



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

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

Stock Code: 01338
股票代碼: 01338



Interim Report 2018 2018 年中期報告

* for identification purposes only
僅供識別

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DIRECTORS

Executive Directors

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

Independent non-executive Directors

Dr. NGAI Wai Fung *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
CHEUNG Kin Wing *FCA, CPA*
Dr. WANG Qi *PhD* (effective since 17 April 2018)

AUDIT AND RISK MANAGEMENT COMMITTEE

Dr. NGAI Wai Fung *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
(*Chairman*)
CHEUNG Kin Wing *FCA, CPA*
Dr. WANG Qi *PhD* (effective since 17 April 2018)

REMUNERATION COMMITTEE

CHEUNG Kin Wing *FCA, CPA* (*Chairman*)
(effective since 14 February 2018)
Dr. NGAI Wai Fung *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
CHEN Zheng He

NOMINATION COMMITTEE

CHEN Qiyuan (*Chairman*)
Dr. NGAI Wai Fung *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
CHEUNG Kin Wing *FCA, CPA*
(effective since 14 February 2018)

COMPANY SECRETARY

WONG Sin Yung *CPA*

董事

執行董事

陳啟源(主席)
陳正鶴(首席執行官)
黃善榕 *CPA*

獨立非執行董事

魏偉峰博士 *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
張建榮 *FCA, CPA*
王琦博士 *PhD* (自二零一八年四月十七日生效)

審核及風險管理委員會

魏偉峰博士 *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
(主席)
張建榮 *FCA, CPA*
王琦博士 *PhD* (自二零一八年四月十七日生效)

薪酬委員會

張建榮 *FCA, CPA* (主席)
(自二零一八年二月十四日生效)
魏偉峰博士 *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
陳正鶴

提名委員會

陳啟源(主席)
魏偉峰博士 *PhD, CPA, FCCA, FCIS, FCS (P.E.)*
張建榮 *FCA, CPA*
(自二零一八年二月十四日生效)

公司秘書

黃善榕 *CPA*

AUTHORISED REPRESENTATIVES

CHEN Zheng He
WONG Sin Yung *CPA*

授權代表

陳正鶴
黃善榕 *CPA*

REGISTERED OFFICE

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

註冊辦事處

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

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

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PRC

中國主要營業地點

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霸王工業園
郵編：510450

PLACE OF BUSINESS IN HONG KONG

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Kowloon
Hong Kong

香港營業地點

香港
九龍
尖沙咀
柯士甸道122號
麗斯中心
16樓B室

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F., 148 Electric Road
North Point
Hong Kong

香港證券登記及過戶處

寶德隆證券登記有限公司
香港
北角
電氣道148號21樓2103B室

Corporate Information (Continued) 公司資料(續)

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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
(formerly known as Codan Trust Company (Cayman) Limited)
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Cayman Islands

AUDITOR

SHINEWING (HK) CPA Limited
43/F, Lee Garden One
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LEGAL ADVISOR ON HONG KONG LAW

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

COMPANY'S WEBSITE

www.bawang.com.cn

STOCK CODE

01338

PRINCIPAL BANKERS

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Hong Kong

Bank of China Limited
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Guangzhou 510410
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開曼群島證券過戶登記總處

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

核數師

信永中和(香港)會計師事務所有限公司
香港
銅鑼灣
希慎道33號
利園一期43樓

香港法律顧問

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

公司網址

www.bawang.com.cn

股票代碼

01338

主要往來銀行

香港上海滙豐銀行有限公司
香港
皇后大道中1號

中國銀行股份有限公司
中國
廣州市
機場路1073號
郵編：510410

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

The Directors report that the total revenue of the Group for the six months ended 30 June 2018 was approximately RMB126.0 million, representing an increase of approximately 17.6% from approximately RMB107.1 million for the same period last year. The operating loss of the Group for the six months ended 30 June 2018 was approximately RMB11.4 million, as compared with the operating profit of approximately RMB1.4 million for the same period last year. The actual operating loss was lower than the range that was indicated in the profit warning announcement of the Company dated 15 August 2018 because an adjustment to the administrative expenses in the amount of approximately RMB3.0 million was subsequently made.

For the six months ended 30 June 2018, the net loss of the Group was approximately RMB11.4 million, as compared with the operating profit of approximately RMB1.1 million for the same period last year.

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

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

To enhance the sales of various branded products, the Group carried out over 30 sales promotional activities known as “Nuclear Explosion” specifically for the points of sales in the traditional channel in various locations such as Beijing, Henan, Hubei, and Chongqing during the period under review. Whilst selling the products, the purpose of promoting and publicizing the products was also achieved. Extensive in-store promotions were also carried out on various festive days throughout the period.

In April 2018, the Group selected a popular creative singer, Mr. Mao Buyi 「毛不易」, as our image and brand ambassador of the Bawang branded shampoo and hair care products. We made full use of the image of the new brand ambassador to capture our customers' attention through advertisements on television, subways, bus stops, residential lifts and at the points-of-sales. Additionally, we publicized our Bawang branded products through interactions among the brand ambassador and his supporters on various social media platforms. With such variety of publicity contents and styles, the activities enlarged our customer base, deepened our brand penetration and boosted the sales of our products. Leveraging on the image of our image and brand ambassador, we have launched a new marketing theme: “Not easy to suffer hair fall whilst with you”.

業務回顧

董事報告本集團截至二零一八年六月三十日止六個月的總收入約人民幣126.0百萬元，較二零一七年同期約人民幣107.1百萬元增加了約17.6%。本集團截至二零一八年六月三十日止六個月期間錄得經營虧損約人民幣11.4百萬元，而去年同期錄得經營利潤約人民幣1.4百萬元。實際經營虧損低於本公司於二零一八年八月十五日盈利預警公告的虧損範圍，是由於本集團隨後做出一筆約為人民幣3.0百萬元的行政費用的調整。

本集團截至二零一八年六月三十日止六個月錄得淨虧損約人民幣11.4百萬元，而去年同期錄得淨利潤約人民幣1.1百萬元。

關於本集團經營業績的更多信息，請參照本報告之「財務回顧」部分。

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

於回顧期內，為了促進各品牌產品的銷售，針對本集團在北京、河南、湖北、重慶等多地的傳統賣場展開累計超過30場的「核爆」促銷活動，在促銷產品的同時，也實現了產品宣傳的目的。本集團亦在各個節日期間開展了大量的店內促銷活動。

於二零一八年四月，本集團聘請了當紅創作型歌手毛不易為霸王洗護產品的品牌形象代言人。我們充分利用新的品牌代言人形象來吸引顧客的注意力，通過在電視、城市地鐵、公交站、樓宇電梯內和賣場內投放廣告，也通過他的歌迷群體在網絡及社交平台上推廣霸王品牌。以此，本集團擴大了消費群體、深化品牌的滲透力及提高了產品的銷售。借助品牌形象代言人的形象，我們推出霸王品牌新的營銷主題「防脫不易，還好有你」。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司

To further motivate the Group's distributors and sales team, we will continue to offer incentive leisure travel scheme for the participating distributors and internal staff members for free if they complete the predetermined sales target within a specified period.

During the period under review, for the purpose of building up the brand image of "Little King" and enhancing the sales of products, childcare tutorials were held for the young mothers to promote the concepts of using Chinese herbal childcare products. To make good use of the sales opportunities, hair care assessments and treatments were conducted for the mothers at the same time. A WeChat network for after-sale discussions addressing questions regarding childcare and hair care between the sales teams and the customers was established to promote the brand and functionalities of our products and to enlarge our potential customer base.

As at 30 June 2018, the Bawang brand distribution network comprised approximately 737 distributors and nine KA retailers, covering 27 provinces and four municipalities in China. Furthermore, the products of the Group were also sold in Hong Kong, Singapore, Thailand and Malaysia.

During the period under review, the Group marketed the branded shampoo products, "Royal Wind", with the theme "Let's chase for the wind rather than wait for the wind". As at 30 June 2018, the Royal Wind brand distribution network comprised approximately 737 distributors and nine KA retailers, covering 27 provinces and four municipalities in China.

Our Litao products mainly comprised shower gels and laundry detergents, targeting consumers living in the second-tier or third-tier cities in China. The Group's goal is to widen the market coverage in China. As at 30 June 2018, the Litao products distribution network comprised approximately 737 distributors and two KA retailers, covering 27 provinces and four municipalities in China.

Our Herborn Chinese herbal skincare product series targets white-collar ladies in the age range from 25 to 45 who have relatively high net incomes and are dedicated to pursue a healthy and natural lifestyle. As at 30 June 2018, the sales and distribution network for the Herborn Chinese herbal skincare products comprised approximately 93 distributors and one KA retailer covering 27 provinces and four municipalities in China. The Group is also selling the products at approximately 960 counters in cosmetics specialty shops throughout China.

為了進一步激勵本集團經銷商和銷售團隊，本集團將繼續向那些在指定期間完成銷售目標的參與經銷商和內部員工提供具有激勵性的休閒旅遊計劃。

於回顧期內，為了打造小霸王品牌和增加產品銷量，本集團繼續針對年輕媽媽開展了兒童護理輔導課堂來灌輸中藥兒童護理產品的理念。把握銷售機會的同時，針對媽媽們對頭髮護理的評估和治療亦告展開。本集團繼續通過建立銷售團隊和消費者之間的微信網絡互動，就有關兒童頭髮護理展開售後的問題討論，利用產品的功能性給消費者滲透小霸王的品牌形象並以此擴大潛在的消費群體。

截至二零一八年六月三十日止，霸王品牌分銷網絡包括大概737個分銷商及9個重點零售商，覆蓋中國27個省份及四個直轄市。此外，本集團的產品也銷往香港、新加坡、泰國以及馬來西亞。

於回顧期內，本集團推廣追風品牌的營銷主題「等風來，不如追風去」。截至二零一八年六月三十日，追風品牌分銷網絡包括大概737個分銷商及9個重點零售商，覆蓋中國27個省份及四個直轄市。

麗濤產品主要由沐浴露和洗衣液組成，以中國二三線城市的消費者為目標客戶群體。本集團的目標是將市場擴大至整個中國。截至二零一八年六月三十日，麗濤品牌分銷網絡包括大概737個分銷商及兩個重點零售商，覆蓋中國27個省份及四個直轄市。

本草堂產品之目標客戶群體是擁有相對較高的收入、熱衷追求健康自然的生活方式、年齡介於25歲至45歲的白領女性。截至二零一八年六月三十日，本草堂品牌分銷網絡包括大概93個分銷商及一個重點零售商，覆蓋中國27個省份及四個直轄市。在中國境內，本集團在約960家化妝品專門店專櫃銷售本草堂產品。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

As at 30 June 2018, the Group established online flagship stores for our Bawang, Royal Wind and Herborn branded products on 14 online retailing platforms in China. We will deepen our efforts in the development of these channels.

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

- a patent of an ingredient mixture for an anti-hair fall Chinese herbal shampoo and its manufacturing know-how, which was issued by the State Intellectual Property Office of China in June 2018;
 - our Chinese herbal skincare series shampoo and hair care products and shower gel products were both recognised as “New Hi-Tech Products of Guangdong Province” (廣東省高新技術產品) by the New Hi-Tech Enterprise Association of Guangdong Province in December 2017 for a period of three years until the end of 2020;
 - the permit for production of cosmetic products, which was issued by Guangdong Food and Drug Administration and is valid until May 2021;
 - three Bawang branded shampoos were recognised as “The 2015 New High-Tech Products in Guangdong” by the Guangdong Provincial Bureau of Science & Technology for a period of three years until the end of 2018;
 - our production process for haircare and skincare products has been certified by SGS with a validity period until July 2019 as to meet the requirements of US FDA CFSAN by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2008; and
 - our production process for haircare and skincare products has been certified by SGS with a validity period until July 2019 as to meet the requirements of ISO22716 by reference to Cosmetic Good Manufacturing Practices (GMP) Guidelines 2007.
- 截至二零一八年六月三十日止，本集團已經在14個線上零售平台上建立了霸王、追風和本草堂以及小霸王的線上旗艦店。我們會深化力量去發展這些渠道。
- 於回顧期內，我們獲得、更新及/或依然持有的證書及/或認證如下：
- 於二零一八年六月，我們獲得了一項由國家知識產權局頒發的「一種防脫髮中藥組合物、洗髮水及其製備方法」的發明專利證書；
 - 二零一七年十二月，我們的中草藥養髮護髮系列洗髮液產品及護膚系列沐浴露均獲廣東省高新技術企業協會評為「廣東省高新技術產品」，有效期為三年至二零二零年底；
 - 廣東省食品藥品監督管理局頒發的化妝品生產許可證書，有效期截至二零二一年五月；
 - 霸王品牌三大系列產品被廣東省科技技術廳認定為「2015年廣東省高新技術產品」，有效期為三年即截至二零一八年底；
 - 我們護髮護膚產品的生產流程通過了SGS機構的評估，獲得美國食品安全營養中心有關化妝品良好生產規範(GMP)2008的認證，有效期截至二零一九年七月；及
 - 我們護髮護膚產品的生產流程通過了SGS機構評估，獲得國際標準組織化妝品生產操作指南ISO 22716：2007有關化妝品良好生產規範(GMP)認證，有效期截至二零一九年七月。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

08

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

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2018, the Group's revenue from operations amounted to approximately RMB126.0 million, representing an increase of approximately 17.6% from approximately RMB107.1 million for the same period last year. Revenue through the online sales channel was approximately RMB58.3 million, representing a substantial increase of approximately 106.0% from approximately RMB28.3 million for the same period last year, but such increase was partially offset by the decrease in the aggregate revenue generated from the traditional sales channels.

During the six months ended 30 June 2018, the Group's core brand, Bawang, generated a revenue of approximately RMB112.2 million, which accounted for approximately 89.0% of the Group's total revenue, and represented an increase of approximately 28.2% as compared with the same period last year.

During the six months ended 30 June 2018, the Group's branded Chinese herbal anti-dandruff haircare series, Royal Wind, generated a revenue of approximately RMB4.5 million, which accounted for approximately 3.6% of the Group's total revenue, represented a decrease of approximately 44.4% as compared with the same period last year.

During the six months ended 30 June 2018, the Group's natural-based branded shampoo, shower gel and laundry detergent products series, Litao, generated a revenue of approximately RMB4.8 million, which accounted for approximately 3.8% of the Group's total revenue, represented a decrease of approximately 34.2% as compared with the same period last year.

During the six months ended 30 June 2018, the Group's branded Chinese herbal skincare series, Herborn, generated a revenue of approximately RMB4.0 million, which accounted for approximately 3.2% of the Group's total revenue, represented an increase of approximately 53.8% as compared with the same period last year.

We sold our products through extensive distribution and retail networks. During the six months ended 30 June 2018, sales to our distributors and retailers represented approximately 91.9% and approximately 8.1%, respectively, of the Group's total revenue.

財務回顧

營業額

截至二零一八年六月三十日止六個月，本集團經營業務收入約人民幣126.0百萬元，較去年同期約人民幣107.1百萬元增加了約17.6%。電商渠道的營業額約人民幣58.3百萬元，較去年同期約人民幣28.3百萬元大幅上升了約106.0%。但該上升幅度被其他傳統渠道銷售的下降營業額部份抵減。

截至二零一八年六月三十日止六個月，本集團核心品牌，霸王的收入約人民幣112.2百萬元，約佔本集團總收入的89.0%，較去年同期增加了約28.2%。

截至二零一八年六月三十日止六個月，本集團的中草藥去屑品牌，追風的收入約人民幣4.5百萬元，約佔本集團總收入的3.6%，較去年同期下降了約44.4%。

截至二零一八年六月三十日止六個月，本集團的以純天然為基礎的洗髮水和沐浴露產品系列，麗濤的收入約人民幣4.8百萬元，約佔本集團總收入的3.8%，較去年同期下降了約34.2%。

截至二零一八年六月三十日止六個月，本集團的中草藥護膚品牌，本草堂的收入約人民幣4.0百萬元，約佔本集團總收入的3.2%，較去年同期增加約53.8%。

我們通過廣泛的分銷商和零售商網絡銷售我們的產品。截至二零一八年六月三十日止六個月，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91.9%和8.1%。

During the six months ended 30 June 2018, our products were also sold in Hong Kong, Singapore, Thailand and Malaysia. The revenue attributed to these overseas markets outside of China accounted for approximately 3.0% of our total revenue during the six months ended 30 June 2018.

Cost of Sales

During the six months ended 30 June 2018, cost of sales amounted to approximately RMB69.9 million, representing an increase of approximately RMB12.6 million (or approximately 22.0%) from approximately RMB57.3 million during the same period last year. The overall increase in cost of sales was primarily due to an increase in the volume of production which was driven by higher demand for our products. As a percentage of revenue, cost of sales for the six months ended 30 June 2018 increased from approximately 53.5% in 2017 to approximately 55.5%, which was mainly due to an increase of packaging materials and direct labour costs.

Gross Profit

During the six months ended 30 June 2018, the Group's gross profit amounted to approximately RMB56.1 million, representing an increase of approximately 12.7% from approximately RMB49.8 million for the same period last year. The gross profit margin for the six months ended 30 June 2018 decreased from approximately 46.5% in the same period in 2017 to approximately 44.5%. The decrease in the gross profit margin was mainly attributable to an increase of cost of sales.

Selling and Distribution Costs

During the six months ended 30 June 2018, selling and distribution costs amounted to approximately RMB54.8 million, representing an increase of approximately 33.0% from approximately RMB41.2 million for the same period last year. Such increase was primarily due to an increase in online marketing and promotion expenses of the online sales channel and travelling expenses of our operational staff.

Administrative Expenses

During the six months ended 30 June 2018, administrative expenses amounted to approximately RMB13.5 million, representing a decrease of approximately 14.0% from approximately RMB15.7 million for the same period last year. The decrease was primarily due to a decrease in legal and professional fees, which was partially offset by an increase in R&D expenses.

截至二零一八年六月三十日止六個月，我們的產品已在香港、新加坡、泰國和馬來西亞市場上銷售。截至二零一八年六月三十日止六個月，這些海外市場的營業額約佔本集團總銷售額的3.0%。

銷售成本

截至二零一八年六月三十日止六個月，銷售成本約為人民幣69.9百萬元，較去年同期的約人民幣57.3百萬元增加了約人民幣12.6百萬元(或約22.0%)。整體銷售成本增加的主要原因是本集團產品的需求增加導致生產量上升。就營業額佔比而言，截至二零一八年六月三十日止六個月的銷售成本從去年同期的約53.5%增加至約55.5%，其主要原因是包裝物材料和直接勞動力成本的增加。

毛利

截至二零一八年六月三十日止六個月，本集團的毛利上升至為約人民幣56.1百萬元，與去年同期約人民幣49.8百萬元相比增加了約12.7%。截至二零一八年六月三十日止六個月的毛利率從二零一七年的約46.5%下降到約44.5%。毛利率下降的主要原因是由於銷售成本的增加。

銷售及分銷開支

截至二零一八年六月三十日止六個月，銷售及分銷開支增加至約人民幣54.8百萬元，較去年同期的約人民幣41.2百萬元增加了約33.0%。其增加的原因主要是電商銷售收入的增加使得電商促銷推廣和宣傳費用的增加以及業務人員差旅費的增加。

行政費用

截至二零一八年六月三十日止六個月，行政費用約人民幣13.5百萬元，較去年同期的約人民幣15.7百萬元下降了約14.0%。其下降的主要原因是法律和專業服務費用的減少，但部份被研發費的增加所抵銷。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Loss from Operations

The Group recorded an operating loss of approximately RMB11.4 million for the six months ended 30 June 2018, as compared with the operating profit of approximately RMB1.4 million for the same period last year. The operating loss is primarily attributable to the following factors: (1) an increase in the costs of sales; (2) a decrease in other income; and (3) an increase in selling and distribution expenses. The Group's operating loss was partially offset by an increase in marginal revenue from the increase in online sales channel in the first half of 2018 as compared to the same period last year.

Finance Costs

For the six months ended 30 June 2018, interest on bank borrowings was less than RMB1,000 because the bank borrowing was drawn down on 26 June 2018 (six months ended 30 June 2017: RMB0.2 million).

Other Income

The Group recorded other income of approximately RMB1.3 million for the six months ended 30 June 2018, representing a decrease of approximately 85.1% from approximately RMB8.7 million for the same period last year. Such decrease was primarily attributable to the Group ceasing to receive research and development subsidies from the PRC government and the lack of write-back of excessive provision for selling expenses that was made in previous year.

Income Tax Expense

During the two six month periods ended 30 June 2018 and 30 June 2017, respectively, the Group did not have any income tax expense and/or reversal.

Net Loss for the Period from Operations

As a result of the combined effect of the abovementioned factors, the Group recorded a net loss from operations of approximately RMB11.4 million for the six months ended 30 June 2018, as compared with the net profit from operations of approximately RMB1.1 million for the six months ended 30 June 2017.

Loss for the Period Attributable to Owners of the Company

As a result of the combined effect of the above factors, the Group recorded a loss attributable to owners of the Company of approximately RMB11.4 million for the six months ended 30 June 2018, as compared with a profit attributable to owners of the Company of approximately RMB1.1 million for the same period last year.

經營虧損

本集團截至二零一八年六月三十日止六個月錄得經營虧損約為人民幣11.4百萬元，而去年同期錄得經營利潤約人民幣1.4百萬元。經營虧損主要受以下因素影響：(1)銷售成本增加；(2)其他收入相對減少；及(3)銷售及分銷開支上升。本集團的淨經營虧損部分被二零一八年上半年因為電商渠道銷售收入增長(與二零一七年上半年相比)帶來的邊際收益所抵銷。

融資成本

截至二零一八年六月三十日止六個月，因為銀行貸款於二零一八年六月二十六日提取，銀行貸款的利息少於人民幣1,000元(截至二零一七年六月三十日止六個月：人民幣0.2百萬元)。

其他收入

本集團截止二零一八年六月三十日止六個月錄得其他收入約人民幣1.3百萬元，較去年同期約人民幣8.7百萬元下降了約85.1%，其下降的主要原因是由於本集團沒有收到政府的研發補貼和沒有以往年度超額計提的銷售開支撥回。

所得稅支出

截至二零一八年六月三十日及二零一七年六月三十日兩個六個月期間，本集團未發生任何所得稅支出及/或抵扣。

期內淨營運虧損

因上述因素的綜合影響，本集團截至二零一八年六月三十日止六個月錄得淨營運虧損約為人民幣11.4百萬元，而截至二零一七年六月三十日止六個月錄得淨營運利潤約為人民幣1.1百萬元。

本公司擁有人應佔期內虧損

因上述因素的綜合影響，本集團截至二零一八年六月三十日止六個月錄得本公司擁有人應佔期內虧損約人民幣11.4百萬元，而截至二零一七年六月三十日止六個月錄得應佔盈利約人民幣1.1百萬元。

Events after the Reporting Period

As disclosed in the Company's announcement dated 16 July 2018, Ms. WAN Yuhua had transferred her 24.71% interest in Fortune Station Limited ("Fortune Station"), the controlling shareholder of the Company, to Mr. CHEN Qiyuan, and Ms. WAN Yuhua ceased to have any beneficial interest in Fortune Station and the Company.

OUTLOOK

The International Monetary Fund recently kept its annual forecast growth for China's 2018 gross domestic product ("GDP") unchanged at approximately 6.6% in 2018, but warned that overly rapid credit growth and trade frictions could pose risks for the Chinese economy. The Chinese GDP grew 6.8% in the first half of 2018, beating general market expectation, which has been buoyed by strong consumer demand and surprisingly robust property investment. However, the escalating trade dispute between the United States and China has raised uncertainty about the outlook on the Chinese economy, which has roiled Chinese financial markets recently and may develop into a near-term threat to the global economic growth.

The Directors are of the views that in line with the "New Normal" policy, the long-term trend for China would be slower investment and economic growth, which would rebalance away from investments toward internal consumption to stimulate growth. The GDP growth in China is expected to adjust smoothly downward to 6.4% in 2019. Even with this slowdown, the growth rate is still high by international standards.

When formulating the business strategies of the Group, the Directors would take all these views on the evolving macroeconomic environment into consideration.

The corporate operational theme for the rest of 2018 is "The King is back; Result is King".

For our Bawang branded product series, the Group will leverage on the publicity effect and the personal image of our young brand ambassador to develop and to expand its market segment to the younger generation. Trendy, colourful and animated packing will be designed for our Bawang branded hair care and shampoo products to attract the younger customers. Through internet and social media, the Group will make use of different marketing themes and through the microblog of our brand ambassador to disseminate the concept of anti-hair fall through traditional Chinese medicine. The Group will also educate the younger customers on the importance of taking precautionary steps for anti-hair fall while they are young.

報告期後事項

正如本公司在二零一八年七月十六日的公告中披露的，萬玉華女士已經將她在本公司的控股股東 Fortune Station Limited (「Fortune Station」) 的 24.71% 的股權轉讓給了陳啟源先生，而萬女士則不再擁有 Fortune Station 和本公司的任何實益權益。

展望

國際貨幣基金組織預測中國 2018 年全年國內生產總值(GDP)增長保持約 6.6% 不變，但警告稱，過快的信貸增長和貿易摩擦可能給中國經濟帶來風險。中國的 GDP 在 2018 年上半年增長了 6.8%，超過了總體市場預期，這得益於強勁的消費需求及驚人和強勁的房地產投資。然而，不斷升級的中美貿易爭議給中國經濟前景帶來了不確定性，導致近期中國金融市場動盪不安，可能會對全球經濟增長構成短期威脅。

董事們認為，與「新常態」政策一致的是，中國的長期趨勢是伴隨經濟增長放緩的投資增長放緩，將從投資轉向內部消費。預計中國的 GDP 增長將在 2019 年平穩地向下調整至 6.4%。即使在這種放緩的情況下，按國際標準衡量，中國的經濟增長率仍然很高。

在制定集團的業務戰略時，董事們會對幻變的宏觀經濟環境考慮在內。

二零一八年剩餘的時間內，企業的運營主題是「王者歸來，業績為王」。

對於霸王品牌系列產品，集團將借助年輕品牌代言人毛不易的廣告勢頭繼續開拓及擴大年輕一代的市場份額，繼續推廣時尚多彩、以動漫形象設計包裝的洗護產品來吸引年輕的消費者。集團將通過網絡和社會媒體，運用不同營銷場景主題，通過我們品牌代言人的微博來傳播中藥防脫的意識，引導消費者年輕時就要開始關注防脫髮的重要性。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司

As for the Little King branded children's product series, the Group will work on the brand-building process and develop both the traditional as well as online sales channels. To enhance the brand recognition, Chinese herbal childcare briefings will be carried out together with in-store sales promotion campaigns.

For our Royal Wind branded product series, the Group will continue to make use of the marketing scheme "Let's chase for the wind, rather than wait for the wind" to target young customers who are looking for a trendy life-style. We intends to re-package this product series and to rollout brand new series mainly through the online sales channel.

For our Herborn branded product series, the Group will expand the sales of this branded products through its online sales channel.

For the channel developments, the Group will develop its sales channels through the conventional stores using a progressive approach. The Group will concentrate its efforts to explore the potential of the cosmetic specialty shop channel and to recruit those distributors who have obtained an exclusive right to sell the HPC products in the dedicated areas inside the contracted supermarkets. Whilst the Group will continue its "Nuclear Explosion" promotional in-store activities, we will ensure a steady development of the traditional sales channel. At the same time, leveraging on the growing trend of sales by the Group through its online sales channel over the past two years, we will continue to aggressively expand our online sales channel with well-developed trading platforms such as Taobao and Jingdong. We will refer to information generated from big data analysis and the outcome of promotional activities, which will be used as a basis to plan for future online promotions for the target customer groups, to optimize sales conversion rate and to maintain online sales growth momentum.

For production management, our production process was re-accredited to meet the requirements for good manufacturing practice for cosmetic goods by both the US FDA CFSAN and ISO 22716 during the period under review. In order to keep the customers satisfied with our products, we believe that the quality of products is of utmost importance. We will strengthen the standard production control system to ensure production efficiency. We will also ensure strict compliance to various rules and regulations on production management, such as industry safety, environmental protections, and staff welfare. We will strive to keep our production process transparent so as to enhance the customers' confidence in the quality of our products.

對於小霸王品牌產品系列，集團將繼續致力於品牌建設，發展傳統渠道和網上銷售渠道。為加強品牌認可度，繼續利用中草藥兒童護理概念在各門店開展銷售推廣活動。

對於追風系列產品，集團將繼續採用市場口號「等風來，不如追風去」，針對當下時尚生活方式的年輕消費者，我們打算對此產品系列進行重新包裝，在電商渠道推出全新護髮產品系列。

對於本草堂系列產品，集團將繼續擴大網上銷售來增加銷售收入。

對於渠道的發展，集團將通過傳統賣場採取循序漸進的發展銷售渠道的方式，集團將集中精力開發潛在的化妝品專賣店渠道客戶和包場客戶。繼續在線下推廣核爆活動，保持線上傳統渠道的穩定發展。同時借助過去兩年電商渠道的增長趨勢，繼續深耕電商平台，諸如淘寶、京東這些發展成熟的網絡銷售平台，依託這些平台的大數據分析及推廣活動結果，加大在線上的精準推廣，根據渠道人群屬性，優化銷售轉換率，和保持線上銷售增長動力。

對於生產管理，於回顧期內，我們再次順利通過了化妝品良好生產規範(GMP認證)以及國際化標準組織化妝品生產操作指南ISO22716。為保持客戶對我們產品的滿意度，我們的理念是品質是至關重要的，而我們集團將會建立標準生產控制以確保生產效率，我們在經營過程中嚴格遵守各項生產管理條例，諸如工業安全條例，環境保護條例，以及員工福利條例。我們會盡最大努力使得生產程序透明化，以加強消費者對我們產品品質的信賴。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

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Interim Report 2018

二〇一八年中期報告

As part of the business expansion plan, the Group will continue to explore the possibility to co-operate with potential distributors in launching our branded products to other countries. The Group is open to explore further business opportunities with potential overseas distributors.

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

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

在業務擴展計劃方面，本集團將繼續開發與潛在經銷商合作的可能性，把本集團的品牌推廣至其他國家。本集團將以開放的態度尋找與潛在的海外經銷商洽談更多商業合作的機會。

截至本公告發佈之日，本集團並無任何正在洽談處理的收購事宜，並且暫時不會積極尋找潛在的收購機會。

展望未來，在不穩定的經濟環境中，維持和發展我們業務之戰略方向將集中在以下兩個方面。就短期而言，本集團擬在家庭及個人護理行業開拓新的銷售渠道，提升銷售收入，達到盈利，並提高本集團投資者的信心。就長期而言，本集團將繼續鞏固發展模式，迎戰國內外競爭對手以增加市場份額，奉行個人護理產品品牌及產品多樣化的均衡策略，成為全球中草藥家庭及個人護理產品領軍企業。

流動資金、財務資源及資本架構

本集團採用保守的理財策略並保持良好和穩健的財務狀況。流動資金和財務資源概要列載如下：

		30 June 2018 於二零一八年 六月三十日 RMB in million 人民幣百萬元 (Unaudited) (未經審核)	31 December 2017 於二零一七年 十二月三十一日 RMB in million 人民幣百萬元 (Audited) (經審核)
Cash and cash equivalent	銀行結存及現金	54.3	46.1
Total loans	貸款總額	12.6	—
Total assets	總資產	298.2	298.4
Gearing ratio ^{Note}	資產負債率 ^{備註}	4.2%	—

Note: Calculated as total loans divided by total assets.

備註：按貸款總額除以資產總額計算。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

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MATERIAL ACQUISITION AND DISPOSAL

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

The Board is of the view that the Group conducts its business transactions principally in Renminbi and thus the exchange rate risk at the Group's operational level is not significant.

For the six months ended 30 June 2018, the Group had not issued any material financial instruments or entered into any material financial instruments or entered into any material contracts for foreign currency hedging purposes. However, the Board will continue to monitor the foreign exchange exposure and is prepared to take prudent measures such as hedging when required.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities.

CAPITAL COMMITMENT

As at 30 June 2018, the capital commitment for acquisition of property, plant and equipment of the Group was approximately RMB2.5 million.

重大收購及出售

於回顧期間，本集團並無重大收購或出售其任何附屬或聯營公司。

匯率波動風險及有關對沖

本集團主要在中國境內經營業務，大部分交易以人民幣結算。本集團的報告貨幣為人民幣。本集團出口產品銷往香港和部分海外國家，交易以港幣或美元結算。本集團大部份現金及銀行存款以人民幣計值。本公司宣派股息時亦以港元派付。

董事會認為本集團從事的業務主要是以人民幣結算的，因此外匯風險對本集團的日常經營影響並不重大。

截至二零一八年六月三十日，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，董事會將繼續監察外匯風險，並準備在需要時採取審慎的措施，例如對沖。

或然負債

於二零一八年六月三十日，本集團並無任何重大或然負債。

資本承擔

於二零一八年六月三十日，本集團購建物業、廠房及業務資本承擔總額約人民幣2.5百萬元。

CHARGE OF ASSETS

As at 30 June 2018, buildings with carrying values of approximately RMB3.6 million (2017: approximately RMB3.8 million) had been pledged to secure banking facilities granted to the Group. As at 30 June 2018, banking facilities of approximately RMB12.6 million were utilised and approximately RMB67.4 million were unutilised and available for the Group's future financing.

TRADE AND OTHER PAYABLES

As at 30 June 2018, the trade and other payables of the Group were approximately RMB113.9 million (2017: approximately RMB117.4 million), which decreased slightly as compared with 2017. For the period ended 30 June 2018, trade and other payables did not include any balances due to related parties.

HUMAN RESOURCES

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

For the six months ended 30 June 2018, the Group organised various in-house training classes to strengthen the soft skills of our staff members such as time management, stress management and leadership development. Apart from these in-house courses, the Group also required our department managers to attend external courses on reward and motivation. We required our senior sales and marketing staff to attend brand positioning strategy courses, and we required our finance and accounting staff to attend seminars about the latest accounting standards, taxation practices and budgetary control.

資產抵押

於二零一八年六月三十日，本集團抵押帳面價值約人民幣3.6百萬元的建築物（二零一七年度：約人民幣3.8百萬元）以確保銀行給予本集團的授信額度。於二零一八年六月三十日，本集團已使用的銀行授信額度約為人民幣12.6百萬元，未使用及可供本集團未來使用的銀行授信額度約為人民幣67.4百萬元。

貿易及其他應付款項

於二零一八年六月三十日，本集團貿易及其他應付款項約為人民幣113.9百萬元（二零一七年：約人民幣117.4百萬元），與二零一七年相比相對略為減少。截至二零一八年六月三十日止，貿易及其他應付款項並無任何應付關聯方的結餘。

人力資源

為了激勵本集團的員工，本集團在任何經濟環境下都會致力於員工培訓和發展。集團將繼續投資人力資本，以保持一個高素質的員工團隊，協助我們實現組織目標。

截至二零一八年六月三十日止六個月，本集團舉辦了多項內部培訓課程，以增強我們工作人員的軟技能，例如：時間管理、壓力管理和領導能力發展等。除此之外，本集團還要求部門經理參加有關獎勵和激勵的外部培訓課程。我們要求高級市場策劃人員參加品牌定位策略培訓課程，也要求財務及會計人員參加有關最新會計準則、稅務實踐以及預算編製方面的研討會。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司

As at 30 June 2018, the Group employed 977 employees (30 June 2017: 1,208), consisting of full-time employees and contract personnel in the PRC and Hong Kong. The total personnel expenses, comprising wages, salaries and benefits, and equity-settled share-based payments, amounted to approximately RMB23.1 million for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately RMB23.4 million).

The following table sets forth a breakdown of the total headcount of our employees as at 30 June 2018 and 2017, respectively:

		As at 30 June 2018 於二零一八年 六月三十日	As at 30 June 2017 於二零一七年 六月三十日
Full-time employees	全職僱員	184	205
Contract personnel	合約僱員		
– Sales persons	– 促銷員	426	577
– Others	– 其他	367	426
Total headcount	總人數	977	1,208

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

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

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

於二零一八年六月三十日，本集團僱用977名員工(二零一七年六月三十日：1,208)，其中包括在中國和香港的全職員工以及合約僱員。總人事開支包括工資、薪金和福利以及以權益結算之股份支付款項，截至二零一八年六月三十日止六個月約人民幣23.1百萬元(截至二零一七年六月三十日止六個月：約人民幣23.4百萬元)。

下表分別載列於二零一八年六月三十日及二零一七年六月三十日我們的總僱員人數的明細：

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

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

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register that was required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

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

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

於二零一八年六月三十日，董事及本公司行政人員於本公司及其相聯法團(按香港法例第571章證券及期貨條例(「證券及期貨條例」)條例第XV部的涵義的股份、相關股份或債券證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及淡倉(包括彼等根據上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉)，或(b)根據證券及期貨條例第352條規定須登記於需存置的登記冊內的權益及淡倉，或(c)根據上市發行人之董事進行證券交易之標準守則(「標準守則」)規定須知會本公司及香港聯交所如下：

董事及最高行政人員於本公司股份、相關股份及債權證中擁有的權益及淡倉

Name of director/ chief executive 董事/最高行政人員 名稱	Long/short position in ordinary shares 普通股中之好/淡倉	Nature of interest 權益性質	Number of ordinary shares/ underlying ordinary shares of the Company held 持有公司 的普通股及 相關普通股 股份數目	Approximate percentage of issued share capital of the Company 於公司 已發行 股本中之 權益百分比 (約數)
CHEN Qiyuan (Note 1) 陳啟源(附註1)	Long 好倉	Interest in controlled corporation 所控制法團權益	1,900,840,000	60.12%
CHEN Zheng He (Note 2) 陳正鶴(附註2)	Long 好倉	Interest in controlled corporation 所控制法團權益	1,900,840,000	60.12%
WONG Sin Yung (Note 3) 黃善榕(附註3)	Long 好倉	Beneficial owner 實益擁有人	2,100,000	0.07%

Other Information (Continued) 其他資料(續)

Notes:

1. CHEN Qiyuan was deemed to be interested in the 1,900,840,000 shares of the Company held by Fortune Station by virtue of CHEN Qiyuan and his spouse, WAN Yuhua holding 25.72% and 24.96% of the issued share capital of Fortune Station, respectively. The remaining 49.57% of the issued share capital of Fortune Station was held by Heroic Hour Limited (“**Heroic Hour**”). Heroic Hour’s entire issued share capital is held by CHEN Zheng He as trustee for himself and on behalf of his six brothers and sisters. The beneficial interests of CHEN Qiyuan’s six children under the age of 18, namely CHEN Cynthia Yuping, CHEN Li Zi, CHEN Zheng Sheng, CHEN Zheng Yan, CHEN Ya Shan and CHEN Bo Ling in Heroic Hour, representing 78.00% of the issued share capital of Heroic Hour, were also attributable to CHEN Qiyuan.
2. CHEN Zheng He was deemed to be interested in the shares of Fortune Station held by Heroic Hour by virtue of him holding the entire issued share capital of Heroic Hour (as trustee for himself and his six brothers and sisters). Therefore CHEN Zheng He was deemed to be interested in the 1,900,840,000 shares of the Company held by Fortune Station.
3. Including 630,000 shares, which would be allotted and issued to WONG Sin Yung upon the exercise in full of the share options granted to WONG Sin Yung under the Pre-IPO Share Option Scheme of the Company. For details, please refer to section headed “Share Option Scheme and Pre-IPO Share Option Scheme” below.

附註：

1. 憑藉陳啟源及其配偶萬玉華分別持有Fortune Station之25.72%及24.96%之已發行股份，陳啟源被視為擁有Fortune Station所持有的1,900,840,000股公司股份的權益。Fortune Station的其餘49.57%已發行股本由Heroic Hour Limited (「**Heroic Hour**」) 持有，而陳正鶴作為受託人代彼及其六位弟妹持有Heroic Hour的全部已發行股本。由陳啟源18周歲以下的六位子女，即陳鈺坪、CHEN Li Zi、CHEN Zheng Sheng、陳正諺、陳雅善及Chen Bo Ling所實益持有的78.00% Heroic Hour已發行股本亦被視為歸屬於陳啟源。
2. 憑藉陳正鶴作為受託人代彼及其六位弟妹持有Heroic Hour的全部已發行股本，陳正鶴被視為於Heroic Hour在Fortune Station的權益中擁有權益。因此，陳正鶴被視為擁有Fortune Station所持有的1,900,840,000股公司股份的權益。
3. 包括630,000股，根據本公司首次公開發售前購股權計劃黃善榕行使購股權後，該等股份將被配發及發行給黃善榕。有關詳情，請參閱下文「購股權計劃及首次公開發售前購股權計劃」一節。

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

董事及最高行政人員於相聯法團的股份、相關股份及債權證中之權益及淡倉

Name of director/ chief executive 董事/最高行政人員 名稱	Name of associated corporation 相聯法團名稱	Nature of interest 權益性質	Long/short position 好/淡倉	Number of ordinary shares held 持有的 普通股 股份數目	Approximate percentage of interest in associated corporation 於相關法團中 之權益百分比
CHEN Qiyuan (Note 1) 陳啟源(附註1)	Fortune Station	Beneficial owner 實益擁有人	Long 好倉	10,200	25.72%
		Interest of spouse and children under 18 配偶及未滿18歲子女之權益	Long 好倉	25,130	63.37%
		Other 其他	Long 好倉	4,327	10.91%
CHEN Zheng He (Note 2) 陳正鶴(附註2)	Fortune Station	Interest in controlled corporation 所控制法團權益	Long 好倉	19,657	49.57%

Notes:

1. CHEN Qiyuan was the beneficial owner of approximately 25.72% of the issued share capital of Fortune Station. CHEN Qiyuan, as the spouse of WAN Yuhua, was deemed to be interested in WAN Yuhua's interests in Fortune Station. The beneficial interests of CHEN Qiyuan's six children under the age of 18 in Heroic Hour, representing 78.00% of the issued share capital of Heroic Hour, were also attributable to CHEN Qiyuan. Heroic Hour held approximately 49.57% of the issued share capital of Fortune Station.
2. CHEN Zheng He was deemed to be interested in the interests of Fortune Station held by Heroic Hour by virtue of him holding the entire issued share capital of Heroic Hour (as trustee for himself and his six brothers and sisters).

Other than as disclosed above, as at 30 June 2018, so far as known to any Director or chief executive of the Company, neither the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30 June 2018, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of the SFO were as follows:

附註：

1. 陳啟源為Fortune Station已發行股本的約25.72%實益擁有人。陳啟源作為萬玉華的配偶被視為為萬玉華在Fortune Station的權益中擁有權益。由陳啟源18周歲以下的六位子女所實益持有的78.00% Heroic Hour已發行股本亦被視為歸屬於陳啟源。Heroic Hour持有Fortune Station已發行股本的約49.57%。
2. 憑藉陳正鶴作為受托人代彼及其六位弟妹持有Heroic Hour之全部已發行股本而被視為為於Heroic Hour在Fortune Station的權益中擁有權益。

除上述披露的人員之外，於二零一八年六月三十日，就目前本公司的任何董事及最高行政人員所知，無論是本公司董事或者是最高行政人員，都沒有擁有本公司及其相聯法團（按證券及期貨條例第XV部的涵義）的股份、相關股份或債權證中，(a)根據證券及期貨條例第XV部第7及第8分部的規定須知會本公司及聯交所的權益及淡倉（包括彼等更具上述證券及期貨條例該等條文被當做或視作擁有的權益及淡倉），或(b)根據證券及期貨條例第352條規定須登記於需存置的登記冊內，或(c)根據標準守則規定須知會本公司及聯交所。

本公司主要股東的權益及淡倉

據本公司任何董事或最高行政人員所知，於二零一八年六月三十日，股東（除本公司董事或最高行政人員外）於股份或相關股份中擁有根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉如下：

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of ordinary shares of the Company held 持有的公司普通股股份數目	Approximate percentage of issued share capital of the Company 於公司已發行股本中之權益百分比 (約數)
Fortune Station	Beneficial owner 實益擁有人	1,900,840,000 (L)	60.12%

Other Information (Continued)

其他資料(續)

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of ordinary shares of the Company held 持有的公司普通股股份數目	Approximate percentage of issued share capital of the Company 於公司已發行股本中之權益百分比 (約數)
Heroic Hour	Interest in controlled corporation (Note 1) 所控制法團權益(附註1)	942,199,659 (L)	29.80%
WAN Yuhua (Note 2) 萬玉華(附註2)	Beneficial owner 實益擁有人	469,733,767 (L)	14.86%
	Interest of spouse and children under the age of 18 配偶及未滿18歲的子女之權益	1,223,704,392 (L)	38.70%
	Other 其他	207,401,841 (L)	6.56%
CHEN Cynthia Yuping (Note 3) 陳鈺坪(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Li Zi (Note 3) CHEN Li Zi(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Zheng Sheng (Note 3) CHEN Zheng Sheng(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Zheng Yan (Note 3) 陳正諺(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%

Other Information (Continued) 其他資料(續)

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of ordinary shares of the Company held 持有的公司普通股股份數目	Approximate percentage of issued share capital of the Company 於公司已發行股本中之權益百分比 (約數)
CHEN Ya Shan (Note 3) 陳雅善(附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%
CHEN Bo Ling (Note 3) CHEN Bo Ling (附註3)	Beneficiary of a trust (other than a discretionary trust) 信託受益人(非酌情信託)	122,466,303	3.87%
	Other 其他	1,778,373,697	56.25%

(L)—Long Position
(L)—好倉

Notes:

- Heroic Hour was the beneficial owner of approximately 49.57% of the issued share capital of Fortune Station and was deemed to be interested in the shares of the Company held by Fortune Station.
- WAN Yuhua was the beneficial owner of approximately 24.71% of the issued share capital of Fortune Station. As spouse of CHEN Qiyuan, WAN Yuhua was deemed to be interested in CHEN Qiyuan's interests of approximately 25.72% in Fortune Station. The beneficial interests of WAN Yuhua's six children under the age of 18, namely CHEN Cynthia Yuping, CHEN Li Zi, CHEN Zheng Sheng, CHEN Zheng Yan, CHEN Ya Shan and CHEN Bo Ling in Heroic Hour, representing 78.00% of the issued share capital of Heroic Hour, were also attributable to WAN Yuhua.
- The beneficial interests of CHEN Cynthia Yuping, CHEN Li Zi, CHEN Zheng Sheng, CHEN Zheng Yan, CHEN Ya Shan and CHEN Bo Ling in Heroic Hour were held by CHEN Zheng He as trustee for each of his brothers and sisters as named above.

附註:

- 憑藉Heroic Hour為Fortune Station已發行股本的約49.57%實益擁有人，Heroic Hour被視為為Fortune Station持有的公司股份中擁有權益。
- 萬玉華為Fortune Station已發行股本的約24.71%實益擁有人。萬玉華為陳啟源的配偶，並被視為為陳啟源在Fortune Station的權益中擁有約25.72%的權益。由萬玉華18周歲以下的六位子女，即陳鈺坪、CHEN Li Zi、CHEN Zheng Sheng、陳正諺、陳雅善及Chen Bo Ling所實益持有的78.00% Heroic Hour已發行股本亦被視為歸屬於萬玉華。
- 陳鈺坪、CHEN Li Zi、CHEN Zheng Sheng、陳正諺、陳雅善和CHEN Bo Ling於Heroic Hour的實益擁有權為陳正鶴以受託人身份代彼以上提及之六位弟妹持有。

Other than as disclosed above, as at 30 June 2018, the Company has not notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

於二零一八年六月三十日，除上文所披露人士之外，本公司未接到通知有任何人士(除本公司董事或最高行政人員外)於股份或相關股份中擁有根據證券及期貨條例第336條規定須登記於需存置的登記冊內的權益或淡倉。

Other Information (Continued) 其他資料(續)

SHARE OPTION SCHEME AND PRE-IPO SHARE OPTION SCHEME

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

Share Option Scheme

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

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

Share options granted to a connected person (or its associates) of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance at a general meeting.

購股權計劃及首次公開發售前購股權計劃

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

購股權計劃

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

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

授予本公司之關連人士(或其聯繫人)或彼等之任何聯繫人之購股權，須事先獲得獨立非執行董事批准。此外，在任何十二個月期間，任何授予本公司主要股東或獨立非執行董事，或彼等之任何聯繫人之購股權超過本公司已發行股份之0.1%的，以及其總價值(以本公司授出之日之股票價格為基礎計算)超過港元5百萬的，須經股東在股東大會上事先批准。

The offer of a grant of share options may be accepted, upon payment of an option price to be determined by the Board from time to time. The exercise period of the share options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of grant of the share options.

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

As at 1 January and 30 June 2018, no shares option was outstanding under the Share Option Scheme, and there was no share option granted, exercised, cancelled or lapsed under the Share Option Scheme during the six months ended 30 June 2018.

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 10 December 2008. As at 30 June 2018, options to subscribe for an aggregate of 14,532,000 Shares were granted, representing approximately 0.5% of the issued share capital of the Company. No further options will be granted under the Pre-IPO Share Option Scheme.

The above options have been conditionally granted to 42 participants by the Company at a consideration of HK\$1.0 each. The subscription price of the pre-IPO share options would be at par value or at HK\$1.19. The pre-IPO share options may be exercised up to 8 June 2019.

經董事會釐定不時支付之購股權價格後，授出購股權之要約方可被接受。授出購股權的行使期由董事會釐定，並經過一定的行權等待期間開始，但結束日期不能超過授出購股權之日起10年。

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

於二零一八年一月一日及六月三十日，購股權計劃下並無尚未行使之購股權，而截至二零一八年六月三十日止六個月概無購股權在購股權計劃下授出、行使、註銷或失效。

首次公開發售前購股權計劃

首次公開發售前購股權計劃於二零零八年十二月十日起生效。於二零一八年六月三十日，已授予總共14,532,000股的購股權，大約佔本公司已發行股份之約0.5%。概無根據首次公開發售前購股權計劃授出的其他購股權。

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

Other Information (Continued) 其他資料(續)

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A total of 4,200,000 pre-IPO share options were granted to two executive Directors on 8 June 2009. Of which, options to subscribe for a total of 840,000 shares held by a director resigned on 28 May 2013 were forfeited on the same date, which was partially exercised up to 30 June 2018. Movement of these share options during the six months ended 30 June 2018 were as follows:

於二零零九年六月八日，公司授予兩名執行董事合共4,200,000股的首次公開發售前購股權。其中，一名董事於二零一三年五月二十八日辭任而其持有合共840,000股份購股權已於同日失效，截至二零一八年六月三十日，該購股權已部分被行使。這些首次公開發售前購股權截至二零一八年六月三十日止六個月明細如下：

Name of director 董事名稱	Date of grant 授權日	Exercise price (HKD) 行權價(港元)	Number of share options 股份購股權數目				Outstanding as at 30 June 2018 於二零一八年 六月三十日 尚未行使	Approximate percentage of issued share capital of the Company (%) 佔本公司 已發行股本的概 約百分比(%)	Exercise Period 行權期間
			Outstanding as at 1 January 2018 於二零一八年 一月一日 尚未行使	Granted during the period 於期內 於期內 授予數目	Exercise during the period 於期內 於期內 行權數目	Forfeited during the period 於期內失效			
WONG Sin Yung 黃善榕	8 June 2009 二零零九年六月八日	Par Value 面值	630,000	—	—	—	630,000	0.01	4 July 2014 to 8 June 2019 二零一四年七月四日至 二零一八年六月八日
Total 合計			630,000	—	—	—	630,000	0.01	

Apart from the above, options to subscribe for a total of 10,332,000 Shares under the Pre-IPO Share Option Scheme were granted to 40 employees of the Group on 8 June 2009. Of which, options to subscribe for totalling 5,227,320 Shares granted to 28 employees had been forfeited prior to 2016.

除此以外，在二零零九年六月八日，根據首次公開發售前購股權計劃，總共有10,332,000股股份的購股權分配給了本集團40名僱員。其中，之前授予28名僱員總共5,227,320股股份的購股權已於二零一六年前被取消。

As at 1 January and 30 June 2018, there was a balance of unexpired and unexercised options to subscribe for 1,653,960 Shares (which was inclusive of Mr. WONG Sin Yung's share options). Except for the options which had been granted as disclosed above, no further pre-IPO share options were granted, exercised, cancelled or lapsed for the six month period ended 30 June 2018. Details of Pre-IPO Share Option Scheme are set out in Note 15 under the section headed "Notes to the Consolidated Financial Statements" in this interim report.

於二零一八年一月一日及六月三十日，尚未到期且並未被行使的購股權餘額為1,653,960股(包括由黃善榕先生所持有的購股權)。除了上述已經披露授出的購股權外，截至二零一八年六月三十日止六個月概無任何公開發售前購股權授出、行使、註銷或失效。首次公開發售前購股權計劃詳見本中期報告「綜合財務報告」附註15。

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

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

購入、出售或贖回本公司之上市證券

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

THE CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

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

The Board is of the view that the Company has complied with the applicable code provisions of the Corporate Governance Code as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the six months ended 30 June 2018, except for the deviations as stated below.

On 22 November 2017, Mr. LI Bida, a former independent non-executive director of the Company (“**INED**”), the former chairman of the remuneration committee, a former member of the nomination committee and the audit and risk management committee of the Company, passed away due to ill health. Following this event, the Board comprised five directors, including three executive directors and two INEDs.

Pursuant to Rule 3.10(1) of the Listing Rules, the number of INEDs should not fall below the minimum number of three and therefore, the Company was not in compliance with Rule 3.10(1) of the Listing Rules. Furthermore, the vacancy for chairman of the remuneration committee does not fulfil the requirement that the chairman of the remuneration committee is to be chaired by an INED under Rule 3.25 of the Listing Rules, and the requirement that the majority of the nomination committee members must be INEDs pursuant to A.5.1 of the CG Code. Moreover, the number of audit and risk management committee members decreased from three to two, falling below the minimum number required under Rule 3.21 of the Listing Rules.

The Company took active steps to identify suitable candidates with appropriate experience to be appointed as an INED and as a member of the Board committees. With effect from 14 February 2018, Mr. CHEUNG Kin Wing (“**Mr. Cheung**”), an INED, was appointed as the chairman of the remuneration committee and a member of the nomination committee of the Company. Following the above committee appointments, the Company re-complied with Rule 3.25 of the Listing Rules and A.5.1 of the CG Code. With effect from 17 April 2018, Dr. WANG Qi (“**Dr. Wang**”) was appointed as an INED and a member of the audit and risk management committee of the Company. Following the appointment of Dr. Wang, the Company re-complied with Rule 3.10(1) and Rule 3.21 of the Listing Rules.

遵守企業管治常規守則

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。

董事會認為，除下文所列之偏離外，截至二零一八年六月三十日止六個月期間，本公司一直遵守香港聯合交易所之證券上市規則（「**上市規則**」）附錄14所載企業管治守則所載適用的守則條文。

於二零一七年十一月二十二日，本公司前獨立非執行董事（「**獨立非執行董事**」），薪酬委員會前主席，提名委員會和審核及風險管理委員會的前任成員，李必達先生因健康不佳而辭世。此次事件後，董事會由五名董事組成，其中包括三名執行董事和兩名獨立非執行董事。

根據上市規則第3.10(1)條，獨立非執行董事的數目最低不應低於三名，因此，本公司並不符合上市規則第3.10(1)條規定。此外，薪酬委員會主席的職位空缺並不符合上市規則第3.25條，薪酬委員會主席須由獨立非執行董事擔任的規定，以及根據企業管治守則第A.5.1條要求提名委員會大多數成員必須為獨立非執行董事的規定。此外，審計及風險管理委員會成員人數由三人減至兩人，低於上市規則第3.21條所規定的最低人數。

本公司採取了積極的措施以物色適當的人選填補獨立非執行董事及各董事會委員會的空缺。於二零一八年二月十四日起，本公司的獨立非執行董事張建榮先生（「**張先生**」）獲委任為薪酬委員會主席和提名委員會成員。經上述委員會委任後，本公司重新遵守上市規則第3.25條及企業管治守則第A.5.1條規定。自二零一八年四月十七日起，王琦博士（「**王博士**」）獲委任為本公司獨立非執行董事及審計及風險管理委員會成員。於王博士獲委任後，本公司重新遵守上市規則第3.10(1)以及第3.21條。

Other Information (Continued) 其他資料(續)

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Further details in respect of the past non-compliances and current composition of the Board may be found in the announcements of the Company dated 30 November 2017, 14 February 2018, 22 February 2018, 13 March 2018 and 17 April 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has adopted terms of reference which are in line with the Corporate Governance Code. The Audit and Risk Management Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2018 with the management of the Company and recommended its adoption by the Board.

DIVIDENDS

Following review of the operating results of the Group, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018.

有關董事會過往不合規及當前董事會組成的進一步詳情，請參閱本公司日期為二零一七年十一月三十日，二零一八年二月十四日，二零一八年二月二十二日，二零一八年三月十三日及二零一八年四月十七日的公告。

董事進行證券交易的標準守則

本公司已採納的上市規則附錄10中的標準守則作為董事進行證券交易的行為守則。向董事進行特定查詢後，所有董事確認於回顧期間一直遵守標準守則所載的規定標準。

審核和風險管理委員會

審核和風險管理委員會已被授予與企業管治常規守則要求一致的職權範圍。審核和風險管理委員會已與公司管理層審閱本集團截至二零一八年六月三十日止六個月之未經審核中期業績，並建議董事會將其採納。

派息

根據本集團經營業績的回顧，董事會不建議派發截至二零一八年六月三十日止六個月的中期股息。

By Order of the Board
Chen Qiyuan
Chairman

Hong Kong, 31 August 2018

承董事會命
陳啟源
主席

香港，二零一八年八月三十一日

Condensed Consolidated Statement of Profit or Loss

簡明綜合損益表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
		Notes 附註	
Revenue	營業額	3	125,973
Cost of sales	銷售成本		(69,863)
Gross profit	毛利		56,110
Other income	其他收入		1,329
Changes in fair value less costs to sell in respect of biological assets	生物資產公允價值減銷售 成本的變動損益		—
Selling and distribution costs	銷售及分銷開支		(54,809)
Administrative expenses	行政費用		(13,505)
Other expenses	其他費用		(535)
Finance costs	融資成本	4	—
(Loss)/profit before taxation	稅前(虧損)/盈利	5	(11,410)
Income tax expense	稅項	6	—
(Loss)/profit for the period attributable to owners of the Company	本公司擁有人應佔有之 期內(虧損)/盈利		(11,410)
(Loss)/earnings per share Basic and diluted (RMB cents)	每股(虧損)/盈利 基本及攤薄(人民幣仙)	8	(0.36)
			0.04

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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BaWang International (Group) Holding Limited
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Six months ended 30 June
截至六月三十日止六個月

2018	2017
二零一八年	二零一七年
RMB'000	RMB'000
人民幣千元	人民幣千元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

(Loss)/profit for the period attributable to owners of the Company	本公司擁有人應佔有之期內 (虧損)/盈利	(11,410)	1,131
Other comprehensive income/(expense)	其他期內全面收益/(支出)		
Item that may be reclassified subsequently to profit or loss:	其後可重新分類至損益 之項目：		
Exchange differences arising on translation of foreign operations	海外業務換算之匯兌差異	3,408	(2,068)
Total comprehensive expense for the period attributable to owners of the Company	本公司擁有人應佔期內全面支出 總額	(8,002)	(937)

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

As at 30 June 2018 於二零一八年六月三十日

		Notes 附註	30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Non-current asset	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	128,359	132,403
Current assets	流動資產			
Inventories	存貨		44,458	47,581
Biological assets	生物資產	10	—	—
Trade and other receivables	貿易及其他應收款項	11	44,893	45,458
Amounts due from related parties	應收關聯方款項	17(a)	6,229	6,947
Deposit with bank	銀行存款	12	20,000	20,000
Bank balances and cash	銀行結存及現金	12	54,279	46,050
			169,859	166,036
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	13	113,938	117,439
Amounts due to related parties	應付關連方款項	17(a)	78	1,346
Bank borrowings	銀行借款		12,550	—
Income tax payables	應付所得稅		9,070	9,070
Provisions	計提準備		338	338
			135,974	128,193
Net current assets	流動資產淨值		33,885	37,843
Net assets	資產淨值		162,244	170,246
Capital and reserves	資本及儲備			
Share capital	股本	14(a)	277,878	277,878
Reserves	儲備	14(b)	(115,634)	(107,632)
Total equity	權益總額		162,244	170,246

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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Attributable to owners of the Company

本公司擁有人應佔

		Share capital	Share premium	PRC statutory reserves	Capital reserve	Merger reserve	Exchange translation reserve	Other reserve	Accumulated losses	Total equity
		股本	股本溢價	中國法定儲備	中國法定儲備	合併儲備	匯兌儲備	其他儲備	累計虧損	總計虧損權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(note 15(a))	(note 15(b))	(note 15(b))	(note 15(b))	(note 15(b))	(note 15(b))	(note 15(b))	(note 15(b))	(note 15(b))
		(附註15(a))	(附註15(b))	(附註15(b))	(附註15(b))	(附註15(b))	(附註15(b))	(附註15(b))	(附註15(b))	(附註15(b))
At 1 January 2018 (audited)	於二零一八年一月一日 (經審核)	277,878	1,400,650	49,887	2,814	8,468	(30,448)	9,421	(1,548,424)	170,246
Loss for the period	期內虧損	-	-	-	-	-	-	-	(11,410)	(11,410)
Other comprehensive income for the period	期內其他全面收益	-	-	-	-	-	3,408	-	-	3,408
Total comprehensive income/(expense) for the period	期內全面收益/(支出)總額	-	-	-	-	-	3,408	-	(11,410)	(8,002)
At 30 June 2018 (unaudited)	於二零一八年六月三十日 (未經審核)	277,878	1,400,650	49,887	2,814	8,468	(27,040)	9,421	(1,559,834)	162,244
At 1 January 2017 (audited)	於二零一七年一月一日 (經審核)	277,878	1,400,650	49,887	2,814	8,468	(30,925)	9,421	(1,567,651)	150,542
Profit for the period	期內盈利	-	-	-	-	-	-	-	1,131	1,131
Other comprehensive expense for the period	期內其他全面支出	-	-	-	-	-	(2,068)	-	-	(2,068)
Total comprehensive (expense)/income for the period	期內全面(支出)/收益總額	-	-	-	-	-	(2,068)	-	1,131	(937)
At 30 June 2017 (unaudited)	於二零一七年六月三十日 (未經審核)	277,878	1,400,650	49,887	2,814	8,468	(32,993)	9,421	(1,566,520)	149,605

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
OPERATING ACTIVITIES	經營活動		
(Loss)/profit before taxation	稅前(虧損)/盈利	(11,410)	1,131
Adjustments for:	就下列作出調整：		
Bank interest income	銀行利息收入	(166)	(186)
Changes in fair value less costs to sell in respect of biological assets	生物資產公允價值減銷售成本的變動損益	—	132
Depreciation of property, plant and equipment	物業、廠房及設備折舊	5,230	6,097
Finance costs	融資成本	—	219
Allowance for inventories	存貨減值	1,282	1,724
Impairment loss recognised in respect of trade receivables	貿易應收款項之減值損失 確認	1,658	1,549
(Gain)/loss on disposal of property, plant and equipment	處置物業、廠房及設備 (收益)/虧損	(21)	14
Obsolete inventories written off	存貨報廢	—	63
Provision for litigation	訴訟撥備	—	55
Operating cash flows before working capital changes	營運資金變動前之經營 資金流量	(3,427)	10,798
Decrease/(increase) in inventories	存貨減少/(增加)	1,841	(1,863)
(Increase)/decrease in trade and other receivables	生物資產(增加)/減少	(1,093)	13,794
Decrease/(increase) in amounts due from related parties	貿易及其他應收款項減少/ (增加)	716	(19,582)
Decrease in amounts due to related parties	應付關連方款項減少	(1,267)	(546)
Decrease in trade and other payables	貿易及其他應付款項減少	(3,501)	(8,607)
Decrease in provisions	計提費用減少	—	(2,165)
Cash used in operations	經營活動所用的現金	(6,731)	(8,171)
Interest paid	已付利息	—	(219)
NET CASH USED IN OPERATING ACTIVITIES	經營活動所用的現金淨額	(6,731)	(8,390)

Condensed Consolidated Statement of Cash Flows (Continued)

簡明綜合現金流量表(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

Six months ended 30 June
截至六月三十日止六個月

2018	2017
二零一八年	二零一七年
RMB'000	RMB'000
人民幣千元	人民幣千元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購買物業、廠房及設備	(1,176)	(460)
Advance to related parties	預付關聯方	(8)	—
Plantation expenditure of biological assets	生物資產種植支出	—	(5)
Bank interest received	已收銀行利息	166	186
Proceeds from disposal of property, plant and equipment	處置物業、廠房及設備的所得款項	21	2
Repayment from related parties	關聯方償還款項	10	—
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用的現金淨額	(987)	(277)
FINANCING ACTIVITIES	融資活動		
New bank borrowings raised	新增銀行借款	12,550	3,820
Repayment of bank borrowings	償還銀行借款	—	(15)
Repayment to related parties	償還關聯方款項	(1)	—
NET CASH FROM FINANCING ACTIVITIES	融資活動產生的現金淨額	12,549	3,805
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物產生/(減少)淨額	4,831	(4,862)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	於期初之現金及現金等價物	46,050	22,312
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動影響	3,398	(2,023)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, representing bank balances and cash	於期終之現金及現金等價物 即指銀行結存及現金	54,279	15,427

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

1. GENERAL AND BASIS OF PREPARATION

BaWang International (Group) Holding Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Fortune Station Limited, which was incorporated in the British Virgin Islands (the “BVI”) and is owned as to: (1) 49.57% by Heroic Hour Limited, a company that is beneficially owned as to 22.00% by Mr. CHEN Zheng He, the chief executive officer and an executive director of the Company, and 78.00% by Mr. CHEN Zheng He’s six brothers and sisters; (2) 25.72% by Mr. CHEN Qiyuan, the chairman of the board of directors; and (3) 24.71% by Ms. WAN Yuhua, a former director and the former chief executive officer of the Company (collectively referred to as the “Controlling Shareholders”). On 16 July 2018, Ms. WAN Yuhua had transferred her 24.71% equity interest in Fortune Station Limited to Mr. CHEN Qiyuan.

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

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

The condensed consolidated financial statements of the Group for the six months ended 30 June 2018 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

1. 編製基準

霸王國際(集團)控股有限公司(「本公司」)於開曼群島註冊成立為獲豁免的有限公司並且在香港聯合交易所有限公司(「聯交所」)主板上市。其直接母公司為在英屬處女群島(「英屬處女群島」)註冊的 Fortune Station Limited，其股份受益人(1) 49.57%由 Heroic Hour Limited 擁有該公司的 22.00% 股權由本公司之執行董事及首席執行官陳正鶴先生實益持有，而餘下之 78.00% 則由陳正鶴先生之六位弟妹實益持有；(2) 25.72% 由本公司的董事會主席陳啟源先生擁有；及(3) 24.71% 由本公司前任董事和首席執行官萬玉華女士擁有(統稱「控股股東」)。於二零一八年七月十六日，萬玉華女士已經將她在 Fortune Station Limited 擁有的 24.71% 的權益轉讓給了陳啟源先生。

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

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

本公司及附屬公司(「本集團」)截至二零一八年六月三十日止的簡明綜合財務報表乃根據香港聯合交易所有限公司證券上市規則(「上市規則」)附錄 16 之適用披露條文以及國際會計準則委員會(「國際會計準則委員會」)頒布的國際會計準則(「國際會計準則」)第 34 號中期財務報告編製。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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

1. GENERAL AND BASIS OF PREPARATION

(Continued)

The Group had accumulated losses of approximately RMB1,559,834,000 as at 30 June 2018 and net cash outflow from operating activities of approximately RMB6,731,000 for the six months ended 30 June 2018. In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

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

- (i) The Group had bank balances and cash of approximately RMB54,279,000 and net current assets of approximately RMB33,885,000 as at 30 June 2018; and
- (ii) The Group had unutilised banking facilities of approximately RMB67,450,000 as at 30 June 2018. The banking facilities will be renewed in March 2019, all relevant parties do not have objection on the renewal of banking facilities which will be extended to March 2021.

In light of the above, the directors of the Company are of the opinion that it is still appropriate to prepare the condensed consolidated financial statements for the six months ended 30 June 2018 on a going concern basis. Should the Group be not able to continue to operate as a going concern, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The condensed consolidated financial statements have not incorporated any of these adjustments.

1. 編製基準(續)

於二零一八年六月三十日，本公司錄得累計虧損約人民幣1,559,834,000元及截至二零一八年六月三十日經營活動產生的現金流出淨額約人民幣6,731,000元。在此情況下，本公司董事已考慮本集團未來資金流動性和業績情況及可用的資金來源，以評估本集團是否擁有足夠的財務資源支持其持續經營。

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

- (i) 本集團於二零一八年六月三十日持有銀行結存及現金約人民幣54,279,000元及截至二零一八年六月三十日淨流動資產約人民幣33,885,000元；及
- (ii) 截至二零一八年六月三十日，本集團尚未使用銀行融資約人民幣67,450,000元。該銀行融資將於二零一九年三月預期續簽，所有相關方對延長至二零二一年三月的銀行融資續期沒有異議。

見於上述各項，本公司董事認為，按持續經營基準編製截至二零一八年六月三十日止六個月綜合財務報表仍屬恰當。倘本集團未能按持續經營基準經營，則須作出調整，將所有非流動資產及負債重新分類為流動資產及負債、撇減資產價值至其可收回款額，以及就日後可能出現之負債撥備。此等調整並未於綜合財務報表入賬。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of Group’s condensed consolidated financial statements:

IFRS 9	Financial Instruments	國際財務報告準則第9號	金融工具
IFRS 15	Revenue from Contracts with Customers and the related Amendments	國際財務報告準則第15號	來自客戶合約之收益及相關修訂
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	國際財務報告準則第2號之修訂本	股份支付交易的分類和計量
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	國際財務報告準則第4號之修訂本	適用國際財務報告準則第9號金融工具跟國際財務報告準則第4號保險合同
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014–2016 Cycle	國際會計準則第28號之修訂本	作為國際財務報告準則二零一四至二零一六年週期年度改進的一部分
Amendments to IAS 40	Transfers of Investment Property	國際會計準則第40號之修訂本	投資性房地產轉讓
IFRIC 22	Foreign Currency Transactions and Advance Consideration	國際財務報告準則詮釋委員會第22號	外匯交易和預付考慮

2. 主要會計政策

簡明綜合財務報表乃按歷史成本基準編製。

除應用國際財務報告準則之新準則、修訂及解釋(「新訂及經修訂國際財務報告準則」)而產生的變動外，截止二零一八年六月三十日六個月的綜合財務報表所運用的會計政策及計算方法與本集團編製至二零一七年十二月三十一日止年度綜合財務報表所依循者一致。

應用新訂及經修訂國際財務報告準則

於本中期期間，本集團首次應用以下由國際會計準則委員會頒布之國際財務報告準則之新準則、修訂及解釋(「新訂及經修訂國際財務報告準則」)編製本集團綜合財務報表，並於本集團財政年度二零一八年一月一日起生效。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

Except as described below, the application of other new and amendments to IFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from manufacturing and sales of the household and personal care products.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply this standard retrospectively only to contracts that are not completed at 1 January 2018.

2. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則(續)

除下文所述之外，以上國際財務報告準則之修訂本於本中期之應用並無對本集團之財務表現及本中期及過往年度之狀況及/或對該等簡明綜合財務報表所載之披露事項產生任何重大影響。

應用國際財務報告準則第15號客戶合約收入的會計政策影響及變動

本集團已於本中期期間首次採納國際財務報告準則第15號。國際財務報告準則第15號取代國際會計準則第18號收入、國際會計準則第11號建築合約及相關詮釋。

本集團以家庭及個人護理產品製造及銷售確認收入：

本集團已追溯應用國際財務報告準則第15號，而首次應用該準則的累計影響於二零一八年一月一日首次應用當日確認。於初始應用當日的有關差額於期初累積虧損(或其他股權組成部分，如適用)中確認及比較資料未重列。此外，根據國際財務報告準則第15號之過渡條文，本集團僅選擇對二零一八年一月一日尚未完成之合約追溯應用該標準。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)

Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

2. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則(續)

應用國際財務報告準則第15號客戶合約收入的會計政策影響及變動(續)

應用國際財務報告準則第15號導致會計政策的主要變動

國際財務報告準則第15號引入確認收入時的五個步驟：

- 步驟1：識別與客戶之合約
- 步驟2：識別合約內之履約義務
- 步驟3：釐定交易價格
- 步驟4：按合約內履約義務分配交易價格
- 步驟5：當(或於)本公司滿足履約義務時確認收入

根據國際財務報告準則第15號，當(或於)滿足履約義務時，本集團確認收入，即於特定履約義務的相關商品或服務的「控制權」轉讓予客戶時確認。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)

Key changes in accounting policies resulting from application of IFRS 15 (Continued)

A performance obligation represents good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

2. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則(續)

應用國際財務報告準則第15號客戶合約收入的會計政策影響及變動(續)

應用國際財務報告準則第15號導致會計政策的主要變動(續)

履約義務指個別的商品及服務或一組商品或服務或大致相同的個別商品或服務。

控制權隨時間轉移，而倘滿足以下其中一項標準，則收入乃參照完全滿足相關履約義務的進展情況而隨時間確認。

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；
- 本集團之履約創建或強化一資產，該資產於創建或強化之時即由客戶控制；或
- 本集團之履約並未產生對本集團有替代用途的資產，且本集團對迄今已完成履約之款項具有可執行之權利。

否則，收入於客戶獲得個別商品或服務控制權的時間點確認。

合約資產指本集團就向客戶換取本集團已轉讓的商品或服務收取代價的權利(尚未成為無條件)。其根據國際財務報告準則第9號評估減值。相反，應收款項指本集團收取代價的無條件權利，即代價付款到期前僅需時間推移。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)

Key changes in accounting policies resulting from application of IFRS 15 (Continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Summary of effects arising from initial application of IFRS 15

For the sales of goods, revenue was recognised at the point when the customers acknowledged the receipt of goods, which was taken to be the point at which the customer accepts the goods and the related risks and rewards of ownership transferred. Under IFRS 15, revenue is recognised when a customer obtains control of the goods and the sales of goods continue to measure on the same bases as measured before the effective of IFRS 15.

The Group has performed an assessment on the impact of the adoption of IFRS 15 and concluded that no material financial impact on the timing and amounts of revenue recognised in prior and current periods.

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

In the current period, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

2. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則(續)

應用國際財務報告準則第15號客戶合約收入的會計政策影響及變動(續)

應用國際財務報告準則第15號導致會計政策的主要變動(續)

合約負債指本集團因已自客戶收取代價(或已到期自客戶收取代價),而須轉讓商品或服務予客戶之責任。

首次應用國際財務報告準則第15號所產生的影響概要

銷售貨品而言,收益乃於客戶確認收取貨品之時(亦被視作客戶接受所轉讓貨品以及所有權的相關風險及回報之時)確認。根據國際財務報告準則第15號,收益乃於客戶取得貨品的控制權且銷售貨品繼續按與國際財務報告準則第15號生效前所按的相同基準計量時確認。

本集團已對採用國際財務報告準則第15號的影響進行評估,並得出結論認為,對於前期及當期確認的收入時間和金額沒有重大財務影響。

應用國際財務報告準則第9號金融工具的會計政策影響及變動

於當前期間,本集團已應用國際財務報告準則第9號金融工具及其他國際財務報告準則相關的相應修訂。國際財務報告準則第9號就1)金融資產及金融負債的分類和計量,2)金融資產的預期信用損失(「預期信用損失」)及3)一般套期會計法引入新規定。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information, if any.

Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則(續)

應用國際財務報告準則第9號金融工具的會計政策影響及變動(續)

本集團已根據國際財務報告準則第9號所載的過渡條文應用國際財務報告準則第9號，即對二零一八年一月一日(首次應用日期)尚未終止確認的工具追溯應用分類及計量規定(包括減值)，惟並未對已於二零一八年一月一日終止確認的金融工具應用相關規定。二零一七年十二月三十一日與二零一八年一月一日的賬面值之差額於初始累積虧損及股本的其他組成部分確認，未重列比較資料(如有)。

應用國際財務報告準則第9號導致會計政策的主要變動

金融資產分類及計量

與客戶簽訂合約產生的貿易應收款項初步根據國際財務報告準則第15號計量。

屬國際財務報告準則第9號範圍的所有已確認金融資產其後按攤銷成本或公允價值計量，包括根據國際會計準則第39號按成本減去減值計量的非上市股權投資。

滿足以下條件其後按攤銷成本計量的債務工具：

- 以收取合約現金流量為目的而持有金融資產之經營模式下持有之金融資產；及
- 金融資產的合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金的利息。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

Key changes in accounting policies resulting from application of IFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the Group's financial assets are continue to be measured at amortised cost upon adoption of IFRS 9 which is the same as measured under IAS 39.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, amounts due from related parties, deposits with bank and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

2. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則(續)

應用國際財務報告準則第9號金融工具的會計政策影響及變動(續)

應用國際財務報告準則第9號導致會計政策的主要變動(續)

金融資產分類及計量(續)

滿足以下條件其後按公允價值計入其他全面收益(「按公允價值計入其他全面收益」)的債務工具：

- 以收取合約現金流量及出售金融資產為目的經營模式下持有之金融資產；及
- 金融資產之合約條款於指定日期產生的現金流量純粹為支付本金及未償還本金的利息。

所有其他金融資產隨後按公允價值計入損益(「按公允價值計入損益」)。

本公司董事基於二零一八年一月一日事實和情況審核及評估本集團於二零一八年一月一日的金融資產，並得出結論認為即本集團的金融資產於採納國際財務報告準則第9號之後的按攤銷成本繼續計量方法與國際會計準則第39號計量相一致。

預期信用損失模式項下之減值

本集團根據國際財務報告準則第9號就發生減值之金融資產(包括貿易及其他應收款項、應收關聯方款項、銀行存款及銀行結餘與現金)確認預期信用損失的虧損準備。預期信用損失的金額於各報告日期更新，以反映自初始確認後信用風險的變化。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

Key changes in accounting policies resulting from application of IFRS 9 (Continued)

Impairment under ECL model (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則(續)

應用國際財務報告準則第9號金融工具的會計政策影響及變動(續)

應用國際財務報告準則第9號導致會計政策的主要變動(續)

預期信用損失模式項下之減值(續)

存續期預期信用損失指將相關工具的預期使用期內所有可能的違約事件產生之預期信用損失。相反，12個月預期信用損失(「12個月預期信用損失」)將預期於報告日期後12個月內可能發生的違約事件預期導致之存續期預期信用損失部分。評估乃根據本集團的歷史信用虧損經驗進行，並根據債務人特有的因素、一般經濟狀況以及對報告日期當前狀況的評估以及對未來狀況的預測作出調整。

本集團始終就無重大融資成分的貿易應收款項確認存續期預期信用損失。該等資產的預期信用損失對於結餘重大的應收款項進行個別評估使用具有適當分組的提列矩陣進行集體評估。

對於所有其他工具，本集團計量的虧損準備等於12個月預期信用損失，除非自初始確認後信用風險顯著增加，本集團確認存續期預期信用損失。是否應確認存續期預期信用損失的評估乃基於自初始確認以來發生違約之可能性或風險的顯著增加。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs (Continued)

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 and concluded that no material financial impact exists, and therefore no adjustment to the opening retained profits at 1 January 2018 was recognised.

2. 主要會計政策(續)

應用新訂及經修訂國際財務報告準則(續)

應用國際財務報告準則第9號金融工具的會計政策影響及變動(續)

預期信貸虧損的計量及確認

預期信貸虧損的計量為違約概率、違約損失率(即違約時的損失程度)及違約風險暴露的函數。評估違約概率及違約損失率的依據是過往數據，並按前瞻性資料調整。

預期信貸虧損通常按根據合約應付本集團的所有合約現金流量與本集團預計收取的所有現金流量(按初始確認釐定的實際利率折現)之間的差額估算。

利息收入按金融資產賬面總值計算，除非金融資產出現信貸減值，在此情況下，利息收入按金融資產攤銷成本計算。

本集團通過調整賬面值於損益中確認所有金融工具之減值收益或虧損，惟相應調整於虧損撥備抵賬中確認之貿易應收賬款除外。

於二零一八年一月一日，本公司董事根據國際財務報告準則第9號之規定，使用無需付出額外成本或精力而可得之合理且可支持的資料審閱及評估本公司現有的財務資產是否存在減值，並認為不存在重大財務影響，因此於二零一八年一月一日並未對未分配利潤作出調整。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

New and revised IFRSs issued but not yet effective

The IASB has issued the following new standards and amendments to existing standards which are not effective for accounting period beginning on 1 January 2018 and have not been early adopted:

IFRS 16	Leases ¹
IFRS 17	Insurance Contracts ²
Annual Improvements Project	Annual Improvements to IFRSs 2015–2017 Cycle ¹
IFRIC 23	Uncertainty over Income Tax Treatments ¹
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to IAS 28	Long-term Interests in Associates or Joint Ventures ¹
Amendments to IFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning 1 January 2019.

² Effective for annual periods beginning 1 January 2021.

³ Effective date to be determined.

2. 主要會計政策(續)

已頒佈但尚未生效的新訂及經修訂國際財務報告準則

國際會計準則理事會頒佈了以下新訂及經修訂並於二零一八年一月一日的會計期間尚未生效和通過的準則。

國際財務報告準則第16號	租賃 ¹
國際財務報告準則第17號	保險合同 ²
國際財務報告準則之修訂本	國際財務報告準則之年度改進(二零一五年至二零一七年週期) ¹
國際財務報告準則詮釋委員會第23號	所得稅處理的不確定性 ¹
國際會計準則第19號之修訂本	計劃修改·縮減或結算 ¹
國際會計準則第28號之修訂本	聯營公司和合資企業的長期權益 ¹
國際財務報告準則第9號之修訂本	預付特性與負補償 ¹
國際財務報告準則第10號之修訂本跟國際會計準則第28號之修訂本	投資者與其合夥人或合資企業之間的資產出售或捐贈 ³

¹ 2019年1月1日或之後開始之年度期間生效

² 2021年1月1日或之後開始之年度期間生效

³ 生效日期尚未確定

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

New and revised IFRSs issued but not yet effective (Continued)

The Group has already commenced an assessment of the related impact of these new and amended standards on the Group. However, the Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the interim financial information will be resulted.

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual financial statements for the year ended 31 December 2017.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable of the goods sold to customers, net of discounts allowed, sales return, rebates and sales related taxes where applicable.

Information reported to the executive directors of the Company, being the chief operation decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on a mixture of product lines and geography. The segments are managed separately as each operating segment offers different products which require different production information to formulate different strategies. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

2. 主要會計政策(續)

已頒佈但尚未生效的新訂及經修訂國際財務報告準則(續)

本集團已開始評估該等新訂及經修訂準則對本集團的相關影響。然而，本集團尚未能確認是否會對本集團的重大會計政策及中期財務資料的呈列作出任何重大變動。

編製中期財務資料需要管理層作出判斷，估計和假設。這些判斷，估計和假設會影響會計政策的應用以及資產和負債，收入和支出的報告金額。實際結果可能與這些估計不同。

在編製中期財務資料時，管理層在應用本集團會計政策時作出的重大判斷及估計不確定性的主要來源與適用與截至二零一七年十二月三十一日止年度的年度財務報表所依循者一致。

3. 營業額及分部資料

營業額指本集團出售予客戶的貨物並扣除折扣，銷售返利及相關銷售稅(如適用)後的已收款及應收款淨額。

為分配資源及評估分部表現，向主要經營決策者，即本公司之執行董事報告之訊息，着重於產品線及地域之分佈組合。各分部是根據其獨特的產品特點和戰略作為單獨經營分部來管理的。本集團之主要運營決策者認為本集團沒有可以合併呈報的經營分部。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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3. REVENUE AND SEGMENT INFORMATION

(Continued)

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

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

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

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

For the six months ended 30 June 2018

3. 營業額及分部資料(續)

本集團之可報告的經營分部為：

- 護髮產品
- 護膚產品
- 其他家用及個人護理產品

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

以下是本集團按可報告分部收入及業績分析：

截至二零一八年六月三十日止六個月

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

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

3. REVENUE AND SEGMENT INFORMATION

(Continued)

For the six months ended 30 June 2017

		Hair-care products	Skin-care products	Other household and personal care products	Total
		護髮產品	護膚產品	其他家用及個人護理產品	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
Revenue from external customers	來自外部客戶之收入	91,512	2,569	13,045	107,126
Segment profit/(loss)	分部盈利/(虧損)	298	(739)	(4,204)	(4,645)
Changes in fair value less costs to sell in respect of biological assets	生物資產公允價值減銷售成本的變動損益				(132)
Bank interest income	銀行利息收入				186
Other income	其他收入				8,543
Corporate and other unallocated expenses	未分配之總部與其他開支				(2,602)
Finance costs	融資成本				(219)
Profit before taxation	稅前盈利				1,131

Segment results represent the (loss)/profit from each segment without allocation of changes in fair value less costs to sell in respect of biological assets, bank interest income, gain on sales of scrap materials, government grants, write-back of trade and other payables, net exchange gains, central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

分部業績指各分部所錄得之(虧損)/盈利，當中並無分配生物資產的公允價值減銷售成本的變動損益、銀行利息收入、售賣廢料收益、政府補助、貿易及其他應收款項撥回、匯兌收益淨額、中央管理成本、董事薪酬以及融資成本。此乃為資源分配及表現評估而向本公司之執行董事報告之計量方式。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

4. FINANCE COSTS

4. 融資成本

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Interest on bank borrowings	銀行貸款利息	—*	219

* The amount was less than RMB1,000.

* 該金額低於人民幣1,000元。

5. (LOSS)/PROFIT BEFORE TAXATION

5. 稅前(虧損)/盈利

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

稅前(虧損)/盈利已(計入)/扣除下列項目：

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Bank interest income	銀行利息收入	(166)	(186)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	5,230	6,097
Impairment loss recognised in respect of trade receivables	確認貿易應收款項減值損失	1,658	1,549
Net (gain)/loss on disposal of property, plant and equipment	處置物業、廠房及設備的淨(收益)/損失	(21)	14
Redundancy costs	僱員遣散費	310	125
Obsolete inventories written-off (included in cost of sales)	存貨跌價準備(計入銷售成本)	—	63

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

6. INCOME TAX EXPENSE

- (i) Under the Law of the PRC on Enterprise Income Tax (the “PRC EIT Law”) and Implementation Regulation of the PRC EIT Law, the tax rate of the subsidiaries incorporated in the PRC is 25% from 1 January 2008 onwards.

The PRC EIT Law allows enterprises to apply for the certificates of “High and New Technology Enterprise” (“HNTE”) which entitles the qualified companies to a preferential income tax rate of 15%. Bawang (Guangzhou) Co., Ltd. (“Bawang Guangzhou”), a PRC subsidiary of the Group, was qualified as a HNTE in 2009 and the qualification was renewed and valid until 2018. However, Bawang Guangzhou did not have any assessable profits subject to Enterprise Income Tax for the six months ended 30 June 2018 and 2017.

- (ii) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the current and previous interim periods. No provision for Hong Kong Profits Tax has been provided for the current and previous interim periods as the Group does not have any assessable profits subject to Hong Kong Profits Tax for these periods.
- (iii) Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for the current and previous interim periods.

6. 所得稅支出

- (i) 根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，本集團於中國註冊的附屬公司自二零零八年一月一日起稅率為25%。

中國企業所得稅法允許企業申請高新技術企業(「高新技術企業」)證書，而獲得該資格的企業可以享有15%的優惠稅率。本集團的中國境內子公司霸王(廣州)有限公司(「霸王廣州」)於二零零九年被認證為高新技術企業，並獲續期至二零一八年有效。然而，截至二零一七年及二零一八年六月三十日止六個月，本集團並沒有任何須繳納企業所得稅之應課稅盈利。

- (ii) 當年及以前中期期間之香港利得稅按應課稅溢利的16.5%來計算。當年及以前中期期間，本集團並沒有任何須繳納香港所得稅之應課稅溢利，所以並無計提香港利得稅。
- (iii) 根據開曼群島及英屬處女群島的規則及條例，本集團無須為以前及本中期繳納開曼群島及英屬處女群島的任何稅項。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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6. INCOME TAX EXPENSE (Continued)

- (iv) Pursuant to the Implementation Rules of the EIT Law, overseas investors of foreign investment companies shall be liable for withholding income tax at 10% on the dividend derived from the profits of PRC subsidiaries with effect from 1 January 2008, unless the tax rate is reduced by treaty. Pursuant to the Sino-Hong Kong Double Tax Arrangements, the investor incorporated in Hong Kong which holds not less than 25% of the equity interests of its PRC subsidiaries can enjoy a reduced withholding tax rate of 5% on the dividend received from its PRC subsidiaries. The Group did not make any provision of withholding income tax for the six months ended 30 June 2018 and 2017, respectively since the PRC subsidiaries had accumulated losses as at 30 June 2018 and 2017.

7. DIVIDENDS

No dividends were paid, declared or proposed during the current and interim periods, nor have any dividends been proposed since the end of the reporting period (six months ended 30 June 2017: Nil).

8. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the loss for the period of approximately RMB11,410,000 (six months ended 30 June 2017: profit for the period of approximately RMB1,131,000) and the weighted average number of approximately 3,161,811,000 (six months ended 30 June 2017: approximately 3,161,811,000) ordinary shares in issue during the period.

For the six months ended 30 June 2018 and 2017, respectively the diluted (loss)/earnings per share are the same as the basic (loss)/earnings per share.

6. 所得稅支出(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，外商投資企業在海外投資者須就來自中國附屬公司溢利的股息繳付10%預扣所得稅。根據避免中港兩地雙重徵稅安排，於香港創立的投資者如果持有中國附屬公司不低於25%權益且為受益所有人，則可享受來自其中國附屬公司的股息的寬減預扣稅稅率5%。由於中國附屬公司於二零一八年和二零一七年六月三十日止六個月均發生虧損，因此本集團於截至二零一七年及二零一八年六月三十日止六個月並沒有計提預扣所得稅。

7. 股息

當前中期期間內並無派付、宣派或擬派任何股息(截至二零一七年六月三十日止六個月：無)。

8. 每股(虧損)/盈利

本公司擁有人應佔之每股基本及攤薄(虧損)/盈利是根據期內虧損約人民幣11,410,000元(截至二零一七年六月三十日止六個月：期間盈利約人民幣1,131,000元)及期內已發行普通股加權平均數約3,161,811,000股(截至二零一七年六月三十日止六個月：約3,161,811,000股)計算。

截至二零一八年及二零一七年六月三十日止六個月的每股攤薄(虧損)/盈利等同每股基本(虧損)/盈利。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

8. (LOSS)/EARNINGS PER SHARE (Continued)

The computation of diluted (loss)/earnings per share for the six months ended 30 June 2018 and 2017 did not assume the exercise of the Company's share options as the effect is anti-dilutive.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment with a cost of approximately RMB1,176,000 (six months ended 30 June 2017: approximately RMB460,000).

Property, plant and equipment without aggregate carrying amount was disposed of by the Group during the six months ended 30 June 2018 (six months ended 30 June 2017: approximately RMB16,000), resulting in a net gain on disposal of approximately RMB21,000 (six months ended 30 June 2017: net loss on disposal of approximately RMB14,000).

8. 每股(虧損)/盈利(續)

由於本公司的購股權具有反攤薄效果，所以在計算截至二零一八年及二零一七年六月三十日止六個月期間每股攤薄(虧損)/盈利時，並無假設行使任何本公司的購股權。

9. 物業、廠房及設備的變動

截至二零一八年六月三十日止六個月，本集團購入物業、廠房及設備的成本大約為人民幣1,176,000元(截至二零一七年六月三十日止六個月：約人民幣460,000元)。

截至二零一八年六月三十日止六個月，本集團將沒有賬面淨值的物業、廠房及設備處置掉(截至二零一七年六月三十日止：約人民幣16,000元)，導致約人民幣21,000元的處置物業、廠房及設備的淨收益(截至二零一七年六月三十日止六個月處置淨損失：約人民幣14,000元)。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

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10. BIOLOGICAL ASSETS

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

10. 生物資產

生物資產是指位於中國大陸的種植基地裡種植的中草藥。

		Six months ended 30 June 2018 截至二零一八年 六月三十日 止六個月 RMB'000 人民幣千元 (Unaudited) (未經審核)	Year ended 31 December 2017 截至二零一七年 十二月三十一日 止年度 RMB'000 人民幣千元 (Audited) (經審核)
At 1 January 2018/1 January 2017	於二零一八年一月一日/ 二零一七年一月一日	—	457
Herbs harvested during the period/ year	期內/年內收穫的中草藥	—	(457)
At 30 June 2018/31 December 2017	於二零一八年六月三十日/ 二零一七年十二月三十一日	—	—

As at 30 June 2018 and 31 December 2017, the Group did not have any hectares of growing herbs.

於二零一八年六月三十日及二零一七年十二月三十一日，本集團無中草藥種植在基地內。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

11. TRADE AND OTHER RECEIVABLES

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

		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Less than 3 months	少於3個月	30,415	29,920
More than 3 months but less than 6 months	多於3個月但少於6個月	3,941	10,438
More than 6 months but less than 12 months	多於6個月但少於12個月	—	1,153
More than 12 months	多於12個月	79	—
Total debtors, net of allowance for impairment of trade receivables	債務總額扣除應收賬款減值準備	34,435	41,511
Prepayment for purchase of raw materials	原材料採購預付款	2,533	1,628
Short-term prepaid advertising fee	短期預付廣告費	3,379	392
Other receivables	其他應收款	4,546	1,927
		44,893	45,458

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

本集團給予其貿易客戶的平均信貸期為30日至90日。

11. 貿易及其他應收款項

包括貿易及其他應收賬款(壞賬準備)的賬齡分析的呈列是基於發票日,該發票日期接近各自的收入確認的日期:

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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12. PLEDGED BANK DEPOSITS/DEPOSIT WITH BANK/BANK BALANCES AND CASH

Deposit with bank

As at 30 June 2018, deposit with bank of RMB20,000,000 with maturity in May 2019 (31 December 2017: RMB20,000,000, with maturity in May 2018), carries interest at fixed rate of 1.75% (31 December 2017: 1.75%) per annum.

Bank balances and cash

As at 30 June 2018, cash at bank carries interest at floating rates based on daily bank deposits rates of 0.001% to 0.60% (31 December 2017: 0.001% to 0.60%) per annum.

12. 抵押銀行存款/銀行存款/ 銀行結存及現金

銀行存款

於二零一八年六月三十日，銀行存款人民幣20,000,000(於二零一七年十二月三十一日：人民幣20,000,000，在二零一八年五月到期)將於二零一九年五月到期，固定年利率為1.75%(於二零一七年十二月三十一日：1.75%)。

銀行結存及現金

於二零一八年六月三十日，銀行現金按每日銀行存款浮動年利率0.001%至0.60%(於二零一七年十二月三十一日：0.001%至0.60%)計算利息。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

13. TRADE AND OTHER PAYABLES

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

		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
0-30 days	0-30天	23,008	23,663
31-90 days	31-90天	9,530	6,864
Total creditors	應付賬款	32,538	30,527
Receipt in advance	預收賬款	8,972	16,236
Payable for acquisition of property, plant and equipment	購買廠房、設備與機器 相關的賬款	1,802	1,802
Promotion fee payables	應付促銷費	10,566	13,838
Accrued payroll	應付工資	1,636	4,429
Other payables and accruals	其他應付款及計提款項	58,424	50,607
		113,938	117,439

13. 貿易及其他應付款項

貿易及其他應付款的賬齡分析的呈列是基於報告期內的發票日期：

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

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14. SHARE CAPITAL AND RESERVES

14. 股本及儲備

(a) Share capital

(a) 股本

		Number of shares 股份數目 '000 千	Amount 報告金額 RMB'000 人民幣千元
Ordinary shares of HK\$0.1 each	每股港元0.10之普通股		
Authorised ordinary shares:	法定普通股：		
At 1 January 2017 (audited),	於二零一七年一月		
31 December 2017 (audited),	一日(經審核)、		
1 January 2018 (audited) and	二零一七年十二月		
30 June 2018 (unaudited)	三十一日(經審核)、		
	二零一八年一月一日		
	(經審核)及二零一八年		
	六月三十日(未經審核)	10,000,000	880,500
Issued and fully paid ordinary shares:	已發行及已付訖普通股：		
At 1 January 2017 (audited),	於二零一七年一月		
31 December 2017 (audited),	一日(經審核)、		
1 January 2018 (audited) and	二零一七年十二月		
30 June 2018 (unaudited)	三十一日(經審核)、		
	二零一八年一月一日		
	(經審核)及二零一八年		
	六月三十日(未經審核)	3,161,811	277,878

(b) Nature and purpose of reserves

(b) 儲備性質及用途

(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.

(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。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

14. SHARE CAPITAL AND RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(i) Share premium (Continued)

Pursuant to applicable statutory provisions of the Cayman Islands, the Company had no reserves available for distribution to the shareholders as at 30 June 2018 (31 December 2017: Nil).

(ii) PRC statutory reserves

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

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

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.

14. 股本及儲備(續)

(b) 儲備性質及用途(續)

(i) 股本溢價(續)

根據開曼群島適用的法定條款，截至二零一八年六月三十日止，公司沒有任何可用儲備金分配給股東（於二零一七年十二月三十一日：無）。

(ii) 中國法定儲備

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

霸王廣州及霸王(中國)飲料有限公司(「霸王飲料」)乃於中國成立的外商獨資企業，其須根據中國會計規則及規例，轉撥其溢利最少10%的淨溢利(彌補以往年度的虧損後)至一般法定儲備，直至儲備結餘達到中國公司法及該實體的公司章程規定的註冊資本的50%為止。轉撥至該儲備須於向權益持有人分派股息前進行。

一般法定儲備可用作彌補以往年度的虧損(如有)，亦可透過按照權益持有人的現有的股權百分比向彼等發行新股，以將有關發現後的結餘不得少於註冊資本的25%。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

14. SHARE CAPITAL AND RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(iii) Capital reserve

The capital reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with accounting policy adopted in the 2017 annual financial statements.

(iv) Merger reserve

On 20 December 2007, Bawang International Group Holding (HK) Limited, a wholly-owned subsidiary of the Company, acquired all the equity interest of Bawang Guangzhou amounting to US\$12,500,000, which was previously held by a company owned by the Controlling Shareholders of the Group, at a consideration of the same amount. Accordingly, the share capital of Bawang Guangzhou was eliminated and a merger reserve arose due to foreign exchange differences.

(v) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the operations outside the PRC into the presentation currency of the Group (i.e. RMB).

(vi) Other reserve

The other reserve represents the deemed contribution by the Controlling Shareholders in the form of non-interest bearing loans to a subsidiary. The amounts are estimated by discounting the nominal value of the non-interest bearing loans to the subsidiary at an effective interest rate.

14. 股本及儲備(續)

(b) 儲備性質及用途(續)

(iii) 資本儲備

授予本公司僱員的購股權未行使的部分，將其授於授予日期的公允價值按照二零一七年年報披露的會計政策於資本儲備中確認。

(iv) 合併儲備

於二零零七年十二月二十日，本公司全資附屬公司霸王國際集團控股(香港)有限公司以同等價格收購美元12,500,000的霸王廣州全部權益(之前由本集團控股股東擁有的一家公司持有)。因此霸王廣州的股本被抵銷，抵銷時的匯兌差額產生合併儲備。

(v) 匯兌儲備

匯兌儲備包括換算中國境外業務之財務報表(即人民幣)所產生的全部匯兌差額。

(vi) 其他儲備

其他儲備是指控股股東借給子公司的免息貸款所產生之視同注資。該數額由以實際利率折現的借給子公司之免息貸款的賬面價值來估算。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

15. EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pre-IPO Share Option Scheme

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

15. 以股權結算並以股份為基礎的交易

首次公開發售前購股權計劃

本公司董事於二零零八年十二月十日批准首次公開發售前購股權計劃。於二零零九年六月八日，本公司有條件地根據首次公開發售前購股權計劃向董事、高級管理層成員及僱員授出若干首次公開發售前購股權。行使此等購股權賦予本公司兩名董事認購合共4,200,000股本公司股份，以及四十名高級管理層和僱員認購合共10,332,000股本公司股份的權利。根據本公司與每個受益人簽訂的授予函件，首次公開發售前購股權計劃項下的每股股份行使價為其面值港元0.1(四人在此列，其中包括兩名董事)或港元1.19，即按全球發售下發售價港元2.38折讓50%(三十八人在此列)。根據首次公開發售前購股權計劃授出的每份購股權的行權等待期為由上市日期起計一年至五年，所有購股權必須於二零一九年六月八日前行使。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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BaWang International (Group) Holding Limited

霸王國際(集團)控股有限公司

15. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

Pre-IPO Share Option Scheme (Continued)

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

	Six months ended 30 June 2018		Year ended 31 December 2017		
	截至 二零一八年六月三十日 止六個月		截至 二零一七年十二月三十一日 止年度		
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	
	加權平均 行使價	購股權 數量 (Unaudited) (未經審核)	加權平均 行使價	購股權 數量 (Audited) (經審核)	
	HK\$ 港元	'000 千	HK\$ 港元	'000 千	
Outstanding at the beginning of the period and at the end of the period	於期初及年末 尚未行使	0.77	1,654	0.77	1,654

At 30 June 2018, approximately 1,654,000 share options were exercisable (31 December 2017: approximately 1,654,000).

15. 以股權結算並以股份為基礎的交易(續)

首次公開發售前購股權計劃(續)

下表披露董事及僱員在當期和以前期間擁有本公司購股權的變動情況：

截至二零一八年六月三十日止，還有約1,654,000股股票期權可以行使(二零一七年十二月三十一日：約1,654,000股)。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Financial risk factors

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

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

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

(b) Financial risk factors

The Group's financial instruments, including the loans and receivables (including trade and other receivables, amounts due from related parties, deposit with bank and bank balances and cash) and financial liabilities (including trade and other payables, amounts due to related parties and bank borrowings), are recorded at amortised cost. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements at 30 June 2018 approximate their fair values due to short maturities.

16. 財務風險管理和公允價值計量金融工具

(a) 金融風險因素

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

中期綜合財務報表不包括年度財務報表所要求的所有財務風險管理信息和披露信息，應與二零一七年十二月三十一日該集團的年度財務報表一起閱讀。

自年底以來，風險管理政策沒有任何變化。

(b) 金融風險因素

該集團的金融工具，包括貸款和應收款項（包括貿易和其他應收款項）相關方應付款項，銀行存款及銀行餘額和現金）和金融負債（包括貿易和其他應付款項，應付給相關方的款項和銀行借款），以攤餘成本入賬。公司的董事們認為，由於綜合財務報表內金融資產和金融負債會於二零一八年六月三十日短期內到期，故其賬面價值近似公允價值。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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BaWang International (Group) Holding Limited

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17. RELATED PARTY TRANSACTIONS

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

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

17. 關聯方交易

除簡明綜合財務報表披露外，本集團已於期內進行下列關聯方交易及結餘：

- (a) 於呈報期末之結餘如下：

		Amounts due from/(to) related parties 應收/(應付)關連方款項	
		30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
Non-trade related	非貿易相關		
Guangzhou Bawang International Hotel Co., Ltd. ("Guangzhou Bawang Hotel") (note i)	廣州霸王國際大酒店有限公司(「廣州霸王酒店」)(附註i)	77	87
Guangzhou Bawang Cosmetics Co., Ltd. ("Guangzhou Bawang") (note ii)	廣州霸王化妝品有限公司(「廣州霸王」)(附註ii)	3,668	6,860
Guangzhou Xiaoxiao Supply Chain Management Co., Ltd. ("Guangzhou Xiaoxiao") (note iv)	廣州小小供應鏈管理有限公司(「廣州小小」)(附註iv)	8	—
Trade related	貿易相關		
Guangzhou Chenming Paper Products Company Limited ("Guangzhou Chenming") (note iii)	廣州晨明紙品有限公司(「廣州晨明」)(附註iii)	2,476	—
		6,229	6,947
Trade related	貿易相關		
Guangzhou Chenming (note iii)	廣州晨明(附註iii)	—	(1,264)
Guangzhou Qiancai Packaging Materials Co., Ltd. ("Guangzhou Qiancai") (note iii)	廣州市倩采包裝材料有限公司(「廣州倩采」)(附註iii)	(78)	(81)
Guangzhou Xiaoxiao (note iv)	廣州小小(附註iv)	—	(1)
		(78)	(1,346)

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

17. RELATED PARTY TRANSACTIONS (Continued)

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

Notes:

- (i) Guangzhou Bawang Hotel was effectively 100% owned by the Controlling Shareholders of the Company. The balance with Guangzhou Bawang Hotel mainly represented cash advance. The balance was unsecured, interest-free and repayable on demand.
- (ii) Guangzhou Bawang was effectively 100% owned by the Controlling Shareholders of the Company. As at 30 June 2018 and 31 December 2017, the balance due from Guangzhou Bawang mainly represented payment of rental expenses. The balance was unsecured, interest-free and repayable on demand.
- (iii) Guangzhou Chenming and Guangzhou Qiancai were under the control of the close family members of the Controlling Shareholders of the Company. The Group purchases packaging materials from them. The credit term granted by them is 30 days, based on the invoice date. As at 30 June 2018, the balance due from Guangzhou Chenming mainly represented prepayment of packaging materials. As at 30 June 2018 and 31 December 2017, the amounts due from(to) Guangzhou Chenming and Guangzhou Qiancai were unsecured, interest-free and repayable within 30 days, based on the invoice date.
- (iv) Guangzhou Xiaoxiao was under the control of the Controlling Shareholders of the Group. The balance was unsecured, interest-free and repayable on demand.

17. 關聯方交易(續)

- (a) 於呈報期末尚未償付之結餘如下:(續)

附註:

- (i) 廣州霸王酒店由本集團控股股東100%有效擁有。廣州霸王酒店的期末結餘主要是預付現金。有關結餘無抵押、免息及並按要求償還。
- (ii) 廣州霸王由本公司控股股東100%有效擁有。於二零一八年六月三十日和二零一七年十二月三十一日，廣州霸王的期末結餘主要為應付租金。有關結餘無抵押、免息及並按要求償還。
- (iii) 廣州晨明和廣州倩采是由與本公司控股股東關係密切的家庭成員控制的。本集團從他們那裡購買包裝材料。由廣州晨明和廣州倩采給予的信貸期為發票日起30日。於二零一八年六月三十日，預付廣州晨明的期末結餘主要是預付的包裝材料款。於二零一八年六月三十日和二零一七年十二月三十一日，預付廣州晨明和應付廣州倩采的有關結餘無抵押，免息及並按發票日30天內償還。
- (iv) 廣州小小供應鏈管理有限公司由本集團控股股東控制。授予廣州小小的信用期限為款到發貨。有關結餘無抵押、免息及並按要求償還。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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17. RELATED PARTY TRANSACTIONS (Continued)

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

17. 關聯方交易(續)

- (b) 於回顧期內，本集團與關聯方訂立如下交易：

		Six months ended 截至六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Trade related 貿易相關			
Guangzhou Chenming 廣州晨明	Purchase of packaging materials (note i) 採購包裝材料(附註i)	592	3,473
Guangzhou Qiancai 廣州倩采	Purchase of packaging materials (note i) 採購包裝材料(附註i)	43	117
Non-trade related 非貿易相關			
Guangzhou Bawang 廣州霸王	Utilities paid and received on behalf (note ii) 代為支付和收取的水電費(附註ii)	—	295
	Rent of production plant and office premises (notes i and iii) 租賃生產廠房和辦公場所(附註i及iii)	4,788	5,300
Guangzhou Bawang Hotel 廣州霸王酒店	Catering service received (note i) 接受餐飲服務(附註i)	320	597

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

17. RELATED PARTY TRANSACTIONS (Continued)

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

Notes:

- (i) The directors of the Company are of the opinion that the above transactions were conducted on normal commercial terms in the ordinary course of business and the basis of consideration for the transactions is the prevailing market price.
- (ii) The utility income was charged to Guangzhou Bawang in relation to the utility expenses paid on behalf of Guangzhou Bawang.
- (iii) On 9 August 2013, Bawang Guangzhou and Guangzhou Bawang entered into two lease agreements, pursuant to which Bawang Guangzhou leased from Guangzhou Bawang the production plant and office premises with monthly rental and management fee of RMB1,120,000 and RMB92,800 respectively. The terms of the lease under the agreements were 3 years from 9 August 2013. The lease agreement was renewed on 9 August 2016 and the new terms of the lease were 3 years from 9 August 2016. The renewed monthly rental fee for production premises and office premises were approximately RMB490,000 and RMB45,000 respectively. The renewed monthly management fee for production premises and office premises were approximately RMB310,000 and RMB39,000 respectively. The renewed contract was terminated and a new contract was signed on 1 December 2017 and the new terms of the lease were 3 years from 1 December 2017. The new total monthly rental and management fee for the production premises, office premises and a staff dormitory are approximately RMB719,900. Details of which were set out in the Company's announcement dated 1 December 2017.

17. 關聯方交易(續)

- (b) 於回顧期內，本集團與關聯方訂立如下交易：(續)

附註：

- (i) 董事認為，上述交易乃按一般商業條款於日常業務過程中進行，交易代價基準為現行市價。
- (ii) 水電費收入由廣州霸王代收，因此水電費費用也由廣州霸王代付。
- (iii) 於二零一三年八月九日，霸王廣州與廣州霸王訂立兩份租賃協議。據此，霸王廣州向廣州霸王租賃生產廠房和辦公場地，每月租金及管理費用分別為人民幣1,120,000和92,800，該協議項下的租約期限自二零一三年八月九日起三年，租賃協議更新於二零一六年八月九日。新的租賃期限為自二零一六年八月九日起三年。生產場所和辦公樓的月租費分別約為人民幣490,000元和45,000元。生產場所和辦公樓每月管理費新增約310,000元和人民幣39,000元。重續合約已終止，並於二零一七年十二月一日簽訂新合約，而新租約條款則由二零一七年十二月一日起有效期三年。生產廠房、辦公室物業及職員宿舍的新的月租及管理費合共約為人民幣719,900元。詳情載於公司二零一七年十二月一日發佈的公告。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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17. RELATED PARTY TRANSACTIONS (Continued)

- (c) The remuneration of directors of the Company and other members of key management personnel during the reporting periods was as follows:

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Short-term employee benefits	短期僱員福利	927	1,077
Contribution to defined contribution retirement plans	定期供款退休福利計劃供款	66	66
		993	1,143

17. 關聯方交易(續)

- (c) 本公司董事及其他主要管理層成員於報告期內的酬金如下：

18. COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided for in the condensed consolidated financial statements	未在簡明綜合財務報表中反映的有關購買物業、廠房及設備的資本承擔	2,514	2,731
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18. 資本承擔

30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Audited) (經審核)
2,514	2,731

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

19. LITIGATION

- (a) The directors of the Company consider that the contents of the relevant article published by a media company on 14 July 2010 were defamatory to the Group and/or amount to malicious falsehood. Therefore, the Group commenced legal proceedings in the High Court of Hong Kong in October 2010 against the media company seeking, inter alia, damages and an injunction to restrain the media company from publishing such contents or similar contents. The trial of the legal proceedings was completed on 29 August 2015. On 23 May 2016, the Group received the final judgment handed down by the Court of First Instance of the High Court of Hong Kong in respect of the legal proceedings and the Group won the legal proceedings. According to the final judgment the media company was ordered by the High Court of Hong Kong to pay the Group, general damages for libel in an aggregate amount of approximately HK\$3,005,000 (the "Damages"). The High Court of Hong Kong also made a costs order nisi that Next Magazine should pay to the Group 80% of the legal costs of the Company and Bawang Guangzhou in respect of the legal proceedings (the "Costs"). On 16 December 2016, the Court of First Instance made an order by consent of the parties that in lieu of taxation of the costs of the action, the defendant do pay the plaintiffs the sum of HK\$18,000,000 (inclusive of interest and the cost of taxation) (equivalent of approximately RMB16,101,000) in full and final settlement of the Costs payable by the defendant to the plaintiffs in the action pursuant to the above. The Damages was received by the Group during the year ended 31 December 2016. On 25 January 2017, the Group received the Costs of HK\$18,000,000 (equivalent to RMB16,101,000).

The Damages and the Costs have been recognised as other income in prior years.

19. 法律訴訟

- (a) 董事認為一間傳媒公司於二零一零年七月十四日發表的相關雜誌文章內容均為對本集團的誹謗及/或惡意中傷。因此，本集團已於二零一零年十月在香港高等法院向該傳媒公司提起法律訴訟。其中，要求該傳媒公司賠償損失並且禁止出版該內容或類似內容。該法律訴訟已於二零一五年八月二十九日結束審訊。於二零一六年五月二十三日，本集團收到了香港高等法院原訟庭頒佈的判決結果即本集團法律訴訟獲勝。根據判決結果，該傳媒公司被高等法院下令支付本集團合共約3,005,000港元的誹謗「一般損害賠償」，並支付本集團有關法律訴訟的80%的法律費用。香港高等法院亦作出下列通知，即壹周刊應向本集團支付就本公司和霸王廣州涉及的法律訴訟費用（「訴訟費」）的80%。於二零一六年十二月十六日，原訟法庭以雙方當事人意願作出命令，代替訴訟費用徵稅，被告向原告支付港幣18,000,000元（含利息及訟費）（相當於人民幣161,101,000元），此事以被告須向原告依法支付以上費用圓滿解決。截至二零一六年十二月三十一日止年度，本集團收到誹謗一般損害賠償。於二零一七年一月二十五日本集團收到訴訟費港幣18,000,000元（折合人民幣16,101,000元）。

誹謗一般損害賠償和費用於以前年度被確認為其他收入。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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19. LITIGATION (Continued)

- (b) In prior years, a lawsuit was filed by a former subcontractor against Bawang Beverage in People's Court of Songjiang District of Shanghai (the "Shanghai Court") in respect of a dispute in the material processing contract between the former subcontractor and Bawang Beverage. In 2013, Bawang Beverage received a civil order issued by the Shanghai Court, which accepted the application by the former subcontractor for property attachment prior to lawsuit to freeze Bawang Beverage's bank accounts in the amount of approximately RMB873,000 or other assets under the name of Bawang Beverage. In connection with the lawsuit, one of Bawang Beverage's bank accounts with an amount of approximately RMB309,000 was frozen. No accrual was recorded by the Group as at 31 December 2013 based on the opinion provided by the PRC legal counsel acting on behalf of Bawang Beverage.

On 20 June 2014, Shanghai No. 1 Intermediate People's Court gave its final ruling that Bawang Beverage was liable to the former subcontractor for an amount of approximately RMB643,000 and a legal cost of approximately RMB19,000. Accordingly, provision for litigation in amount of approximately RMB662,000 was recognised as other expense in the consolidated statement of profit or loss and amount of approximately RMB324,000 was settled during the year ended 31 December 2014. As at 30 June 2018 and 31 December 2017, the remaining provision of approximately RMB338,000 has not been settled.

19. 法律訴訟(續)

- (b) 早前，一名前分銷商在上海松江區人民法院(「上海法院」)就該前分銷商及霸王飲料之間的原料加工合同糾紛向霸王飲料提起訴訟。於二零一三年，霸王飲料收到了上海法院的民事判決書，上海法院受理了前分銷商的訴前財產保全申請，凍結了霸王飲料銀行賬戶約人民幣873,000元或霸王飲料名下的其他資產。在此訴訟中，霸王飲料其中一個銀行賬戶被凍結了約人民幣309,000元。於二零一三年十二月三十一日，根據中華人民共和國代表霸王飲料的法律顧問提供的意見，本集團尚未對此計提任何準備。

上海第一中級人民法院於二零一四年六月二十日作出最終裁決，霸王飲料須向前分銷商支付約人民幣643,000元的賠償金和約人民幣19,000元的訴訟費。此外，訴訟準備合計約人民幣662,000元已被確認於綜合損益表中的其他費用，約人民幣324,000元已在截至二零一四年十二月三十一日止年度內償還。截至二零一七年十二月一日及二零一八年六個月止，約人民幣338,000元的剩餘準備尚未結算。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

19. LITIGATION (Continued)

- (c) In prior years, a lawsuit was filed by Bawang Guangzhou against a supplier in the District Court for the incomplete construction and unsatisfactory performance of plant and machineries provided by the supplier. On 2 February 2015, the District Court issued a verdict for the lawsuit whereby (i) the purchase contracts for the plant and machineries were terminated; (ii) the supplier should pay Bawang Guangzhou a sum of approximately RMB22,518,000 representing purchase cost paid and liquidated damages in addition to interest; and (iii) the plant and machineries concerned should be dismantled and removed from the factory of Bawang Guangzhou.

In prior years, Bawang Guangzhou applied for an injunction against the supplier in the District Court to execute the court order handed down in 2014. On 14 October 2016, the Group received approximately RMB169,000 from the supplier through the execution by the court and the above amount has been recognised as other income for the year ended 31 December 2016. Upon further negotiation with the supplier, Bawang Guangzhou is willing to settle the case outside the court. During the six months ended 30 June 2018 and the year ended 31 December 2017, no agreement has been signed and no settlement has been received from the supplier except the above amount.

19. 法律訴訟(續)

- (c) 早前，霸王廣州就未完成之工程及所提供的廠房和機器設備性能不佳向地方法院起訴某供應商。於二零一五年二月二日，地區法院作出判決(i)終止機器設備的採購合同；(ii)供應商應支付霸王廣州購買成本、違約金及利息損失合計約人民幣22,518,000元；並(iii)從霸王廣州的廠房拆除該廠房和機器設備。

早前，霸王廣州向地方法院申請向該供應商執行二零一四年作出的法院判決。於二零一六年十月十四日，本集團通過法院執行程序從某供應商獲得執行收到大約人民幣169,000元並且上述金額已於二零一六年十二月三十一日止年度確認為其他收入。與供應商進一步談判，霸王廣州願意接受廳外和解。於二零一七年十二月三十一日止期間及二零一八年六月三十日止六個月，雙方尚未簽署任何協議，除了上述金額外也未收到供應商任何賠付。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

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19. LITIGATION (Continued)

- (d) In prior years, a lawsuit was filed by a total of 14 former employees against Bawang Guangzhou in the District Court in respect of termination compensation for a total sum of approximately RMB2,891,000 representing related severance payments, salaries and social insurance expenses. Provision of litigation in the amount of RMB500,000 was recognised as administrative expenses in the consolidated statement of profit or loss and other comprehensive income in prior years.

During the year ended 31 December 2016, the District Court handed down the judgement for 12 out of 14 employees that the Group was liable to the former employees for a sum of approximately RMB652,000. The Group lodged an appeal against the decision to the Intermediate Court for 9 out of 12 employees and the other 3 employees appealed by themselves against the decision to the Intermediate Court. For the remaining 2 employees, the court handed down the judgment for one of them that the Group was liable to the former employee for a sum of approximately RMB208,000 and the appeal by the Group was rejected by the court. For another one, the court handed down the judgment that the Group was liable to the former employee for a sum of approximately RMB45,000 and the Group lodged an appeal against the decision. Accordingly, additional provision of approximately RMB453,000 was recognised as administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 based on the option provided by the PRC legal counsel acting on behalf of Bawang Guangzhou.

On 8 March 2017, the appeal by the Group was rejected by the court. During the six months ended 30 June 2017, the Group settled a sum of approximately RMB928,000.

19. 法律訴訟(續)

- (d) 早前，十四名公司前任僱員在地區法院訴請霸王廣州違法解除勞動合同賠償金、工資和社保費用約人民幣2,891,000元。於以往年度確認了人民幣500,000元的訴訟準備計入綜合損益表及其他全面收益表的行政費用中。

截至二零一六年十二月三十一日止年度，地區法院對14名僱員中的12名作出了判決，本集團應付前任僱員約人民幣652,000元。本集團向中級法院對12名僱員中的9人判決提出上訴，另有3名僱員向中級法院的判決提出上訴。至於其他兩名僱員，法院對其中一人作出了判決，本集團應付前任僱員約人民幣208,000元，本集團上訴被法院駁回。對於另一人，法院判定本集團應付前任僱員約人民幣45,000元，本集團對該判決提出上訴。截至二零一六年十二月三十一日止年度，根據霸王廣州的中國代表律師的法律意見，確認了約人民幣453,000元訴訟費用計入綜合損益表及其他全面收益表中的行政費用。

二零一七年三月八日，本集團的上訴被法院駁回。本集團於二零一七年六月三十日止六個月期間已結清總額約人民幣928,000元。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

19. LITIGATION (Continued)

- (e) In prior years, a lawsuit was filed by a former employee against Bawang Guangzhou in the District Court in respect of termination compensation. On 8 October 2015, the District Court gave its first ruling that Bawang Guangzhou was liable to the former employee for a sum of RMB149,000 representing related severance payments and salaries. Both the plaintiff and Bawang Guangzhou lodged an appeal against the decision. No hearing has yet been fixed for the appeal. Accordingly, provision of litigation in the amount of approximately RMB149,000 was recognised as administrative expenses in the consolidated statement of profit or loss and other comprehensive income in prior years.

In 2016, the Intermediate Court handed down the judgement that the Group was liable to the former employee for a sum of approximately RMB167,000 representing related severance payments and salaries and the Group settled the amount in 2016. Accordingly, additional provision of approximately RMB18,000 was recognised as administrative expenses in the consolidated statement of profit or loss and other comprehensive income in 2016. The whole amount was fully settled during the six months ended 30 June 2017 and no additional provision has been made as at 31 December 2017.

19. 法律訴訟(續)

- (e) 早前，一名公司前任僱員在地區法院訴請霸王廣州終止賠償。於二零一五年十月八日，地區法院作出一審判決，霸王廣州向原告支付遣散費和工資約人民幣149,000元。原告和霸王廣州均表示不服判決要上訴。由於當時上訴尚未排期審訊，因此，將約人民幣149,000元的訴訟準備確認於之前年度綜合損益表及其他全面收益表的行政費用中。

在二零一六年，中級法院作出判決，本集團應付前任僱員約人民幣167,000元的遣散費和薪金，並且集團應於年內結清金額。因此，截至二零一六年十二月三十一日止年度的綜合損益及其他全面收益表中，追加計提約人民幣18,000元確認為管理費用。本集團於二零一七年六月三十日止六個月期間上述金額已全部結清且截至二零一七年十二月三十一日無額外追加計提費用。

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

19. LITIGATION (Continued)

- (f) In prior years, a total of 3 lawsuits were filed by the same supplier against Bawang Guangzhou in the District Court and Guangzhou Arbitration Commission for a total sum of approximately RMB1,810,000 and RMB859,000 respectively, representing outstanding retention fees and construction fees. Accordingly, provision of litigation in the amount of approximately RMB2,669,000 was recognised as administrative expenses in the consolidated statement of profit or loss and other comprehensive income based on the opinion provided by the PRC legal counsel acting on behalf of Bawang Guangzhou.

During the year ended 31 December 2016, the District Court and Guangzhou Arbitration Commission handed down the judgment that the Group was liable to settle the amount of approximately RMB1,810,000 and RMB928,000 respectively with corresponding legal cost and arbitration fee of approximately RMB23,000 and RMB23,000 respectively. Therefore, the Group entered into an agreement with the supplier that the Group will settle the above amounts by 8 monthly installments for the period from August 2016 to March 2017. The monthly installment was RMB350,000 and the remaining balance will be settled by the last time of installment. Additional provision of RMB115,000 was recognised as administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016.

The Group has settled approximately RMB1,750,000 for the year ended 31 December 2016 and the remaining provision of approximately RMB1,034,000 was settled for the six months ended 30 June 2017.

- (g) During the year ended 31 December 2016, a lawsuit was filed by the Group against a former joint venture in the District Court for the outstanding receivable amount of rental deposit and goods sold. The Group requested for the following claim: (i) Repayment of the rental deposit of approximately RMB57,000; (ii) Repayment of the goods sold of approximately RMB232,000; and (iii) Repayment of the overdue penalty of goods sold of approximately RMB232,000. On 15 March 2017, the Group withdrew the lawsuit after receiving the claim.

19. 法律訴訟(續)

- (f) 在以前年度，一個供應商分別在地區法院和廣州市仲裁委員會向霸王廣州提起總共三項訴訟，要求支付金額分別為約人民幣1,810,000元的滯留費用和約人民幣859,000元的施工費用。根據霸王廣州的中國代表律師的法律意見，確認了約人民幣2,669,000元訴訟費用計入綜合損益表及其他全面收益表中的行政費用。

截至二零一六年十二月三十一日止年度，地區法院和廣州市仲裁委員會作出判決，本集團應付約人民幣1,810,000元和約人民幣928,000元以及相應的法律費用和仲裁費約人民幣23,000元和人民幣23,000元。因此，本集團與供應商達成協議，本集團將於二零一六年八月至二零一七年三月期間按月分八期付款，每期付款金額為人民幣35萬元，餘額將於最後一期結清。截至二零一六年十二月三十一日止年度，額外計提人民幣115,000元已於綜合損益表及其他全面收益表中確認為行政費用。

截至二零一六年十二月三十一日止年度，本集團已結清約人民幣1,750,000元，其餘約人民幣1,034,000元於二零一七年六月三十日止六個月已全部結清。

- (g) 截至二零一六年十二月三十一日止年度，本集團在地區法院就租賃保證金和貨款的應收賬款向前合資企業提出訴訟。本集團要求提出以下索賠：(i)償還約人民幣57,000元的租金；(ii)償還銷售貨款約人民幣232,000元；及(iii)償還已售商品的逾期費用約人民幣232,000元。本集團於二零一七年三月十五日收到索賠後撤銷訴訟。

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