 Investments in subsidiaries

14 於附屬公司的投資

		The Company 本公司 At 31 December 於十二月三十一日	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Unlisted shares, at cost (US\$2)	非上市股份， 按成本列值(2美元)	—	—
Less: impairment loss	減：減值損失	—	—
		—	—

Notes to the Financial Statements 財務報表附註

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

14 Investments in subsidiaries (continued)

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

14 於附屬公司的投資(續)

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

Name of company 公司名稱	Place of incorporation and operation 成立及經營地點	Particulars of issued and paid up capital 已發行及繳足資本	Group's effective interest 本集團實際權益	Proportion of ownership interest 應佔股本權益		Principal activities 主要業務
				Held by the Company 本公司持有	Held by a subsidiary 由附屬公司持有	
Forever Giants Limited ("Forever Giants")	British Virgin Island ("BVI") 英屬處女群島	US\$1 1美元	100%	100%	—	Marketing and promotion of household and personal care products 營銷及推廣家用及個人護理產品
Maxford Investments Development Ltd. ("Maxford Investments")	BVI 英屬處女群島	1 share of no par value with US\$1 paid up as consideration 已支付1美元作為代價的1股無面值股份	100%	100%	—	Investment holding 投資控股
Lucky Rich Investments Limited ("Lucky Rich")	BVI 英屬處女群島	10,000 shares of no par value with US\$10,000 paid up as consideration 已支付10,000美元作為代價的10,000股無面值股份	100%	—	100%	Investment holding 投資控股
Bawang International Investments Limited ("Bawang Investments") 霸王國際投資有限公司 ("霸王投資")	Hong Kong 香港	HK\$1 1港元	100%	—	100%	Investment holding and advertising agency 投資控股及廣告代理
Bawang International Group Holding (HK) Limited ("Bawang Hong Kong") 霸王國際集團控股(香港)有限公司 ("霸王香港")	Hong Kong 香港	HK\$1 1港元	100%	—	100%	Investment holding, advertising agency and trading of household and personal care products 投資控股，廣告代理及銷售家用及個人護理產品

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(除另有說明外，概以人民幣列示)

14 Investments in subsidiaries (continued)

14 於附屬公司的投資(續)

Name of company 公司名稱	Place of incorporation and operation 成立及經營地點	Particulars of issued and paid up capital 已發行及繳足資本	Group's effective interest 本集團實際權益	Proportion of ownership interest 應佔股本權益		Principal activities 主要業務
				Held by the Company 本公司持有	Held by a subsidiary 由附屬公司持有	
Hong Kong Bawang International Trading Limited ("Bawang Trading") 香港霸王國際貿易有限公司 (「霸王貿易」)	Hong Kong 香港	HK\$1 1港元	100%	—	100%	Advertising agency and trading of household and personal care products 廣告代理及銷售家用及個人護理產品
Bawang (Guangzhou) Co., Ltd. ("Bawang Guangzhou") 霸王(廣州)有限公司(「霸王廣州」)	the PRC 中國	US\$59,500,000 59,500,000美元	100%	—	100%	Manufacturing and trading of household and personal care products 製造及銷售家用及個人護理產品
Bawang (China) Beverage Co., Ltd. ("Bawang Beverage") 霸王(中國)飲料有限公司 (「霸王飲料」)	the PRC 中國	HK\$180,000,000 180,000,000港元	100%	—	100%	Trading of herbal tea products 銷售涼茶產品
Bawang (China) Herbal Co., Ltd. ("Bawang Herbal") 霸王(中國)中草藥有限公司 (「霸王中草藥」)	the PRC 中國	RMB100,000,000 人民幣100,000,000元	100%	—	100%	Plantation of herbs 種植中草藥

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(除另有說明外，概以人民幣列示)

15 Inventories

(a) Inventories in the balance sheet comprise:

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2011 二零一一年	2010 二零一零年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Raw materials	原材料	17,425	12,552
Work in progress	在製品	5,813	6,229
Finished goods	製成品	59,157	40,987
Packing materials	包裝物料	25,741	19,527
Others	其他	4,023	4,921
		112,159	84,216

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

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2011 二零一一年	2010 二零一零年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Carrying amount of inventories sold	已售存貨賬面值	500,255	553,206
Write down of inventories	存貨跌價準備	54,710	10,811
Reversal of write-down inventories	轉回存貨跌價準備	(10,811)	—
		544,154	564,017

15 存貨

(a) 於結算日的存貨包括：

(b) 已計入損益並確認為費用的存貨金額分析如下：

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(除另有說明外，概以人民幣列示)

16 Trade and other receivables

16 貿易及其他應收款項

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Trade debtors and bills receivable	貿易應收款項及應收票據	150,387	314,481	—	—
Less: allowance for doubtful debts (Note 16(b))	減：呆賬撥備 (附註16(b))	(3,517)	(1,792)	—	—
		146,870	312,689	—	—
Prepayment for purchase of raw materials	購買原材料預付款項	2,112	2,656	—	—
Prepayment for purchase of fixed assets	購買固定資產預付款項	26,944	18,478	—	—
Prepaid advertising fee	預付廣告費用	71,699	87,021	—	—
Amounts due from subsidiaries (Note 16(d))	應收附屬公司款項 (附註16(d))	—	—	1,422,577	1,471,146
Other receivables	其他應收款項	10,347	19,216	—	251
		257,972	440,060	1,422,577	1,471,397

The credit terms granted by the Group to customers generally range from 30 days to 90 days. The Group's credit policy is set out in Note 24(c). Generally, all of the trade and other receivables are expected to be recovered within one year.

本集團一般授予客戶30至90日信用期。本集團的信貸政策載於附註24(c)。一般而言，所有貿易及其他應收款項預期於一年內收回。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

16 Trade and other receivables (continued)

(a) Ageing analysis

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

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2011 二零一一年	2010 二零一零年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Current	即期	111,636	278,427
Less than 3 months past due	逾期少於3個月	31,000	29,798
More than 3 months but less than 6 months past due	逾期多於3個月但少於6個月	3,618	5,130
More than 6 months but less than 12 months past due	逾期多於6個月但少於12個月	3,529	553
More than 12 months past due	逾期多於12個月	604	573
		150,387	314,481
Less: impairment loss for doubtful debts	減：呆賬減值虧損	(3,517)	(1,792)
		146,870	312,689

16 貿易及其他應收款項(續)

(a) 賬齡分析

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

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

16 Trade and other receivables (continued)

(b) Impairment of trade debtors and bills receivable

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

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

		The Group 本集團	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	1,792	1,650
Impairment loss recognised	已確認減值虧損	1,725	149
Uncollectible amounts written off	沖銷不可收回金額	—	(7)
At 31 December	於十二月三十一日	3,517	1,792

At 31 December 2011, the Group's trade debtors and bills receivable of RMB3,158,000 (2010: RMB985,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that full amount of these receivables cannot be recovered. Consequently full provisions for these doubtful debts were recognised. The Group does not hold any collateral over these balances.

16 貿易及其他應收款項(續)

(b) 貿易應收款項及應收票據的減值

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

呆賬撥備(主要包括個別損失)於年內的變動如下：

於二零一一年十二月三十一日，本集團有人民幣3,158,000元(二零一零年：人民幣985,000元)的貿易應收款項及應收票據被個別認定為出現減值。該等出現減值的應收款為客戶陷入財政困難及管理層評估為不能全數收回的應收款項。所以，本集團已對該等呆賬作全數撥備。本集團並無就該等結餘持有任何抵押品。

Notes to the Financial Statements 財務報表附註

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

16 Trade and other receivables (continued)

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

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

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Neither past due nor impaired	並無逾期或減值	111,368	277,710
Less than 3 months past due	逾期少於3個月	30,928	29,721
More than 3 months but less than 6 months past due	逾期多於3個月但少於6個月	3,610	5,117
More than 6 months but less than 12 months past due	逾期多於6個月但少於12個月	962	141
More than 12 months but less than 24 months past due	逾期多於12個月但少於24個月	2	—
		35,502	34,979
		146,870	312,689

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

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

16 貿易及其他應收款項(續)

(c) 無減值的貿易應收款項及應收票據

並無個別或整體地被認為出現減值的貿易應收款項及應收票據的賬齡分析如下：

並無逾期及減值的應收款項屬於為數眾多的客戶，彼等近期並無逾期付款記錄。

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

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

16 Trade and other receivables (continued)

(d) Amounts due from subsidiaries

These amounts due from subsidiaries of the Company are unsecured, non-interest bearing and are expected to be repaid within the next twelve months.

17 Pledged deposits

The balance as at 31 December 2010 represented the bank deposits of RMB220,000,000 pledged by Bawang Guangzhou in favour of China Merchants Bank Guangzhou Branch (“CMB Guangzhou Branch”), in respect of the bills payable accepted by CMB Guangzhou Branch. Such pledged deposits were released upon the payment of the bills payable by Bawang Guangzhou on 22 June 2011.

16 貿易及其他應收款項(續)

(d) 應收附屬公司款項

本公司的應收附屬公司款項為無抵押、免息及預期在未來十二個月內償還。

17 抵押存款

於二零一零年十二月三十一日的結餘指霸王廣州以招商銀行廣州分行(「招商銀行廣州分行」)為受益人，就該分行承兌的票據所抵押的銀行存款人民幣220,000,000元。該抵押已於二零一一年六月二十二日在霸王廣州支付票據後解除。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

18 Cash and cash equivalents

18 現金及現金等價物

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Deposits with banks within three months to maturity when placed	自存款日起三個月內到期的銀行定期存款	—	614,976	—	—
Deposits with banks within six months to maturity when placed	自存款日起六個月內到期的銀行定期存款	—	60,000	—	—
Cash at bank and in hand	銀行結餘及現金	602,672	511,568	85,408	100,104
		602,672	1,186,544	85,408	100,104

As at 31 December 2011, cash and cash equivalents in the amount of RMB478,985,000 (31 December 2010: RMB1,052,380,000) are dominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

於二零一一年十二月三十一日，本集團有人民幣478,985,000元(二零一零年十二月三十一日：人民幣1,052,380,000元)的現金及現金等價物以人民幣計值。人民幣並非自由兌換的貨幣，將資金匯出中國境外受中國政府實施的外匯管制所規限。

Notes to the Financial Statements 財務報表附註

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

19 Trade and other payables

19 貿易及其他應付款項

		The Group 本集團		The Company 本公司	
		At 31 December 於十二月三十一日		At 31 December 於十二月三十一日	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Trade payables	貿易應付款項	65,341	58,673	—	—
Receipts in advance	預收款項	30,530	57,460	—	—
Promotion fee payable	應付推廣費用	20,946	33,092	—	—
Accrued payroll	應付工資	27,390	18,525	263	255
Amounts due to subsidiaries	應付附屬公司款項	—	—	2,331	—
Derivative financial instruments	衍生金融工具	—	3,757	—	—
Other payables and accruals	其他應付款項及應計費用	57,618	57,286	1,328	100
		201,825	228,793	3,922	355

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

由供應商授予的信用期介乎30日至90日。

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

貿易及其他應付款項包括貿易應付款項，於結算日按到期日分析的賬齡如下：

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Due within 1 month or on demand	1個月內到期或按通知償還	56,514	40,390
Due after 1 month but within 3 months	1個月後但3個月內到期	8,827	18,283
		65,341	58,673

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財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

20 Bank loans and overdrafts

20 銀行貸款及透支

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Secured bank loan within 1 year	1年內到期的 有抵押銀行貸款	—	209,787

The balance as at 31 December 2010 mainly represented a short-term loan provided by China Merchants Bank Hong Kong Branch to Bawang Hong Kong at an interest rate of 3.3% per annum. The loan was repaid on 22 June 2011.

於二零一零年十二月三十一日的結餘主要為招商銀行香港分行向本公司的附屬公司霸王香港提供的年利率為3.3%的短期貸款，霸王香港已於二零一一年六月二十二日償還該貸款。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

21 Equity settled share-based transactions

(a) Pre-IPO Share Option Scheme

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

21 以權益結算的股份支付交易

(a) 首次公開發售前購股權計劃

董事會於二零零八年十二月十日批准首次公開發售前購股權計劃。於二零零九年六月八日，本公司有條件地根據首次公開發售前購股權計劃向董事、高級管理層成員及僱員授予若干首次公開發售前購股權。行使此等購股權賦予本公司兩名董事認購合共4,200,000股本公司股份，以及40名高級管理層和僱員認購合共10,332,000股本公司股份的權利。根據本公司與每個受益人簽訂的授予函件，首次公開發售前購股權計劃項下的每股股份行權價為其面值0.1港元（4人在此列，其中包括兩名董事）或1.19港元，即按全球發售下發售價2.38港元折讓50%（38人在此列）。根據首次公開發售前購股權計劃授出的每份購股權的行權等待期為由上市日期起計一年至五年，所有購股權必須於二零一九年六月八日前行使。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

21 Equity settled share-based transactions (continued)

(a) Pre-IPO Share Option Scheme (continued)

(i) The terms and conditions of the grants are as follows:

		Number of instruments 購股權數目	Vesting conditions 行權條件	Contractual life of options 購股權合約期
Options granted to directors:	授予董事的購股權：			
— on 8 June 2009	— 二零零九年六月八日	1,260,000	1 year from 3 July 2009 二零零九年七月三日起計1年	10 years 十年
— on 8 June 2009	— 二零零九年六月八日	735,000	2 years from 3 July 2009 二零零九年七月三日起計2年	10 years 十年
— on 8 June 2009	— 二零零九年六月八日	735,000	3 years from 3 July 2009 二零零九年七月三日起計3年	10 years 十年
— on 8 June 2009	— 二零零九年六月八日	735,000	4 years from 3 July 2009 二零零九年七月三日起計4年	10 years 十年
— on 8 June 2009	— 二零零九年六月八日	735,000	5 years from 3 July 2009 二零零九年七月三日起計5年	10 years 十年
Options granted to employees:	授予僱員的購股權：			
— on 8 June 2009	— 二零零九年六月八日	1,669,920	1 year from 3 July 2009 二零零九年七月三日起計1年	10 years 十年
— on 8 June 2009	— 二零零九年六月八日	1,868,160	2 years from 3 July 2009 二零零九年七月三日起計2年	10 years 十年
— on 8 June 2009	— 二零零九年六月八日	2,066,400	3 years from 3 July 2009 二零零九年七月三日起計3年	10 years 十年
— on 8 June 2009	— 二零零九年六月八日	2,264,640	4 years from 3 July 2009 二零零九年七月三日起計4年	10 years 十年
— on 8 June 2009	— 二零零九年六月八日	2,462,880	5 years from 3 July 2009 二零零九年七月三日起計5年	10 years 十年
Total share options granted	授予購股權總數	14,532,000		

21 以權益結算的股份支付交易 (續)

(a) 首次公開發售前購股權計劃 (續)

(i) 授予年期及條件如下：

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財務報表附註

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

21 Equity settled share-based transactions (continued)

(a) Pre-IPO Share Option Scheme (continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2011 二零一一年		2010 二零一零年	
	Weighted average exercise price (in HK\$) (港元)	Number of options '000 千	Weighted average exercise price (in HK\$) (港元)	Number of options '000 千
Outstanding at the beginning of the year 於年初時尚未行使	0.58	11,291	0.71	14,322
Exercised during the year 年內行使	0.10	(1,575)	0.38	(2,821)
Forfeited during the year 年內失效	1.19	(1,802)	1.19	(210)
Outstanding at the end of the year 於年末時尚未行使	0.54	7,914	0.58	11,291
Exercisable at the end of the year 於年末時可行使	1.19	724	1.19	67

The weighted average share price at the date of exercise for shares options exercised during the year was HK\$1.56 (2010: HK\$5.42).

The options outstanding at 31 December 2011 had an exercise price of HK\$0.1 or HK\$1.19 and a weighted average remaining contractual life of 7.43 years. (2010: 8.43 years)

於本年行使的購股權中，行使日股票的加權平均價值為1.56港元(二零一零年：5.42港元)。

於二零一一年十二月三十一日尚未行使的購股權的行權價為0.1港元或1.19港元，加權平均剩餘合約年期為7.43年(二零一零年：8.43年)。

21 以權益結算的股份支付交易 (續)

(a) 首次公開發售前購股權計劃(續)

(ii) 購股權數目及加權平均行權價如下：

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

21 Equity settled share-based transactions

(continued)

(a) Pre-IPO Share Option Scheme (continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Weighted average fair value at measurement date (HK\$)	於計量日的加權平均公允價值(港元)	2.0
Share price (HK\$)	股價(港元)	2.268
Exercise price (HK\$)	行使價(港元)	0.1 or (或) 1.134
Expected volatility	預期波幅	52.8%
Option life (in years)	購股權年期(年)	10
Expected dividends	預期股息	0%
Risk-free interest rate	無風險利率	2.84%

The expected volatility is based on the average of the historical daily volatility of ten comparable companies as of the grant date over the shorter of 10 years and the period up to the listing date. Expected dividends are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

21 以權益結算的股份支付交易(續)

(a) 首次公開發售前購股權計劃(續)

(iii) 購股權公允價值及假設

授出購股權換取服務的公允價值參考授出購股權的公允價值計量。授出購股權的公允價值乃使用二項模型估計。購股權的合約年期用作該模型的計算參數。

購股權公允價值及假設

預計波幅乃根據與本集團相若的十家上市公司價格於過去十年或者授出日期至上市日期之間(取其較短者)的過往平均每日波幅釐定。預計股息率乃由管理層作出的最佳估計。主觀因素假設的改變可能對公允價值估計有重大影響。

提供服務為授予購股權的條件。計算所接受的服務於授予日期的公允價值時，並未考慮該條件。市場狀況與授予購股權並無關連。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

21 Equity settled share-based transactions

(continued)

(a) Pre-IPO Share Option Scheme (continued)

(iii) Fair value of share options and assumptions (continued)

During the year ended 31 December 2011, equity-settled share-based payments expenses amounted to RMB3,004,000 (2010: RMB8,413,000) were recognised in the consolidated income statement.

(b) Share Option Scheme

The sole shareholders of the Company approved and adopted the Share Option Scheme on 20 May 2009. On 26 July 2011, the Company conditionally granted certain share options to two employees under this Share Option Scheme. The exercise of these share options would entitle the two employees to subscribe for an aggregate of 1,380,000 shares of the Company. According to the grant letters signed by the Company and the beneficial individuals, the exercise price under the Share Option Scheme is at HK\$1.31 per share. Each option granted under the Share Option Scheme has a vesting period of one to five years, commencing from the date of joining the Group of the two employees and the options are exercisable until 26 July 2021.

21 以權益結算的股份支付交易(續)

(a) 首次公開發售前購股權計劃(續)

(iii) 購股權公允價值及假設(續)

於截至二零一一年十二月三十一日止年度，已於合併損益表中確認的以權益結算的股份支付的開支金額為人民幣3,004,000元(二零一零年：人民幣8,413,000元)。

(b) 購股權計劃

本公司唯一股東於二零零九年五月二十日批准並採納了此購股權計劃。於二零一一年七月二十六日，本公司有條件地根據購股權計劃向兩名僱員授予若干購股權。行使此等購股權賦予該兩名僱員認購合共1,380,000股本公司股份的權利。根據本公司與每個受益人簽訂的授予函件，購股權計劃下的每股股份行權價為1.31港元。根據購股權計劃授出的每份購股權的行權等待期為由該兩名僱員受集團聘用之日起計一年至五年，所有購股權必須於二零一一年七月二十六日前行使。

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(除另有說明外，概以人民幣列示)

21 Equity settled share-based transactions

(continued)

(b) Share Option Scheme (continued)

(i) The terms and conditions of the grants are as follows:

		Number of instruments 購股權數目	Vesting conditions 行權條件	Contractual life of options 購股權合約期
Options granted to two employees	授予兩名僱員的購股權			
Employee 1	僱員 1			
— on 26 July 2011	— 二零一一年七月二十六日	184,000	1 year from 1 June 2011 二零一一年六月一日起計1年	10 years 十年
— on 26 July 2011	— 二零一一年七月二十六日	184,000	2 years from 1 June 2011 二零一一年六月一日起計2年	10 years 十年
— on 26 July 2011	— 二零一一年七月二十六日	184,000	3 years from 1 June 2011 二零一一年六月一日起計3年	10 years 十年
— on 26 July 2011	— 二零一一年七月二十六日	184,000	4 years from 1 June 2011 二零一一年六月一日起計4年	10 years 十年
— on 26 July 2011	— 二零一一年七月二十六日	184,000	5 years from 1 June 2011 二零一一年六月一日起計5年	10 years 十年
Employee 2 (forfeited in 2011)	僱員2 (於二零一一年內失效)			
— on 26 July 2011	— 二零一一年七月二十六日	92,000	1 year from 4 July 2011 二零一一年七月四日起計1年	10 years 十年
— on 26 July 2011	— 二零一一年七月二十六日	92,000	2 years from 4 July 2011 二零一一年七月四日起計2年	10 years 十年
— on 26 July 2011	— 二零一一年七月二十六日	92,000	3 years from 4 July 2011 二零一一年七月四日起計3年	10 years 十年
— on 26 July 2011	— 二零一一年七月二十六日	92,000	4 years from 4 July 2011 二零一一年七月四日起計4年	10 years 十年
— on 26 July 2011	— 二零一一年七月二十六日	92,000	5 years from 4 July 2011 二零一一年七月四日起計5年	10 years 十年
		1,380,000		

21 以權益結算的股份支付交易 (續)

(b) 購股權計劃 (續)

(i) 授予年期及條件如下：

Notes to the Financial Statements

財務報表附註

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

21 Equity settled share-based transactions (continued)

(b) Share Option Scheme (continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2011 二零一一年		2010 二零一零年	
	Weighted average exercise price 加權平均行使價 (in HK\$) (港元)	Number of options 購股權數目 '000 千	Weighted average exercise price 加權平均行使價 (in HK\$) (港元)	Number of shares 購股權數目 '000 千
Outstanding at the beginning of the year 於年初時尚未行使的	—	—	—	—
Granted during the year 年內授出	1.31	1,380	—	—
Forfeited during the year 年內失效	1.31	(920)	—	—
Outstanding at the end of the year 於年末時尚未行使的	1.31	460	—	—
Exercisable at the end of the year 於年末時可行使的	—	—	—	—

The options outstanding at 31 December 2011 had an exercise price of HK\$1.31 and a weighted average remaining contractual life of 9.57 years.

21 以權益結算的股份支付交易 (續)

(b) 購股權計劃(續)

(ii) 購股權數目及加權平均行權價如下：

於二零一一年十二月三十一日尚未行使的購股權的行權價為1.31港元，加權平均剩餘合約年期為9.57年。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

21 Equity settled share-based transactions

(continued)

(b) Share Option Scheme (continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Weighted average fair value at measurement date (HK\$)	於計量日的加權平均公允價值(港元)	0.728
Share price (HK\$)	股價(港元)	1.31
Exercise price (HK\$)	行使價(港元)	1.31
Expected volatility	預期波幅	48.0%
Option life (in years)	購股權年期(年)	10
Expected dividends	預期股息	0%
Risk-free interest rate	無風險利率	2.30%

The expected volatility is based on the average of the historical daily volatility of ten comparable companies as of the grant date over the bypast 10 years or the period up to the listing date. Expected dividends are based on management's best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

21 以權益結算的股份支付交易(續)

(b) 購股權計劃(續)

(iii) 購股權公允價值及假設

授出購股權換取服務的公允價值參考授出購股權的公允價值計量。授出購股權的公允價值乃使用二項模型估計。購股權的合約年期用作該模型的計算參數。

購股權公允價值及假設

預計波幅乃根據與本集團相若的十家上市公司價格於從購股權授出日起過去十年或追溯至上市日期之間的過往平均每日波幅釐定。預計股息率乃由管理層作出的最佳估計。主觀因素假設的改變可能對公允價值估計有重大影響。

提供服務為授予購股權的條件。計算所接受的服務於授予日期的公允價值時，並未考慮該條件。市場狀況與授予購股權並無關連。

Notes to the Financial Statements 財務報表附註

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

21 Equity settled share-based transactions (continued)

(b) Share Option Scheme (continued)

(iii) Fair value of share options and assumptions (continued)

During the year ended 31 December 2011, equity-settled share-based payments expenses in respect of these share options amounting to RMB55,000 (2010: not applicable) were recognised in the consolidated income statement.

21 以權益結算的股份支付交易 (續)

(b) 購股權計劃 (續)

(iii) 購股權公允價值及假設 (續)

於截至二零一一年十二月三十一日止年度，已於合併損益表中確認的以權益結算的股份支付的開支金額為人民幣55,000元(二零一零年：不適用)。

22 Income tax in the balance sheet

(a) Current taxation in the balance sheet represents:

22 資產負債表內的所得稅

(a) 資產負債表內的即期稅項為：

		The Group 本集團	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Provision for PRC income tax for the year (Note 7(a))	年內中國所得稅撥備 (附註7(a))	—	9,660
Provision for Hong Kong Profits Tax for the year (Note 7(a))	年內香港利得稅撥備 (附註7(a))	—	3,745
PRC income tax paid	已付中國所得稅	—	(26,216)
Hong Kong Profits Tax paid	已付香港利得稅	—	(81)
		—	(12,892)
Balance of PRC income tax and Hong Kong Profits Tax relating to prior years	過往年度的中國所得稅及香港利得稅結餘	9,656	—
		9,656	(12,892)
Represented by:	代表：		
Income tax payables	應付即期所得稅	9,656	—
Income tax recoverable	應收即期所得稅	—	(12,892)

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

22 Income tax in the balance sheet (continued)

(b) Deferred tax assets recognised:

The Group

The components of deferred tax assets recognised in the consolidated balance sheet and the movements during the year are as follows:

	Inventory provision	Accruals	Advertising and promotional expenses exceeding the deduction allowance limit in the current year to be carried forward (note (i))	Tax losses (note (ii))	Others	Total
	存貨跌價準備	預提費用	可結轉下年度的廣告及宣傳費用超過本年度稅前扣除限額的部分 (附註(i))	稅務虧損 (附註(ii))	其他	合計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Deferred tax arising from: 遞延稅項產生於：						
At 1 January 2010 二零一零年一月一日	—	—	—	—	—	—
Credited to profit or loss 計入損益	1,811	7,199	13,224	4,591	264	27,089
At 31 December 2010 二零一零年十二月三十一日	1,811	7,199	13,224	4,591	264	27,089
At 1 January 2011 二零一一年一月一日	1,811	7,199	13,224	4,591	264	27,089
Credited/(charged) to profit or loss 計入/(扣除)損益	5,572	(3,007)	18,854	34,134	(37)	55,516
At 31 December 2011 二零一一年十二月三十一日	7,383	4,192	32,078	38,725	227	82,605

22 資產負債表內的所得稅 (續)

(b) 已確認的遞延稅項資產：

本集團

於合併資產負債表內確認的遞延稅項資產的組成部分及其年內變動如下：

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

22 Income tax in the balance sheet (continued)

(b) Deferred tax assets recognised:

(continued)

The Group (continued)

Notes:

- (i) According to the relevant tax rules and regulations in the PRC, the annual deduction limit of advertising and promotional expenses for cosmetic manufacturing enterprises ("the annual deduction limit") is 30% of total sales, effective from 1 January 2008 till 31 December 2010. After the expiry of the relevant tax rules and regulations, the annual deduction limit is 15% of total sales in 2011. The advertising and promotional expenses exceeding the annual deduction allowance limit can be carried forward for deduction in future years. Accordingly, deferred tax assets arising from the advertising and promotional expenses exceeding the deduction allowance limit in the current year to be carried forward is recognised. It is determined by management that it is probable that future taxable profits will be available for these temporary differences to reverse in the foreseeable future.
- (ii) The tax losses were incurred by Bawang Guangzhou incorporated in the PRC and will expire in five years from the year in which the loss originated. It is determined by management that it is probable that future taxable profits against which the losses can be utilized will be available before they expire.

(c) Deferred tax liability recognised:

The deferred tax liability recognised in the consolidated balance sheet and the movements during the year are as follows:

		Deferred tax liability arising from undistributed earning of PRC subsidiary
		中國附屬公司未分派盈利產生的遞延稅項負債
At 1 January 2010	於二零一零年一月一日	20,062
Payment	本年支付	(18,031)
At 31 December 2010 and 31 December 2011	於二零一零年十二月三十一日及二零一一年十二月三十一日	2,031

22 資產負債表內的所得稅 (續)

(b) 已確認的遞延稅項資產：

(續)

本集團 (續)

註釋：

- (i) 根據中華人民共和國有關稅務規則及條例，自二零零八年一月一日起直至二零一零年十二月三十一日止，化妝品生產企業每年的廣告及宣傳費用扣除限額（「年度扣除限額」）為總銷售額的30%。在該有關稅務規則及條例期滿後，二零一一年適用的年度扣除限額為總銷售額的15%。廣告及宣傳費用超過每年的扣除限額的，可以結轉以後年度繼續扣除。因此，本集團就廣告及宣傳費用超過本年度扣除限額而可以結轉以後年度繼續扣除的部分確認了相關的遞延所得稅資產。管理層預計本集團在可預見的未來很可能產生足夠的應稅利潤用以抵扣這些可抵扣暫時性差異。
- (ii) 中國附屬公司霸王廣州產生的稅務虧損將於未來五年內到期。管理層預計本集團在可預見的未來很可能產生足夠的應稅利潤用以抵扣這些稅務虧損。

(c) 已確認的遞延稅項負債：

於合併資產負債表內確認的遞延稅項負債及其年內變動如下：

Notes to the Financial Statements 財務報表附註

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

22 Income tax in the balance sheet (continued)

(d) Reconciliation to the balance sheet

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Net deferred tax asset recognised in the balance sheet	於資產負債表中確認的遞延稅項資產淨額	82,605	27,089
Net deferred tax liability recognised in the balance sheet	於資產負債表中確認的遞延稅項負債淨額	(2,031)	(2,031)
		80,574	25,058

(e) Deferred tax assets not recognised

At 31 December 2011, deferred tax assets were not recognised in relation to the cumulative tax losses of certain subsidiaries in the PRC and Hong Kong, amounting to RMB92,462,000 (2010: nil) and RMB31,709,000 (2010: RMB5,856,000) respectively. The tax losses incurred by the subsidiaries incorporated in the PRC will expire in five years from the year which the loss originated, while the ones incurred by the subsidiaries in Hong Kong do not expire under current tax legislation in Hong Kong. In addition, deferred tax assets were not recognised in relation to other deductible temporary differences of certain subsidiaries in the PRC, amounting to RMB36,010,000 (2010: nil).

22 資產負債表內的所得稅 (續)

(d) 與資產負債表對賬

(e) 未予確認的遞延所得稅資產

於二零一一年十二月三十一日本集團在中國大陸及香港的若干附屬公司並未就可抵扣之累計稅務虧損人民幣92,462,000元(二零一零年：無)和人民幣31,709,000元(二零一零年：人民幣5,856,000元)分別確認遞延所得稅資產。其中由中國大陸附屬公司產生的稅務虧損將於虧損產生後五年內屆滿期限。而在現行稅務法例下，由香港附屬公司產生的稅務虧損沒有抵扣期限。另外，本集團的若干附屬公司並未就其他可抵扣的暫時性差異人民幣36,010,000元(二零一零年：無)確認遞延所得稅資產。

Notes to the Financial Statements 財務報表附註

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

23 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note 附註	Share capital 股本 RMB'000 人民幣千元	Share premium 股本溢價 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Translation reserve 滙兌儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
Balance at 1 January 2010	於二零一零年一月一日結餘	256,134	1,342,774	6,435	—	(3,417)	1,601,926
Changes in equity for 2010:	二零一零年權益變動：						
Dividends approved in respect of the previous year	已批准之上年度股息 23(b)(ii)	—	—	—	—	(216,108)	(216,108)
Dividends declared in respect of the current year	已批准之本年度股息 23(b)(i)	—	—	—	—	(101,600)	(101,600)
Shares issued under share option scheme	根據購股權計劃發行的股份 23(c)(i)	246	5,865	(5,180)	—	—	931
Equity settled share-based transactions	以權益結算的股份支付交易	—	—	8,413	—	—	8,413
Total comprehensive income for the year	年內綜合收益總額	—	—	—	(34,877)	312,461	277,584
Balance at 31 December 2010 and 1 January 2011	於二零一零年十二月三十一日及二零一一年一月一日結餘	256,380	1,348,639	9,668	(34,877)	(8,664)	1,571,146
Changes in equity for 2011:	二零一一年權益變動：						
Shares issued under share option scheme	根據購股權計劃發行的股份 23(c)(i)	131	3,051	(3,051)	—	—	131
Equity settled share-based transactions	以權益結算的股份支付交易	—	—	3,059	—	—	3,059
Total comprehensive income for the year	年內綜合收益總額	—	—	—	(45,868)	(24,405)	(70,273)
Balance at 31 December 2011	於二零一一年十二月三十一日結餘	256,511	1,351,690	9,676	(80,745)	(33,069)	1,504,063

23 股本、儲備及股息

(a) 權益組成部分的變動

本集團合併權益每個組成部分的期初與期末結餘之間的變動於合併權益變動表中呈列。本公司權益各組成部分的期初與期末結餘之間的變動詳情如下：

本公司

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Capital, reserves and dividends (continued)

23 股本、儲備及股息(續)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
No dividend declared and paid in 2011 (Interim and special dividends declared and paid in 2010: HK 4 cents per ordinary shares)	於二零一一年年度無批准及支付的股息(在二零一零年宣告和發放的中期和特別股息，每股普通股港幣4仙)	—	101,600

(b) 股息

(i) 本公司權益持有人年內應佔應付股息

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
No final dividend in respect of the previous financial year, approved and paid in 2011 (2010: HK 4.25 cents per ordinary share)	於二零一一年年度無批准及支付的以往財政年度年末股息(二零一零年：每股普通股港幣4.25仙)	—	108,054
No special dividend in respect of the previous financial year, approved and paid in 2011 (2010: HK 4.25 cents per ordinary share)	於二零一一年年度無批准及支付的以往財政年度特別股息(二零一零年：每股普通股港幣4.25仙)	—	108,054
		—	216,108

(ii) 於年內批准並向本公司權益持有人支付的以往財政年度應付股息

Notes to the Financial Statements 財務報表附註

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

23 Capital, reserves and dividends (continued)

23 股本、儲備及股息(續)

(c) Share capital

(c) 股本

Authorised and issued share capital

法定及已發行股本

		2011 二零一一年		2010 二零一零年	
		No. of shares 股份數目		No. of shares 股份數目	
		('000)	RMB'000	('000)	RMB'000
		(千)	人民幣千元	(千)	人民幣千元
Authorised:	法定：				
Ordinary shares of HK\$0.1 each	每股0.1港元之 普通股	10,000,000	880,500	10,000,000	880,500
Ordinary shares, issued and fully paid:	已發行及繳足 普通股：				
At 1 January	於一月一日	2,907,821	256,380	2,905,000	256,134
Shares issued under share option scheme (i)	根據股權計劃 發行之股份(i)	1,575	131	2,821	246
At 31 December	於十二月三十一日	2,909,396	256,511	2,907,821	256,380

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派的股息，及在本公司會議上獲每股一票投票權。就本公司的剩餘資產而言，所有普通股享有同等權益。

Notes to the Financial Statements

財務報表附註

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

23 Capital, reserves and dividends (continued)

(c) Share capital (continued)

(i) Shares issued under share option scheme

In July 2011, options were exercised to subscribe for 1,575,000 ordinary shares in the Company at a consideration of HK\$157,500 (equivalent to approximately RMB130,977), which was credited to share capital. RMB3,051,000 has been transferred from the capital reserve to the share premium account in accordance with policy set out in Note 2k (iii).

(ii) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	行權期	Exercise price 行權價	2011	2010
			二零一一年 Number 數目	二零一零年 Number 數目
Pre-IPO Share Option Scheme — 4 July 2010 to 8 June 2019	首次公開發售前 購股權計劃 二零一零年七月四日至 二零一九年六月八日	HK\$0.1	4,725,000	6,300,000
		HK\$1.19	3,189,480	4,991,280
Share Option Scheme — 4 July 2012 to 26 July 2021	購股權計劃 二零一二年七月四日至 二零二一年 七月二十六日	HK\$1.31	460,000	—
			8,374,480	11,291,280

23 股本、儲備及股息(續)

(c) 股本(續)

(i) 根據購股權計劃發行之股份

於二零一一年七月，購股權持有人通過行使購股權認購本公司1,575,000股普通股，行使購股權所支付的對價為157,500港元(折合人民幣130,977元)，並全部記入股本。此外，根據附註2(k)(iii)所述的會計政策，本公司從資本儲備轉出人民幣3,051,000元至股本溢價。

(ii) 於結算日未失效及未行使的購股權年期

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(除另有說明外，概以人民幣列示)

23 Capital, reserves and dividends (continued)

(c) Share capital (continued)

(ii) Terms of unexpired and unexercised share options at balance sheet date

(continued)

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in Note 21 to the financial statements.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands. The funds in the share premium are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(k)(iii).

(iii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the PRC subsidiary of the Group, Bawang Guangzhou. Transfers to the reserves were approved by the board of directors of Bawang Guangzhou.

23 股本、儲備及股息(續)

(c) 股本(續)

(ii) 於結算日未失效及未行使的購股權年限(續)

每份購股權賦予持有人認購本公司一股普通股。購股權進一步的詳情列載於財務報表附註21。

(d) 儲備性質及用途

(i) 股本溢價

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

(ii) 資本儲備

授予本公司僱員的購股權未行使的部份，將其於授予日期的公允價值按照附註2(k)(iii)股份支付的會計政策於資本儲備中確認。

(iii) 中國法定儲備

中國法定儲備乃根據有關中國規則及規例以及本集團的中國附屬公司霸王廣州的公司章程設立。轉撥的儲備已獲霸王廣州董事會批准。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(iii) PRC statutory reserves (continued)

Bawang Guangzhou and Bawang Beverage, which are wholly foreign owned enterprises established in the PRC, are required to transfer at least 10% of their net profit (after offsetting prior year losses), as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital under the PRC Company Law and the articles of association of the entity. The transfer to this reserve must be made before distribution of dividends to the equity shareholder. No appropriation to statutory reserves was made by Bawang Guangzhou and Bawang Beverage as of 31 December 2011 (2010: nil), as they recorded a loss for the year ended 31 December 2011.

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into share capital by issuing new shares to equity shareholders proportionate to their existing percentage of equity interests provided that the balance after such issue is not less than 25% of the registered capital.

23 股本、儲備及股息(續)

(d) 儲備性質及用途(續)

(iii) 中國法定儲備(續)

霸王廣州及霸王飲料乃於中國成立的外商獨資企業，其須根據中國會計規則及規例，轉撥其溢利最少10%的淨溢利(彌補以往年度的虧損後)至一般法定儲備，直至儲備結餘達到中國公司法及該實體的公司章程規定的註冊資本的50%為止。轉撥至該儲備須於向權益持有人分派股息前進行。由於霸王廣州和霸王飲料於截至二零一一年十二月三十一日止年度發生虧損，所以並沒有向法定儲備轉撥任何溢利。(二零一零：無)

一般法定儲備可用作彌補以往年度的虧損(如有)，亦可透過按照權益持有人的現有的股權百分比向彼等發行新股，以將有關儲備轉換為股本，惟進行有關發行後的結餘不得少於註冊資本的25%。

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(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

23 Capital, reserves and dividends (continued)

(d) Nature and purpose of reserves (continued)

(iv) Merger reserve

On 20 December 2007, Bawang Hong Kong, a wholly owned subsidiary of the Company, acquired all the equity interest of Bawang Guangzhou amounting to US\$12,500,000, which was previously held by a company owned by the Controlling Shareholders, at a consideration of the same amount. Accordingly, the share capital of Bawang Guangzhou was eliminated and a merger reserve arose due to foreign exchange differences.

(v) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the operations outside the PRC.

(vi) Distributability of reserves

The aggregate amount of distributable reserves of the Company as at 31 December 2011 was RMB1,318,621,000 (2010: RMB1,339,975,000).

(e) Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Group defines the capital of the Group as the total shareholders' equity.

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

23 股本、儲備及股息(續)

(d) 儲備性質及用途(續)

(iv) 合併儲備

於二零零七年十二月二十日，本公司全資附屬公司霸王香港以同等價格收購12,500,000美元的霸王廣州全部權益(之前由控股股東擁有的一家公司持有)。因此霸王廣州的股本被抵銷，抵銷時的滙兌差額產生合併儲備。

(v) 滙兌儲備

滙兌儲備包括換算中國境外業務之財務報表所產生的全部滙兌差額。

(vi) 可供分派儲備

於二零一一年十二月三十一日，本公司的可供分派儲備合共人民幣1,318,621,000元(二零一零年：人民幣1,339,975,000元)。

(e) 資本管理

本集團的政策旨在維持穩健資本基礎，以保持債權人及市場信心，以及支持日後的業務發展。本集團將資本定義為股東權益總額。

本公司及其任何附屬公司概不受外界資本規定限制。

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財務報表附註

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(除另有說明外，概以人民幣列示)

24 Financial risk management and fair values

The Group has exposure to the following risks in the normal course of business:

- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases and other transactions which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate.

24 金融風險管理及公允價值

本集團於日常業務過程中承受以下風險：

- 外匯風險
- 利率風險
- 信貸風險
- 流動資金風險

本附註呈列有關本集團承受的上述風險、本集團評估及管理風險的目標、政策及程序。

董事會全權負責建立及監督本集團的風險管理架構。

本集團制定風險管理政策，以識別及分析本集團所面臨的風險、設立適當的風險上限及控制措施，以及監控風險並將其維持在上限以內。本集團定期檢討風險管理政策及系統，以反映市場狀況及本集團業務的變動。本集團旨在透過培訓及管理準則與程序，發展具紀律且積極的監控環境，讓所有僱員了解彼等的職能及責任。

(a) 外匯風險

本集團承受的外幣風險主要源自買賣及其他交易產生的以外幣列值的應收款、應付款及現金結餘，即交易以經營實體功能貨幣以外的貨幣進行。

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

24 Financial risk management and fair values (continued)

(a) Foreign currency risk (continued)

Included in assets and liabilities are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

		At 31 December 於十二月三十一日	
		2011 二零一一年	2010 二零一零年
Cash and cash equivalents	現金及現金等價物		
HK\$ ('000)	港元(千元)	128,105	133,779
US\$ ('000)	美元(千元)	3,131	2,846
Prepayment	預付款項		
US\$ ('000)	美元(千元)	—	1,640
HK\$ ('000)	港元(千元)	—	553
SG\$ ('000)	新加坡元(千元)	—	54
Trade and other receivables	貿易及其他應收款項		
HK\$ ('000)	港元(千元)	12,058	22,556
Bank loans and overdraft	銀行貸款及透支		
US\$ ('000)	美元(千元)	—	(31,690)
Trade and other payables	貿易及其他應付款項		
HK\$ ('000)	港元(千元)	(6,547)	(7,868)
SG\$ ('000)	美元(千元)	(314)	—
Current tax payables	應付即期稅項		
HK\$ ('000)	港元(千元)	(728)	(3,759)

The Group is exposed to foreign currency risk on the bank deposits, prepayment, trade and other receivables, bank loans and overdraft, trade and other payables, and current tax payables. The currencies giving rise to this risk are primarily Hong Kong Dollars ("HKD"), United States Dollars ("USD") and Singapore Dollars ("SGD").

本集團在銀行存款、預付款項、貿易及其他應收款項、銀行貸款及透支、其他應付款項及應付即期稅項方面承受外匯風險。導致此風險的貨幣主要為港元(「港元」)、美元(「美元」)及新加坡元(「新加坡元」)。

24 金融風險管理及公允價值 (續)

(a) 外匯風險 (續)

計入資產及負債且以實體功能貨幣以外貨幣計值的款項如下：

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24 Financial risk management and fair values (continued)

(a) Foreign currency risk (continued)

Sensitivity analysis

The foreign currency sensitivity is calculated based on the major net foreign currency exposure of the Group as at the balance sheet dates, assuming 5% shift of RMB against HKD, USD and SGD are as follows:

Results from a 5% strengthening of the RMB against HKD, USD and SGD on the loss after tax and accumulated losses as at 31 December are shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

24 金融風險管理及公允價值 (續)

(a) 外匯風險 (續)

敏感度分析

根據本集團於結算日的主要外匯淨風險計算的外匯敏感度分析如下(假設人民幣兌港元、美元及新加坡元匯率調整5%)：

人民幣兌港元、美元及新加坡元升值5%導致於十二月三十一日的除稅後虧損及累計虧損發生如下變動。該分析假設所有其他變量(尤其是利率)保持不變。

		(Increase)/ decrease on loss after tax and accumulated loss as at 31 December 2011 (增加)/減少 於二零一一年 十二月三十一日的 除稅後虧損及 累計虧損
Effect in RMB'000	以人民幣千元列值	
HK\$	港元	(4,131)
US\$	美元	(824)
SG\$	新加坡元	76

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24 Financial risk management and fair values (continued)

(a) Foreign currency risk (continued)

Sensitivity analysis (continued)

		(Increase)/decrease on loss after tax and accumulated losses as at 31 December 2010 (增加)/減少 於二零一零年 十二月三十一日的 除稅後虧損 及累計虧損
Effect in RMB'000	以人民幣千元列值	
HK\$	港元	(4,966)
US\$	美元	7,414
SG\$	新加坡元	(12)

A 5% weakening of the RMB against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

24 金融風險管理及公允價值 (續)

(a) 外匯風險 (續)

敏感度分析 (續)

假設所有其他變量保持不變，於十二月三十一日人民幣兌上述貨幣貶值5%會對上文所示貨幣金額產生等額但相反的影響。

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24 Financial risk management and fair values (continued)

(b) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's interest bearing financial instruments at the balance sheet date.

		The Group 本集團			
		2011 二零一一年		2010 二零一零年	
		Effective interest rates 實際利率	Amount 金額 '000 人民幣千元	Effective interest rates 實際利率	Amount 金額 '000 人民幣千元
Fixed rate instruments:	固定利率金融工具				
Financial assets	金融資產				
– Deposits with banks within three months to maturity when placed	– 自存款日起 三個月內到期 的銀行定期 存款	–	–	1.71%-1.80%	614,976
– Deposits with banks within six months to maturity when placed	– 自存款日起 六個月內到期 的銀行定期 存款	–	–	1.98%	60,000
– Cash at bank	– 活期存款	0.001%-0.5%	602,446	0.01%-1.35%	511,257
– Pledged deposits	– 抵押存款	–	–	2.25%	220,000
Financial liabilities	金融負債				
– Bank loans and overdrafts	– 銀行貸款與 透支	–	–	3.30%	(209,787)
			602,446		1,196,446

24 金融風險管理及公允價值 (續)

(b) 利率風險

固定利率和浮動利率的帶息金融工具分別使本集團面臨現金流量利率風險及公允價值利息風險。本集團由管理層監察的利率組合載於下文(i)。

(i) 利率組合

下表詳述本集團於結算日所持有帶息金融工具的利率組合。

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24 Financial risk management and fair values (continued)

(b) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 December 2011, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated losses by approximately RMB1,375,000 (2010: RMB2,627,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 25 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis has been performed on the same basis for 2010.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

24 金融風險管理及公允價值 (續)

(b) 利率風險 (續)

(ii) 敏感性分析

於二零一一年十二月三十一日，若利率普遍上升／下降25個基點而所有其他可變因素維持不變，則本集團的除稅後虧損及累計虧損將會增加／減少約人民幣1,375,000元(二零一零年：人民幣2,627,000元)。

上述敏感度分析乃假設利率變動於結算日出現，並應用於在該日已存在之衍生及非衍生金融工具所承受之利率風險上。利率上調或下調25個基點代表管理層對利率於直至下一個年度結算日期間之合理的可能變動所作出的評估。分析已按與二零一零年相同之基準進行。

(c) 信用風險

信用風險指倘若客戶或金融工具交易方無法履行其合約責任而導致本集團蒙受財務虧損的風險，有關風險主要來自本集團的貿易及其他應收款項。管理層已建立一套信用政策，並持續監察該等信用風險。

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24 Financial risk management and fair values (continued)

(c) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has established a credit policy under which credit evaluations are performed on all customers requiring credit. These receivables are generally due within 30-90 days from the date of billing. Credit limit is established for each customer which represents the maximum open amount or credit term without requiring approval from the Board of Directors. These limits are reviewed annually. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis. The Group chases the customers to settle the due balances and monitors the settlement progress on an ongoing basis. The Group does not collect collateral in respect of trade and other receivables.

The Group has a concentration of credit risk of the total trade receivables due from the Group's largest customer and the five largest customers as follows:

		At 31 December 於十二月三十一日	
		2011 二零一一年	2010 二零一零年
Due from	應收以下人士款項		
– largest customer	– 最大客戶	9%	6%
– five largest customers	– 前五大客戶	18%	11%

The maximum exposure of credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. The Group does not provide guarantees which would expose the Group to the credit risk.

24 金融風險管理及公允價值 (續)

(c) 信用風險 (續)

本集團的信貸風險主要受各個客戶的個別情況影響。本集團已建立一套信用政策，據此對所有需要信用的客戶進行信用評估。該等應收款項一般於賬單發出日期後30至90日內到期。為各個客戶所設的信用限額指毋須經董事會批准的最高信用額度或信用期，有關限額須每年檢討。不符合本集團信用標準的客戶可以預付形式與本集團交易。本集團向客戶追收到期結餘，並持續監察付款情況。本集團並無就貿易及其他應收款項收取抵押品。

本集團有一定程度的信用集中風險，以下為本集團最大客戶及五大客戶的貿易應收款項總額：

最高信用風險為合併資產負債表內各項金融資產的賬面值。本集團不會就所承受的信貸風險提供擔保。

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24 Financial risk management and fair values (continued)

(c) Credit risk (continued)

Other than those trade and other receivables that impairment losses have been made for (Note 16(b)), there are no other significant credit risks identified.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it maintains sufficient reserves of cash on demand to meet its liquidity requirement in the short and longer term; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

24 金融風險管理及公允價值 (續)

(c) 信用風險 (續)

除已作出減值虧損的貿易及其他應收款項(附註16(b))外，並無識別出其他重大信用風險。

(d) 流動資金風險

流動資金風險指本集團無法履行到期的財務責任的風險。本集團管理流動資金風險的方法，為盡量確保在一般及緊急情況下備有足夠的流動資金應付到期的負債，使本集團毋須承擔不能接受的虧損或聲譽受損的風險。

本集團確保在需要時保持足夠現金儲備，以滿足其短期及長期流動資金需求，惟不包括無法合理預計的特殊情況(如自然災害)的潛在影響。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

24 Financial risk management and fair values (continued)

(d) Liquidity risk (continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

		Contractual undiscounted cash outflow	
		合約未折現現金流出	
		2011	2010
		二零一一年	二零一零年
		Within 1 year or on demand	Within 1 year or on demand
		1年內或應要求	1年內或應要求
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank loans and overdrafts	銀行貸款及透支	—	213,058
Trade and other payables	貿易及其他應付款項	201,825	225,036
Amounts due to related parties	應付關聯方款項	3,730	3,363
		205,555	441,457
Forward foreign exchange contracts — outflow	遠期外匯合約 — 流出	—	213,770

24 金融風險管理及公允價值 (續)

(d) 流動資金風險 (續)

下表詳述於結算日本集團之金融負債之日餘下合約到期款項。這些乃按合約未折現現金流量(包括按合約利率或(如浮動)按結算日的現行利率計算的利息款項)及本集團須支付之最早日期計算：

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

24 Financial risk management and fair values (continued)

(e) Fair value

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 7, *Financial Instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

There was no financial instrument carried at fair value as at 31 December 2011 (2010: RMB3,757,000).

24 金融風險管理及公允價值 (續)

(e) 公允價值

(i) 以公允價值計量的金融工具

以下表格呈報了資產負債表日根據國際財務報告準則第7號「金融工具：披露」中所定義的三個公允價值級別劃分的以公允價值計量的金融資產，而每種金融工具則完全基於對計量其公允價值具有重大意義的參數的最低級別來分類。有關等級詳情如下：

- 第1級(最高等級)：參照活躍市場中相同金融工具的報價(未經調整)計算公允價值
- 第2級：參照活躍市場中類似金融工具的報價，或全部重要參數直接或間接基於可觀察市場數據的估值技術，計算公允價值
- 第3級(最低等級)：任何重要參數並非基於可觀察市場數據的估值技術計算公允價值

於二零一一年十二月三十一日沒有以公允價值計量的金融工具(二零一零：人民幣3,757,000元)。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

24 Financial risk management and fair values (continued)

(e) Fair value (continued)

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of all financial assets and liabilities carried at amortised cost approximate their respective fair values as at 31 December 2011 and 2010 due to the short maturities of these instruments.

25 Commitments

(a) Capital commitments outstanding at 31 December 2011 not provided for in the financial statements were as follows:

	The Group 本集團 At 31 December 於十二月三十一日	
	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Contracted for 已簽約	56,945	27,923
Authorised but not contracted for 已授權尚未簽約	97	—

24 金融風險管理及公允價值 (續)

(e) 公允價值 (續)

(ii) 非以公允價值計量的金融工具的公允價值

由於以攤餘成本法計量的全部金融資產及負債均於短期內到期，故該等金融工具於二零一一年及二零一零年十二月三十一日的賬面價值與其公允價值相若。

25 承擔

(a) 於二零一一年十二月三十一日並無在財務報表中反映的資本承擔如下：

Notes to the Financial Statements

財務報表附註

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

25 Commitments (continued)

(b) At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		The Group 本集團	
		At 31 December 於十二月三十一日	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Leases expiring:	租約於下列期間到期：		
Within 1 year	1年內	4,648	3,224
Between 1 and 2 years	1至2年	4,318	3,048
Between 2 and 3 years	2至3年	2,293	2,864
Between 3 and 6 years	3至6年	328	814
Over 6 years	大於6年	1,585	1,694
Total	總計	13,172	11,644

The significant leasing arrangements under operating leases include the lease of the production premises and office from Guangzhou Bawang Cosmetics Co., Ltd. as set out in Note 26(a)(i).

經營租賃項下的主要租賃安排（包括向廣州霸王化妝品有限公司租用生產廠房及辦公室）載於附註26(a)(i)。

25 承擔(續)

(b) 於二零一一年十二月三十一日，本集團不可撤銷經營租賃應付的未來最低租金總額如下：

Notes to the Financial Statements 財務報表附註

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

26 Material related party transactions

During the year ended 31 December 2011, the directors are of the view that related parties of the Group include the following individuals/companies:

26 重大關聯方交易

截至二零一一年十二月三十一日止年度，董事認為本集團的關聯方包括以下人士／公司：

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
Mr. CHEN Qiyuan 陳啟源先生	Controlling Shareholder 控股股東
Ms. WAN Yuhua 萬玉華女士	Controlling Shareholder 控股股東
Guangzhou Qiancai Packaging Materials Co., Ltd. 廣州市倩采包裝材料有限公司	Under the control of Controlling Shareholders' close family member 受控股股東關係密切的家庭成員控制
Guangzhou Chenming Paper Products Company Limited 廣州晨明紙品有限公司	Under the control of Controlling Shareholders' close family member 受控股股東關係密切的家庭成員控制
Guangzhou Bawang Cosmetics Co., Ltd. ("Guangzhou Bawang") 廣州霸王化妝品有限公司（「廣州霸王」）	Effectively 100% owned by the Controlling Shareholders 由控股股東100%有效擁有
Guangzhou Bawang International Hotel Co., Ltd. ("Bawang Hotel") 廣州霸王國際大酒店有限公司（「霸王大酒店」）	Effectively 100% owned by the Controlling Shareholders 由控股股東100%有效擁有

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

26 Material related party transactions

(continued)

(a) Transactions with related parties

(i) Production premises and office lease agreements

- Bawang Guangzhou, a wholly owned subsidiary of the Company, and Guangzhou Bawang entered into a production premise and office lease agreement on 22 January 2008, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the production premise and office building with a total floor area of 16,735 square metres. The term of the lease under the agreement is 3 years with a fixed monthly rental payable of RMB184,083, commencing from 4 December 2007.

On 21 January 2011, Bawang Guangzhou and Guangzhou Bawang entered into an agreement pursuant to which the production premise and office lease agreement was renewed for a term of three years commencing from 4 December 2010, at a fixed monthly rental of RMB184,083.

26 重大關聯方交易(續)

(a) 與關聯方的交易

(i) 生產廠房及辦公室租賃協議

- 霸王廣州(本公司的全資附屬公司)及廣州霸王於二零零八年一月二十二日訂立生產廠房及辦公室租賃協議，據此，霸王廣州向廣州霸王租用總樓面面積16,735平方米的生產廠房及辦公室樓宇。此協議項下的租期由二零零七年十二月四日起生效，為期三年，每月應付固定租金為人民幣184,083元。

霸王廣州與廣州霸王於二零一一年一月二十一日就租賃該物業重續租約，租期自二零一零年十二月四日起為期3年，租金為每個月人民幣184,083元。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

26 Material related party transactions

(continued)

(a) Transactions with related parties

(continued)

(i) Production premises and office lease agreements (continued)

- On 1 January 2011, Bawang Herbal and Guangzhou Bawang entered into an office premise lease agreement, pursuant to which Bawang Herbal leased from Guangzhou Bawang the office premise with a total floor area of 300 square metres at nil consideration. The term of the lease under the agreement is 20 years commencing from 1 January 2011.

- On 28 December 2011, Bawang Guangzhou and Guangzhou Bawang entered into an office premise lease agreement, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the office premise with a total floor area of 4,916 square metres. The term of the lease under the agreement is 3 years with a fixed monthly rental payable of RMB182,000 commencing from 1 January 2012.

26 重大關聯方交易(續)

(a) 與關聯方的交易(續)

(i) 生產廠房及辦公室租賃協議(續)

- 霸王中草藥與廣州霸王於二零一一年一月一日訂立辦公室租賃協議，據此，霸王中草藥向廣州霸王租用300平方米的辦公室，租金為零。此協議項下的租期由二零一一年一月一日起生效，為期三年。

- 霸王廣州及廣州霸王於二零一一年十二月二十八日訂立辦公室租賃協議，據此，霸王廣州向廣州霸王租用4,916平方米的辦公室。此協議項下的租期由二零一二年一月一日起生效，為期三年，每月應付固定租金為人民幣182,000元。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

26 Material related party transactions

(continued)

(a) Transactions with related parties

(continued)

(ii) Purchase of raw materials from related parties

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Guangzhou Qiancai Packaging Materials Co., Ltd.	廣州市倩采包裝材料有限公司	810	5,227
Guangzhou Chenming Paper Products Company Limited	廣州晨明紙品有限公司	9,818	9,013

The directors have confirmed that the basis of consideration for the above purchase of raw materials from related parties is the prevailing market price.

董事已確認，上述向關聯方購買原材料的定價考慮基準為現行市價。

(iii) Utilities expenses paid on behalf of the Group

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Guangzhou Bawang	廣州霸王	4,093	5,031

(iv) Meeting and catering services provided by related party

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Bawang Hotel	霸王大酒店	4,157	—

The directors are of the opinion that the above transactions set out in Note 26(a)(i), 26(a)(ii), 26(a)(iii) and 26(a)(iv) with related parties were conducted on normal commercial terms in the ordinary course of business.

董事認為，以上附註26(a)(i)、26(a)(ii)、26(a)(iii)及26(a)(iv)所列與關聯方的交易乃在日常業務過程中按正常商業條款進行。

26 重大關聯方交易(續)

(a) 與關聯方的交易(續)

(ii) 向關聯方購買原材料

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Guangzhou Qiancai Packaging Materials Co., Ltd.	廣州市倩采包裝材料有限公司	810	5,227
Guangzhou Chenming Paper Products Company Limited	廣州晨明紙品有限公司	9,818	9,013

董事已確認，上述向關聯方購買原材料的定價考慮基準為現行市價。

(iii) 代本集團支付的水電費

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Guangzhou Bawang	廣州霸王	4,093	5,031

(iv) 由關聯方提供的會議及餐飲服務

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Bawang Hotel	霸王大酒店	4,157	—

董事認為，以上附註26(a)(i)、26(a)(ii)、26(a)(iii)及26(a)(iv)所列與關聯方的交易乃在日常業務過程中按正常商業條款進行。

Notes to the Financial Statements

財務報表附註

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

26 Material related party transactions

(continued)

(b) Balances with related parties

As at the respective balance sheet dates, the Group had the following balances with related parties:

(i) Trade and other payables

		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Non-trade related	非貿易相關		
Guangzhou Bawang	廣州霸王	553	1,978
Bawang Hotel	霸王大酒店	1,673	—
Trade related	與貿易相關		
Guangzhou Qiancai Packaging Materials Co.,Ltd.	廣州市倩采包裝材料有限公司	17	290
Guangzhou Chenming Paper Products Company Limited	廣州晨明紙品有限公司	1,487	1,095
Total		3,730	3,363

The above non-trade related balances are unsecured, interest free and have no fixed terms of repayment. As at 31 December 2011, the balance due to Guangzhou Bawang mainly represented the rental payable for the production premise provided by Guangzhou Bawang for December 2011 and the utility expenses paid by Guangzhou Bawang on behalf of the Group.

上述與非貿易有關的結餘為無抵押、免息且無固定還款期。於二零一一年十二月三十一日，應付廣州霸王的結餘主要為本集團因租用生產場所而應付廣州霸王的二零一一年十二月租賃費及廣州霸王代本集團支付的水電費。

26 重大關聯方交易(續)

(b) 與關聯方的結餘

於各結算日本集團與關聯方的結餘如下：

(i) 貿易及其他應付款項

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

26 Material related party transactions

(continued)

(c) Key management personnel compensation

Remuneration for key management personnel, including the amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	7,716	3,675
Contributions to defined contribution retirement plan	界定供款退休計劃供款	138	142
Equity compensation benefits	股份支付福利	2,573	5,543
Total	總計	10,427	9,360

Total remuneration is included in "staff costs" (Note 6(b)).

27 Immediate and ultimate controlling party

At 31 December 2011, the directors consider the immediate parent and ultimate controlling party of the Group to be Fortune Station Ltd., which is incorporated under the laws of BVI with limited liability and beneficially owned by Mr. CHEN Qiyuan and Ms. WAN Yuhua. This entity does not produce financial statements available for public use.

26 重大關聯方交易(續)

(c) 主要管理人員薪酬

主要管理人員薪酬包括附註8所載的支付予本集團董事及附註9所載數位最高薪僱員的金額，概括如下：

薪酬總額計入「員工成本」(見附註6(b))。

27 直屬及最終控制方

於二零一一年十二月三十一日，董事認為本集團直屬母公司及最終控制方為 Fortune Station Ltd.。該公司乃根據英屬處女群島法律成立的有限公司，由陳啟源先生及萬玉華女士實益擁有。該公司並無編製可供公眾使用的財務報表。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

28 Significant accounting estimates and judgments

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

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The following principal accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future years is adjusted if there are significant changes from previous estimation.

28 主要會計估計及判斷

估計及判斷會持續接受評估，並以過往經驗及其他因素為基礎，包括預期日後會出現的在相關情況下相信屬合理的事件。

選擇重要會計政策、判斷及影響該等政策的應用的其他不明朗因素，以及呈報結果對情況及假設變動影響的敏感程度，均為審閱財務報表時將予考慮的因素。下列主要會計政策涉及編製財務報表時所採用的最重要判斷及估計。

(a) 折舊

經考慮預計的剩餘價值後，廠房及設備在估計可使用年期內以直線法折舊。本集團每年檢討資產的可使用年期及剩餘價值(如有)。倘若過往估計出現重大變動，則調整日後年度的折舊開支。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

28 Significant accounting estimates and judgments (continued)

(b) Impairments

- (i) In considering the impairment losses that may be required for certain property, plant and equipment, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.
- (ii) Impairment loss for bad and doubtful debts are assessed and provided based on the directors' regular review of aging analysis and evaluation of collectability. A considerable level of judgment is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the net profit in future years.

28 主要會計估計及判斷(續)

(b) 減值

- (i) 考慮若干物業、廠房及設備可能須作出的減值虧損時，須釐定該等資產的可收回金額。可收回金額為淨售價與使用價值兩者的較高者。由於未必能取得該等資產的既有市場報價，故難以精確估計售價。釐定使用價值時，有關資產預期產生的現金流量會折現至其現值，此舉須對營業額水平及營運成本等項目作出重大判斷。本集團會運用一切可得資料，以釐定可收回金額的合理約數，包括根據對營業額及營運成本等項目的合理且可以證據支持的假設及預測作出的估計。
- (ii) 呆壞賬減值虧損按董事定期檢討的賬齡分析及可收回程度評估進行評估及計提撥備。董事在評估各個別客戶的信用評級及過往收賬記錄時作出大量判斷。

上述減值虧損的任何增減均會影響未來年度的淨溢利。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

28 Significant accounting estimates and judgments (continued)

(b) Impairments (continued)

- (iii) Inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. For inventories with committed sales orders or active market, the Group estimates the net realisable value with reference to the selling prices set out in the committed sales orders or in the active market. For inventories without committed sales orders or active market, the Group carefully estimates the net realisable value based on available information and reasonable and supportive assumptions on expected selling prices, manufacturing costs, selling expenses, sales tax and etc.

(c) Taxation

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

28 主要會計估計及判斷(續)

(b) 減值(續)

- (iii) 存貨乃按成本及可變現淨值的較低者列賬。各類別存貨的成本超出可變現淨值的任何餘額乃確認為存貨價值減值撥備。

可變現淨值為日常業務過程中以存貨的估計售價減去至完工估計將要發生的成本及作出銷售所需的估計費用及相關稅項。就有已確認銷售訂單或活躍市場的存貨而言，本集團參考已確認銷售訂單或活躍市場的售價估計可變現淨值。就並無已確認銷售訂單或活躍市場的存貨而言，本集團根據現有資料及對預期售價、製造成本、銷售費用及銷售稅金等的合理及有理據的假設，慎重估計可變現淨值。

(c) 稅項

釐定所得稅撥備涉及對若干交易未來稅務處理的判斷。本集團謹慎評估該等交易的稅務影響，並計提相應的稅項撥備。該等交易的稅務處理定期重新考慮，以計及稅務法規的所有修訂。未用稅務虧損及可扣稅暫時差額均確認為遞延稅項資產。由於這些遞延稅項資產只限在足夠的應課稅溢利可用作抵銷未用稅務抵免時才會確認，所以管理層判斷作出時須評估將來產生應課稅溢利之可能性。管理層的評估不斷覆核，如果很可能出現應課稅溢利足以彌補遞延稅項資產，則會確認額外的遞延稅項資產。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2011

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2011 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

29 於截至二零一一年十二月三十一日止年度已頒佈但尚未生效的修訂、新訂準則及詮釋的潛在影響

截至本財務報表刊發日期，國際會計準則委員會已頒佈於截至二零一一年十二月三十一日止年度尚未生效，且本財務報表並無採納的多項修訂和詮釋以及五項新準則，其中與本集團相關的包括：

	Effective for accounting periods beginning on or after 於下列日期或 之後開始的會計期間生效
Amendments to IFRS 7, <i>Financial instruments: Disclosures — Transfers of financial assets</i> 《國際財務報告準則》第7號的修訂，金融工具：披露 — 金融資產轉移	1 July 2011 二零一一年七月一日
Amendments to IAS 12, <i>Income taxes – Deferred tax: Recovery of underlying assets</i> 《國際會計準則》第12號的修訂，所得稅 — 遞延稅項：相關資產的收回	1 January 2012 二零一二年一月一日
Amendments to IAS 1, <i>Presentation of financial statements — Presentation of items of other comprehensive income</i> 《國際會計準則》第1號的修訂，財務報表的列報 — 其他綜合收益項目的列報	1 July 2012 二零一二年七月一日
IFRS 9, <i>Financial instruments</i> 《國際財務報告準則》第9號，金融工具	1 January 2015 二零一五年一月一日
IFRS 10, <i>Consolidated financial statements</i> 《國際財務報告準則》第10號，合併財務報表	1 January 2013 二零一三年一月一日
IFRS 12, <i>Disclosure of interests in other entities</i> 《國際財務報告準則》第12號，於其他實體權益的披露	1 January 2013 二零一三年一月一日
IFRS 13, <i>Fair value measurement</i> 《國際財務報告準則》第13號，公允價值計量	1 January 2013 二零一三年一月一日
IAS 27, <i>Separate financial statements (2011)</i> 《國際會計準則》第27號，單獨財務報表(二零一一年)	1 January 2013 二零一三年一月一日
Revised IAS 19, <i>Employee benefits</i> 經修訂《國際會計準則》第19號，僱員福利	1 January 2013 二零一三年一月一日

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有說明外，概以人民幣列示)

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2011 (continued)

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

29 於截至二零一一年十二月三十一日止年度已頒佈但尚未生效的修訂、新訂準則及詮釋的潛在影響(續)

本集團正評估該等修訂於其初始應用期間預期會產生的影響。直至目前為止，本集團認為採用上述修訂不太可能對本公司的經營業績及財務狀況構成重大影響。

Five Years Summary

五年財務概要

(Expressed in RMB)
(以人民幣列示)

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Results	業績					
Turnover	營業額	888,909	1,475,355	1,756,001	1,411,248	921,680
(Loss)/profit from operations	經營(虧損)/溢利	(625,287)	(131,573)	452,252	341,925	182,453
Net finance income/(costs)	財務收入/ (費用)淨額	6,750	(2,558)	(2,449)	3,117	(436)
(Loss)/profit before taxation	除所得稅前 (虧損)/溢利	(618,537)	(134,131)	449,803	345,042	182,017
Income tax credit/(expense)	所得稅折扣/ (支出)	59,967	16,160	(85,659)	(63,268)	(672)
(Loss)/profit for the year attributable to the equity shareholders of the Company	本公司權益持有人 應佔年內 (虧損)/溢利	(558,570)	(117,971)	364,144	281,774	181,345
Assets and liabilities	資產及負債					
Property, plant and equipment	物業、廠房及設備	184,555	60,136	39,330	31,510	22,571
Prepaid advertising fee	預付廣告費用	3,875	2,437	6,081	—	—
Biological assets	生物資產	1,297	—	—	—	—
Deferred tax assets	遞延稅項資產	82,605	27,089	—	—	—
Net current assets	流動資產淨值	758,541	1,501,769	2,008,883	289,387	151,657
Total assets less current liabilities	總資產減流動負債	1,030,873	1,591,431	2,054,294	320,897	174,228
Deferred tax liabilities	遞延稅項負債	2,031	2,031	20,062	6,369	—
Net assets	資產淨值	1,028,842	1,589,400	2,034,232	314,528	174,228
Capital and reserves	資本及儲備					
Share capital/Paid-in capital	股本/實繳股本	256,511	256,380	256,134	—	—
Reserves	儲備	772,331	1,333,020	1,778,098	314,528	174,228
Total equity	權益總額	1,028,842	1,589,400	2,034,232	314,528	174,228
(Loss)/earnings per share (RMB yuan)	每股(虧損)/盈利 (人民幣元)					
Basic	基本	(0.19)	(0.04)	0.15	0.13	0.09
Diluted	攤薄	(0.19)	(0.04)	0.15	0.13	0.09

Five Years Summary

五年財務概要

(Expressed in RMB)

(以人民幣列示)

Notes:

1. The Company was incorporated in the Cayman Islands on 11 December 2007 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company became the holding company of the companies now comprising the Group on 31 December 2007 ("Reorganisation"). Further details of the Reorganisation are set out in the Prospectus of the Company dated 22 June 2009.
2. Although the Reorganization as referred to in the Prospectus has not been completed until 31 December 2007, the Group is regarded as a continuing group resulting from the Reorganization. The consolidated financial statements have been prepared as a business combination under common control and have been prepared using the principles of merger accounting as if the household and personal care products business ("HPC Products Business") of the Predecessor Entity as referred to in the Prospectus had been operated by the companies now comprising the Group and the group structure immediately after the Reorganization had been in existence since 1 January 2006. Accordingly, the consolidated income statements of the Group for the years ended 31 December 2006 and 2007 include the results of the companies now comprising the Group and the operations of the HPC Products Business of the Predecessor Entity. The consolidated income statements for the years ended 31 December 2008, 2009 and 2010 only include the results of the companies now comprising the Group. The consolidated balance sheet as at 31 December 2006 presents the state of affairs of the companies now comprising the Group and the HPC Products Business of the Predecessor Entity. The Consolidated balance sheets as at 31 December 2007, 2008, 2009 and 2010 only present the state of affairs of the companies now comprising the Group as at these dates.
3. The calculation of basic earnings per share for the three years ended 31 December 2008 is based on the profit attributable to equity holders of the Company and the 2,100,000,000 ordinary shares, which comprise 10,000 ordinary shares in issue as at the date of the Prospectus and 2,099,990,000 ordinary shares issued on 3 July 2009 by way of capitalisation from the Company's share premium account, as if the shares were outstanding throughout the entire period.
4. The summary above does not form part of the audited consolidated financial statements.

附註：

1. 本公司於二零零七年十二月十一日根據開曼群島公司法第22章(一九六一年法例3,經綜合及修訂)在開曼群島註冊成立為獲豁免的有限公司。於二零零七年十二月三十一日,本公司成為現時組成本集團的公司之控股公司(「重組」)。關於重組的詳情載於本公司於二零零九年六月二十二日的招股章程。
2. 儘管於招股章程所述的重組直至二零零七年十二月三十一日方告完成,但本集團被視為由重組而一直持續存在的集團。合併財務報表視同受共同控制的業務合併而編製,並且採用合併會計法,將招股章程所述的前身實體的家用個人護理產品業務視同一直由現時組成本集團的公司經營,並將重組完成後的本集團架構視同自二零零六年一月一日起一直存在。因此,本集團截至二零零六年及二零零七年十二月三十一日止年度的合併損益表包括了現時組成本集團的公司以及前身實體的家用個人護理產品業務的業績。本集團截至二零零八年、二零零九年及二零一零年十二月三十一日止年度的合併損益表僅包括現時組成本集團的公司的業績。本集團於二零零六年十二月三十一日的合併資產負債表呈列了現時組成本集團的公司以及前身實體的家用個人護理產品業務的財務狀況。本集團於二零零七年、二零零八年、二零零九年及二零一零年十二月三十一日的合併資產負債表僅呈列現時組成本集團的公司於該等日期的財務狀況。
3. 截至二零零八年十二月三十一日止三個年度的每股基本盈利乃根據各年度本公司權益持有人應佔溢利,並假設於這三個年度已發行2,100,000,000股普通股(包括於招股章程日期已發行的10,000股普通股以及於二零零九年七月三日將本公司股本溢價賬資本化而發行的2,099,990,000股普通股)而計算。
4. 上述概要並不組成經審核合併財務報表的一部分。

BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司*

* for identification purposes only
僅供識別